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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

HIGHLIGHTS

The board (the "**Board**") of directors (the "**Directors**") of China Renaissance Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2019 (the "**Reporting Period**"). These interim results are unaudited, but have been reviewed by the Company's audit committee.

These unaudited consolidated financial statements are presented in the United States Dollars ("**US$**"), unless otherwise stated, which is also the functional currency of the Company.

FINANCIAL HIGHLIGHTS

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

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

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
		(Restated)
Total revenue	**92,594**	108,457
Total revenue and net investment gains	**106,824**	110,627
Total operating expenses	**(86,104)**	(88,129)
Operating profit	**20,720**	22,498
Profit (loss) before tax	**37,067**	(145,808)
Income tax expenses	**(7,145)**	(6,174)
Profit (loss) for the period	**29,922**	(151,982)
Profit (loss) for the period attributable to owners of the Company	**26,105**	(149,185)

To supplement our financial information presented in accordance with IFRS, we also use adjusted net profit attributable to owners of the Company as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by adjusting for potential impacts of items and our management considers these non-IFRS measures to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Our presentation of adjusted net profit attributable to owners of the Company may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as analytical tools, and the shareholders of the Company (the "**Shareholders**") should not consider them in isolation from, or as substitutes for analysis of, or our results of operations as reported under IFRS.

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
Profit (loss) for the period attributable to owners of the Company	**26,105**	(149,185)
Add:		
Share-based compensation expenses	**5,216**	6,146
Interest expense for convertible notes	**—**	886
Change in fair value of call option	**—**	(14,100)
Change in fair value of convertible notes	**—**	(100)
Change in fair value of convertible redeemable preferred shares	**—**	187,830
Subtotal before adjustments relating to carried interest	**31,321**	31,477
Add:		
Unrealized net carried interest [(1)]	**6,824**	19,620
Adjusted net profit attributable to owners of the Company (unaudited)	**38,145**	51,097

Note:

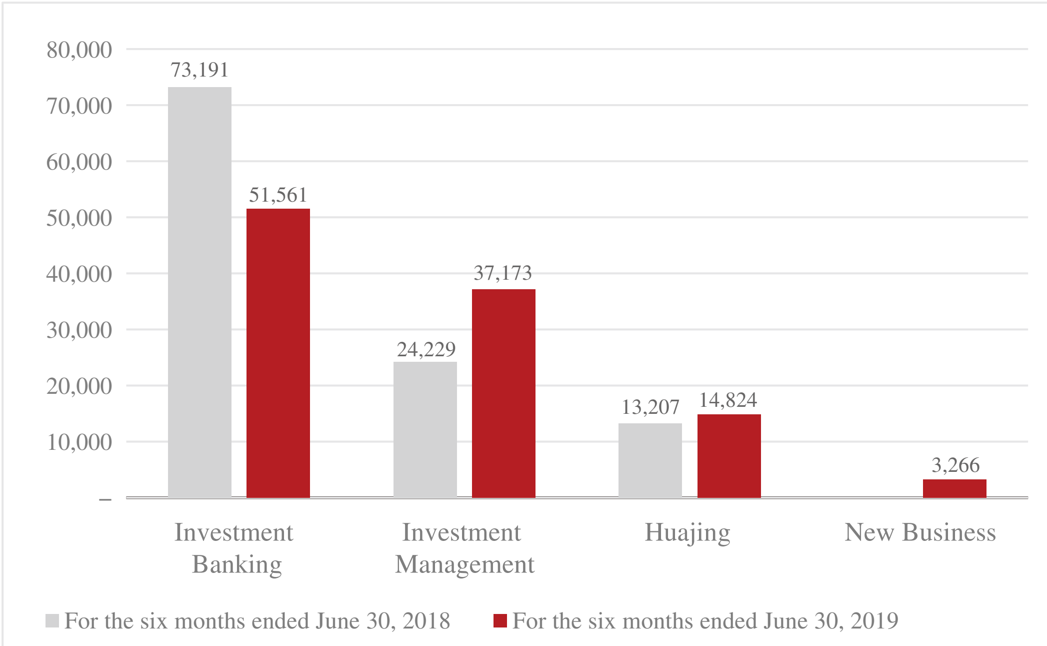
(1) The unrealized net carried interest is calculated by subtracting our carried interest to management team and other parties from our unrealized income from carried interest as follows.

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
Unrealized income from carried interest	**22,097**	58,652
Carried interest to management team and other parties	**(15,273)**	(39,032)
Unrealized net carried interest	**6,824**	19,620

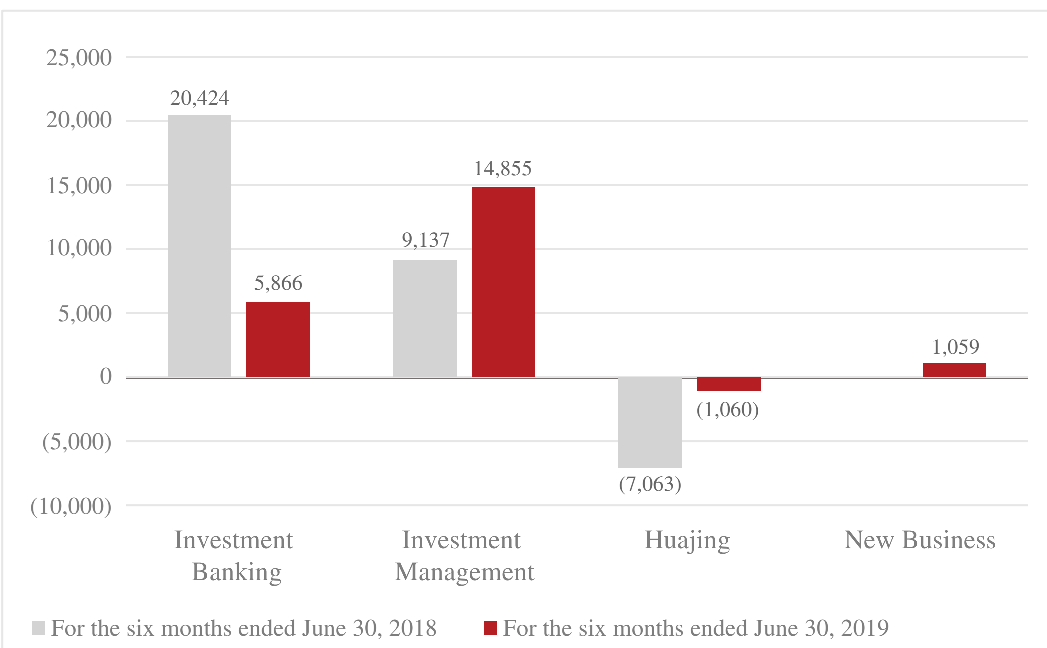
The unrealized income from carried interest is based on the underlying fair value change of the respective funds under our investment management business. The unrealized income from carried interest is allocated to us based on the cumulative fund performance to date, subject to the achievement of minimum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

Segment Performance

Revenue and Net Investment Gains by Segment (US$'000)



Operating Profit (loss) by Segment (US$'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operation

In the first half of 2019, China's economic environment remained challenging due to the macroeconomic backdrop. Financial institutions faced significant uncertainties as a result of the ongoing Sino-US trade war tensions, which further increased the risks of the external environment and discouraged investment in the capital markets. Meanwhile, China's economy has entered a new stage of development, with the government initiating the goal of "financial supply side reform", further deepening financial sector reform, lowering entry barriers for foreign investment, and accelerating the opening up of the financial sector, as well as initiating major reforms such as the Shanghai-London stock connect and the STAR market of Shanghai Stock Exchange. These new initiatives have created business opportunities for financial institutions in China.

Against this market background, the investment banking business of our Group remained strong and made many significant progresses and breakthrough in the first half of 2019. The equity underwriting and sales, trading and brokerage businesses continued their good momentum in the first half of 2019, achieving positive growth over the same period last year. The investment banking business in the healthcare sector also made significant progress compared with the same period last year. Despite the market downturn, with those progresses made, and with deal pipeline and key client pool getting ever stronger, we have been able to maintain market leadership and was well positioned to regain growth in the investment banking business.

The investment management business of our Group has continued to make steady progress and has maintained its industry-leading position for the six months ended June 30, 2019. The Company successfully closed RMB6.5 billion fund-raising for its Growth Capital RMB Fund III and exceeded the fund-raising target for its Growth Capital USD Fund III despite the difficult market environment. As of June 30, 2019, our asset under management ("**AUM**") reached US$4.7 billion. In the first half of 2019, through the establishment of a fund management platform, we have integrated and strengthened our capabilities across investor relationship, portfolio management and data analysis, which in turn will contribute to stronger investment performance and pose us for growth into other new investment strategies.

For the six months ended June 30, 2019, with improvement in operating efficiency, our Huajing segment, which we operate through our multi-licensed domestic securities platform, China Renaissance Securities (China) Co., Ltd. ("**Huajing Securities**"), further reduced its operating loss significantly and reported a net profit of US$0.6 million for the first time since its initiation in 2016. Significant progress has also been made in business development, and Huajing Securities has become one of the first batch of sponsors and underwriters for listed companies on the STAR market of Shanghai Stock Exchange.

From the beginning of 2019, in addition to investment banking, investment management and Huajing, the Company has also launched new businesses, including structured financing and wealth management ("**New Business**"). Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms. Wealth management provides value-added wealth management services to high net worth individuals and other high net worth groups represented by new economy entrepreneurs. These new businesses also helped the Company to integrate and enhance investment and management of its own funds. In the future, we expect these new businesses to increase their importance and potentially become our key strategic businesses.

In the first half of 2019, despite the great challenges from the macro-economic and regulatory environment, we have demonstrated resilience against adverse market conditions and economic cycle by delivering strong results and achieving an improved business and revenue structure. By addressing the problems arisen especially from fast expansion in the past few years, and upon reviewing our business strategies, we have re-focused on upgrading product capabilities and enhancing our core business competitive edges.

Prospect

For the financial market, the first half of 2019 has been a tough time. However, the ongoing financial regulatory reforms in China offered catalysts to leverage our capital markets expertise. We expect that the further opening of China's financial markets will increase market access for foreign-owned securities firms, which will bring more capital and appetite for investments in China's fast-growing new economy. The launch of the STAR market has brought additional opportunities for capital markets activities in priority sectors that our Huajing Securities is uniquely positioned to capture. We will effectively leverage our existing client base and sector knowledge as the STAR market moves ahead. Amid the potential market recession and greater volatility, we will continue to upgrade our human resources structure by attracting new talents to join our platform and continue to maintain a strong balance sheet to minimize its downside business risks. Overall, these trends created both challenges and opportunities that we expect to continue into the second half of 2019.

Segment Performance

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000*	*US$'000*	
Business Segment				
Investment Banking	**51,561**	73,191	(21,630)	-29.6%
Investment Management	**37,173**	24,229	12,944	53.4%
Huajing	**3,194**	11,037	(7,843)	-71.1%
New Business	**666**	—	666	n.m
Total revenue	**92,594**	108,457	(15,863)	-14.6%
Net investment gains	**14,230**	2,170	12,060	555.8%
Total revenue and net investment gains	**106,824**	110,627	(3,803)	-3.4%

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000* (Restated)	*US$'000*	
Business Segment				
Investment Banking	**5,866**	20,424	(14,558)	-71.3%
Investment Management	**14,855**	9,137	5,718	62.6%
Huajing	**(1,060)**	(7,063)	6,003	-85.0%
New Business	**1,059**	—	1,059	n.m
Operating profit	**20,720**	22,498	(1,778)	-7.9%

Investment Banking

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000*	*US$'000*	
Investment Banking				
Advisory services	**41,584**	65,436	(23,852)	-36.5%
Equity underwriting	**4,058**	3,442	616	17.9%
Sales, trading, and brokerage	**5,919**	4,313	1,606	37.2%
Segment revenue	**51,561**	73,191	(21,630)	-29.6%
Compensation and benefits	**(33,555)**	(41,341)	7,786	-18.8%
Other operating expenses	**(12,140)**	(11,426)	(714)	6.2%
Segment operating expenses	**(45,695)**	(52,767)	7,072	-13.4%
Segment operating profit	**5,866**	20,424	(14,558)	-71.3%
Segment operating margin	**11.4%**	27.9%		

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

	For the six months ended June 30,	
	2019	2018
	US$ in millions	*US$ in millions*
Transaction Value		
Advisory Services	**7,793**	8,868
Equity Underwriting	**2,441**	2,752
Total	**10,234**	11,620

Segment Revenue

Investment banking revenue was US$51.6 million for the six months ended June 30, 2019, a decrease of 29.6% from the six months ended June 30, 2018. This decrease was primarily due to a decrease in private placement advisory fees and mergers and acquisitions advisory revenue resulting from challenges in the domestic and global economic/financial landscapes and delay on execution, partially offset by an increase in sales, trading, and brokerage fees.

Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 13.4% from US$52.8 million for the six months ended June 30, 2018 to US$45.7 million for the six months ended June 30, 2019, which was primarily attributed to the decrease in compensation and benefit expenses from US$41.3 million for the six months ended June 30, 2018 to US$33.6 million for the six months ended June 30, 2019.

Segment Operating Profit

For the investment banking segment, segment operating profit was US$5.9 million for the six months ended June 30, 2019, a decrease of 71.3% from the six months ended June 30, 2018. Segment operating margin dropped from 27.9% for the six months ended June 30, 2018 to 11.4% for the six months ended June 30, 2019.

Investment Management

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000*	*US$'000*	
Investment Management				
Management fees	**32,390**	24,229	8,161	33.7%
Realized income from carried interest	**4,783**	—	4,783	n.m
Segment revenue	**37,173**	24,229	12,944	53.4%
Compensation and benefits	**(9,016)**	(8,239)	(777)	9.4%
Carried interest to management team and other parties	**(3,300)**	—	(3,300)	n.m.
Other operating expenses	**(10,002)**	(6,853)	(3,149)	46.0%
Segment operating expenses	**(22,318)**	(15,092)	(7,226)	47.9%
Segment operating profit	**14,855**	9,137	5,718	62.6%
Segment operating margin	**40.0%**	37.7%		
Unrealized income from carried interest	**22,097**	58,652	(36,555)	-62.3%
Carried interest to management team and other parties	**(15,273)**	(39,032)	23,759	-60.9%
Unrealized net carried interest	**6,824**	19,620	(12,796)	-65.2%
Adjusted segment operating profit	**21,679**	28,757	(7,078)	-24.6%

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

	As of June 30, 2019	As of December 31, 2018
	US$'000	*US$'000*
Committed Capital	**3,635,235**	3,186,980
Invested Capital	**2,269,332**	2,051,413
AUM	**4,663,830**	4,123,441

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

	Committed Capital	Invested Capital	Fair Value of Investments Realized [(1)]	Fair Value of Investments Unrealized	Total	Gross Multiple Of Invested Capital [(2)]
	US$'000 except multiples					
As of June 30, 2019						
Huaxing Growth Capital USD Fund I	61,600	53,722	92,619	110,236	202,855	3.8
Huaxing Growth Capital USD Fund II	179,306	158,194	12,136	243,460	255,596	1.6
Huaxing Growth Capital USD Fund III	416,910	43,034	—	43,034	43,034	1.0
Huaxing Growth Capital RMB Fund I	154,315	140,086	51,452	231,645	283,097	2.0
Huaxing Growth Capital RMB Fund II	788,148	672,338	138,883	1,100,978	1,239,861	1.8
Huaxing Growth Capital RMB Fund III	950,441	131,921	—	135,463	135,463	1.0
Huaxing Healthcare Capital Fund RMB I	155,381	147,477	884	181,396	182,280	1.2
Huaxing Healthcare Capital Fund RMB II	49,457	47,944	—	47,944	47,944	1.0
Huaxing Healthcare Haihe Fund	17,260	17,048	—	17,048	17,048	1.0
Project Funds	862,417	857,568	17,487	1,128,007	1,145,494	1.3
Total	**3,635,235**	**2,269,332**	**313,461**	**3,239,211**	**3,552,672**	**1.6**
As of December 31, 2018						
Huaxing Growth Capital USD Fund I	61,600	53,722	66,349	132,454	198,803	3.7
Huaxing Growth Capital USD Fund II	179,306	153,194	2,060	242,195	244,255	1.6
Huaxing Growth Capital USD Fund III	224,250	30,500	—	30,500	30,500	1.0
Huaxing Growth Capital RMB Fund I	154,574	140,320	50,870	238,229	289,099	2.1
Huaxing Growth Capital RMB Fund II	789,470	655,670	92,528	1,023,429	1,115,957	1.7
Huaxing Growth Capital RMB Fund III	806,329	103,287	—	106,835	106,835	1.0
Huaxing Healthcare Capital Fund RMB I	155,643	103,466	655	127,377	128,032	1.2
Project Funds	815,808	811,254	26,257	1,055,640	1,081,897	1.3
Total	**3,186,980**	**2,051,413**	**238,719**	**2,956,659**	**3,195,378**	**1.6**

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

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

Segment Revenue

For the investment management segment, total revenue increased by 53.4% from US$24.2 million for the six months ended June 30, 2018 to US$37.2 million for the six months ended June 30, 2019. Management fees increased by 33.7% from US$24.2 million for the six months ended June 30, 2018 to US$32.4 million for the six months ended June 30, 2019. This increase was primarily in connection with the increased capital commitment of Huaxing Growth Capital RMB Fund III and Huaxing Growth Capital USD Fund III after their first closing in November 2017 and August 2018, respectively, and the first closing of Huaxing Healthcare Capital RMB Fund II in April 2019. We have successfully closed the fund raising of Huaxing Growth Capital RMB fund III in June 2019 with total committed capital more than expectation. The committed capital and AUM of our private equity funds were US$3.6 billion and US$4.7 billion as of June 30, 2019, representing an increase of 14.1% and of 13.1% from the end of 2018, respectively.

During the six months ended June 30, 2019, the total return of Huaxing Growth Capital USD Fund I successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. The realized income from carried interest was US$4.8 million for the six months ended June 30, 2019.

Segment Operating Expenses

For the investment management segment, segment operating expenses increased by 47.9% from US$15.1 million for the six months ended June 30, 2018 to US$22.3 million for the six months ended June 30, 2019. This increase was primarily due to (i) professional services fees in connection with our fundraising activities, (ii) carried interest accrued to management team and other parties, and (iii) the increase in our compensation and benefit expenses.

Segment Operating Profit

For the investment management segment, segment operating profit increased by 62.6% from US$9.1 million for the six months ended June 30, 2018 to US$14.9 million for the six months ended June 30, 2019. Segment operating margin improved from 37.7% for the six months ended June 30, 2018 to 40.0% for the six months ended June 30, 2019.

Unrealized Net Carried Interest and Adjusted Segment Operating Profit

Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, decreased by 65.2% from US$19.6 million for the six months ended June 30, 2018 to US$6.8 million for the six months ended June 30, 2019. Unrealized income from carried interest decreased 62.3% from US$58.7 million for the six months ended June 30, 2018 to US$22.1 million for the six months ended June 30, 2019 resulting from the relative slow-down of appreciation in value of the portfolio companies under our investment management business. Carried interest to management team and third parties decreased by 60.9% from US$39.0 million for the six months ended June 30, 2018 to US$15.3 million for the six months ended June 30, 2019, in line with the decrease of unrealized income from carried interest.

Huajing

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000* (Restated)	*US$'000*	
Huajing				
Segment revenue	**3,194**	11,037	(7,843)	-71.1%
Segment revenue and net investment gains	**14,824**	13,207	1,617	12.2%
Compensation and benefits	**(9,249)**	(14,494)	5,245	-36.2%
Investment gains attributable to interest holders of consolidated structured entities	**(2,191)**	—	(2,191)	n.m.
Other operating expenses	**(4,444)**	(5,776)	1,332	-23.1%
Segment operating expenses	**(15,884)**	(20,270)	4,386	-21.6%
Segment operating loss	**(1,060)**	(7,063)	6,003	-85.0%

Segment Revenue

For the Huajing segment, segment revenue and net investment gains were US$14.8 million for the six months ended June 30, 2019, an increase of 12.2% from the six months ended June 30, 2018. This increase was primarily due to an increase in interest income and investment income generated from bank deposit, term-deposit and other cash management products, partially offset by a decrease in revenue from advisory services for companies which was mainly attributed to a shift in business focus to the STAR market of Shanghai Stock Exchange.

Segment Operating Expenses

For the Huajing segment, segment operating expenses decreased by 21.6% from US$20.3 million for the six months ended June 30, 2018 to US$15.9 million for the six months ended June 30, 2019. This decrease was primarily due to the decrease in compensation and benefit and other operating expenses attributable to effective cost management.

Segment Operating Loss

For the Huajing segment, segment operating loss decreased from US$7.1 million for the six months ended June 30, 2018 to US$1.1 million for the six months ended June 30, 2019.

New Business

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

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
New Business		
Total revenue	**666**	—
Total revenue and net investment gains	**3,266**	—
Compensation and benefits	**(1,847)**	—
Other operating expenses	**(360)**	—
Segment operating expenses	**(2,207)**	—
Segment operating profit	**1,059**	—
Segment operating margin	**32.4%**	—

Segment Revenue

For New Business, total revenue and net investment gains were US$3.3 million for the six months ended June 30, 2019. Revenue and net investment gains in the New Business are mainly derived from our structured finance related products and wealth management related products.

Segment Operating Expenses

For New Business, total segment operating expenses was US$2.2 million for the six months ended June 30, 2019.

Segment Operating Profit

For New Business, total segment operating profit was US$1.1 million for the six months ended June 30, 2019. Segment operating margin was 32.4% for the six months ended June 30, 2019.

Results of Operations

Revenue and Net Investment Gains

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

	For the six months ended June 30,			
	2019	2018	**Change**	**% of change**
	US$'000	*US$'000*	*US$'000*	
Transaction and advisory fees	**52,889**	76,091	(23,202)	-30.5%
Management fees	**32,390**	24,229	8,161	33.7%
Interest income	**2,532**	8,137	(5,605)	-68.9%
Realized income from carried interest	**4,783**	—	4,783	n.m.
Total revenue	**92,594**	108,457	(15,863)	-14.6%
Net investment gains	**14,230**	2,170	12,060	555.8%
Total revenue and net investment gains	**106,824**	110,627	(3,803)	-3.4%

Total revenue was US$92.6 million for the six months ended June 30, 2019, a decrease by 14.6%, from US$108.5 million for the six months ended June 30, 2018.

- Transaction and advisory fees were US$52.9 million, a decrease of 30.5% from the prior period.

- Management fees increased to US$32.4 million, an increase of 33.7% from the prior period.

- Interest income was US$2.5 million, a decrease of 68.9% from the prior period.

The net investment gains were mainly derived from wealth management related products, asset management schemes, financial bonds, and structured finance related products of Huajing and New Business of the Company. The net investment gains increased from US$2.2 million for the six months ended June 30, 2018 to US$14.2 million for the six months ended June 30, 2019.

Total revenue and net investment gains were US$106.8 million for the six months ended June 30, 2019, a decrease of 3.4%, from US$110.6 million for the six months ended June 30, 2018.

Operating Expenses

Total operating expenses decreased by 2.3% from US$88.1 million for the six months ended June 30, 2018 to US$86.1 million for the six months ended June 30, 2019.

Compensation and benefit expenses decreased by 16.2% from US$64.1 million for the six months ended June 30, 2018 to US$53.7 million for the six months ended June 30, 2019. Among compensation and benefit expenses, share-based compensation decreased by 15.1% from US$6.1 million for the six months ended June 30, 2018 to US$5.2 million for the six months ended June 30, 2019.

Other operating expenses increased by 12.0% from US$24.1 million for the six months ended June 30, 2018 to US$26.9 million for the six months ended June 30, 2019. This increase was primarily due to professional services fees in connection with our fundraising activities.

Operating Profit

Operating profit was US$20.7 million for the six months ended June 30, 2019, a decrease of 7.9% from US$22.5 million for the six months ended June 30, 2018.

Other Income, Gains or Losses

Other gains were US$7.1 million for the six months ended June 30, 2019, as compared to other losses of US$0.8 million for the six months ended June 30, 2018. Other gains mainly came from government grants, interest income from bank deposits and loan and income for disposal of a subsidiary. Please refer to the notes to the condensed consolidated financial statements for further details.

Finance Costs

Finance costs decreased significantly from US$6.5 million for the six months ended June 30, 2018 to US$0.4 million for the six months ended June 30, 2019. This decrease in interest expense was primarily due to bank borrowings drawn in November 2017 and repaid in September 2018.

Reversal (Provision) of Impairment Loss under Expected Credit Loss Model

Reversal (provision) of impairment loss under expected credit loss model was US$0.1 million for the six months ended June 30, 2019, as compared to impairment losses of US$0.5 million for the six months ended June 30, 2018.

Investment Income arising from Certain Incidental and Ancillary Investments

Incidental to, and ancillary of, our business operations, we have made investments from time to time, the primary types of which include (i) investments in our own private equity funds in our capacity as a general partner, typically 1% of equity interests, consistent with customary market practice, (ii) investments in our own private equity funds in our capacity as a limited partner, (iii) investments in third-party private equity funds in our capacity as a limited partner, to seize investment opportunities that are complementary to our own private equity funds, such as investment in those third-party private equity funds focusing on early-stage portfolio companies, and (iv) strategic minority equity investments. We make strategic minority equity investments primarily to establish long-term business relationships with selected companies to facilitate our business. These companies operate in various new economy sectors, such as data service and information technology, and we leverage their expertise to enhance our various business operations.

The following table sets forth a breakdown of investment income by the nature of investments for the periods indicated.

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
		(Restated)
Investments in our own private equity funds in our capacity as a general partner	**3,488**	2,994
Investments in our own private equity funds in our capacity as a limited partner	**920**	747
Investments in third-party private equity funds in our capacity as a limited partner	**4,680**	9,764
Investments in the form of preferred shares of other companies	**—**	756
Passive equity holdings in non-associate companies	**545**	95
Hedge asset related to an interest rate cap	**—**	**1,087**
Cash management investments	**235**	2,146
Others	**—**	3
Total	**9,868**	17,592

Investment income decreased by 43.9% from US$17.6 million for the six months ended June 30, 2018 to US$9.9 million for the six months ended June 30, 2019, primarily as a result of the relative slow-down of appreciation in value of portfolio companies managed by the third-party private equity funds in which we have invested in the capacity as a limited partner, and decrease of investment income from cash management products.

Share of Results of Associates

Share of loss of associates increased from US$0.2 million for the six months ended June 30, 2018 to US$0.4 million for the six months ended June 30, 2019.

Change in Fair Value of Call Option

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) was promulgated on June 28, 2018 and became effective on July 28, 2018, pursuant to which the limit of ownership percentage by foreign investors in a securities company increased from 49% to 51%. Our call option to acquire the non-controlling interests in Huajing Securities thus became substantially exercisable as of June 30, 2019 and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. In 2018, a gain of US$14.1 million was recorded under the change in fair value of call option and no gain or loss was recognized for the six months ended June 30, 2019.

Change in Fair Value of Convertible Redeemable Preferred Shares

For the six months ended June 30, 2019, the fair value of convertible redeemable preferred shares was a loss of $187.8 million. As the relevant convertible redeemable preferred shares were fully converted to the Company's ordinary shares (the "**Shares**") immediately prior to listing of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on September 27, 2018 (the "**Listing Date**"), there was no similar accounting loss resulting from changes in fair value of convertible redeemable preferred shares after the Listing Date.

Profit (Loss) before Tax

Profit before tax was US$37.1 million for the six months ended June 30, 2019, as compared to loss before tax of US$145.8 million for the six months ended June 30, 2018.

Income Tax Expense

Income tax expense was US$7.1 million and US$6.2 million for the six months ended June 30, 2019 and 2018, respectively. This was primarily due to improved operating results of our investment management businesses and decreased losses from Huajing Securities.

Profit (Loss) for the Period and Profit (Loss) for the Period Attributable to Owners of the Company

Profit for the period was US$29.9 million for the six months ended June 30, 2019, compared to a loss of US$152.0 million for the six months ended June 30, 2018, and profit attributable to owners of the Company was US$26.1 million for the six months ended June 30, 2019, compared to a loss attributable to owners of the Company of US$149.2 million for the six months ended June 30, 2018.

Adjusted Net Profit Attributable to Owners of the Company

Adjusted net profit attributable to owners of the Company without unrealized net carried interest decreased from US$31.5 million for the six months ended June 30, 2018 to US$31.3 million for the six months ended June 30, 2019. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, decreased from US$19.6 million for the six months ended June 30, 2018 to US$6.8 million for the six months ended June 30, 2019. Adjusted net profit attributable to owners of the Company with unrealized net carried interest decreased from US$51.1 million for the six months ended June 30, 2018 to US$38.1 million for the six months ended June 30, 2019.

Cash Flows

During the six months ended June 30, 2019, we funded working capital and other capital requirements primarily from cash generated from our business operations. We have primarily used cash to fund our capital expenditures and working capital for our business expansion.

We generally deposit our excess cash in interest bearing bank accounts and current accounts and invest in investment-grade financial bonds and other cash management investments. As of June 30, 2019, we had aggregate cash and cash equivalents of US$219.9 million. Excluding Huajing Securities, we had cash and cash equivalents of US$148.5 million. Excluding Huajing Securities, we had cash and cash equivalents, term deposits, and financial assets at fair value through profit or loss (current portion) of US$377.3 million.

Cash Flows from Operating Activities

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

For the six months ended June 30, 2019, we had net cash generated from operating activities of US$36.8 million, resulting from our profit before income tax of US$37.1 million adjusted for non-cash and non-operating items of US$18.1 million, income tax payment of US$10.0 million, interest earned of US$6.8 million and positive movements in working capital of US$21.0 million. Positive movements in working capital primarily reflected: (i) an decrease of US$28.2 million in accounts and other receivables in connection with our business operations, (ii) an increase of US$7.5 million in amounts due to related parties, (iii) an increase of US$20.2 million in contract liabilities, (iv) an increase of US$1.6 million in financial assets sold under repurchase agreement, (v) an increase of US$0.2 million in accounts and other payables mainly in connection with compensation and other payments; and offset by (vi) an increase of US$31.2 million in financial assets at fair value through profit or loss, and (vii) an increase of US$5.5 million in amounts due from related parties.

For the six months ended June 30, 2018, we had net cash used in operating activities of US$176.8 million, resulting from our loss before income tax of US$145.8 million adjusted for non-cash and non-operating items of US$161.3 million, income tax payment of US$8.5 million, interest received of US$6.8 million and negative movements in working capital of US$190.6 million mainly from an increase of US$213.4 million in financial assets at fair value through profit or loss.

Cash Flows from Investing Activities

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

For the six months ended June 30, 2019, net cash generated from investing activities was US$67.3 million, primarily due to (i) net proceeds of US$149.4 million from the maturity of term deposits, (ii) proceeds of US$38.1 million from disposal of financial assets at fair value through other comprehensive income and offset by (iii) net cash outflows from purchase of financial assets at fair value through profit or loss of US$79.0 million, (iv) investments in associated companies of US$12.9 million, (v) cash outflows from purchase of notes receivable of US$24.0 million, (vi) loans to third parties of US$2.9 million, (vii) purchase of property and equipment of $1.1 million and (viii) payment for rental deposit of US$0.3 million.

For the six months ended June 30, 2018, net cash used in investing activities was US$271.2 million, primarily due to (i) net cash outflows for the placement of term deposits of US$188.8 million, (ii) net cash outflows from purchase of financial bonds of US$51.0 million, (iii) net cash outflows from purchase of financial assets at fair value through profit or loss of US$17.7 million, (iv) investment in our own private equity funds in our capacity as a general partner and in our capacity as a limited partner of US$6.5 million, (v) loans to third parties of US$8.7 million, and (vi) purchase of property and equipment of US$0.8 million. These cash outflows were partially offset by net proceeds from repayment of loans receivables of US$2.2 million.

Cash Flows from Financing Activities

Financing activities primarily consist of issuances of common shares, convertible redeemable preferred shares, issuance of convertible notes, bank borrowings, cash injection by third-party holders to consolidated structured entities, capital contribution from non-controlling shareholders, purchase of shares to be held under share award scheme, repurchase of shares, distribution of dividends to Shareholders and non-controlling shareholders and the payment of interest on debt.

For the six months ended June 30, 2019, net cash generated from financing activities was US$47.5 million, primarily due to (i) cash injection by third-party holders to consolidated structured entities of US$66.0 million, (ii) capital contribution of US$0.8 million from non-controlling shareholders, and partially offset by (iii) payment of US$6.9 million for the purchase of Shares to be held under share award scheme, (iv) payment of US$4.2 million on repurchase of Shares, (v) cash repayment of US$3.6 million to third-party holders to consolidated structured entities, (vi) repayment of lease liabilities US$3.0 million, (vii) issued cost paid of US$0.5 million, and (viii) distribution to non-controlling shareholders of US$1.1 million.

For the six months ended June 30, 2018, net cash generated from financing activities was US$87.0 million, primarily due to (i) proceeds from issuance of convertible notes of US$86.0 million, (ii) proceeds from issuance of ordinary Shares for share award schemes of US$6.1 million, (iii) net cash injection by third-party holders to consolidated assets management plans of US$4.5 million, and offset by (iv) interest payment of US$4.2 million to ICBCI Investment Management, (v) dividends of US$3.6 million paid to the Shareholders, (vi) distribution to non-controlling shareholders of US$1.7 million and (vii) US$0.2 million in acquisition of additional equity interest from non-controlling shareholders.

Off-Balance Sheet Commitments and Arrangements

As of June 30, 2019, we had not entered into any off-balance sheet transactions.

Capital Structure

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of our capital structure. Prior to the Listing Date, the capital structure of the Group consisted of bank borrowings, issued convertible redeemable preferred shares and convertible notes. On the Listing Date, all of the Company's convertible redeemable preferred shares and the 2018 Convertible Notes (as defined in the prospectus of the Company dated September 14, 2018 (the "**Prospectus**")) were automatically converted into the Shares.

The Group has maintained sound financial strength during the period ended June 30, 2019. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of June 30, 2019, the Group had no outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of US$93.1 million, all of which were undrawn.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of convertible redeemable preferred shares, convertible notes, right-of-use assets, lease liabilities, open trade receivable, open trade payable, and consolidated structured entities, was 12.0% as of June 30, 2019, compared with 9.5% as of December 31, 2018. The increase was mainly due to an increase of advanced management fees from funds managed by the Group.

Significant Investments Held

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

	As of June 30, 2019	As of December 31, 2018
	US$'000	*US$'000*
Investments in our own private equity funds in our capacity as a general partner	**45,318**	36,516
Investments in our own private equity funds in our capacity as a limited partner	**36,825**	37,647
Investments in third-party private equity funds in our capacity as a limited partner	**54,163**	45,881
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	**14,972**	26,214
— Passive equity holdings in non-associate companies	**12,913**	6,912
Total	**164,191**	153,170

As of June 30, 2019, the Group had significant investments amounting to approximately US$164.2 million measured in fair value, which increased by 7.2% as compared to December 31, 2018.

Future Plans for Material Investments and Capital Assets

For details of the Group's future plans for material investments and capital assets, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus and the interim report of the Group for the six months ended June 30, 2019 to be published.

Save as disclosed above, the Group did not have other plans for material investments and capital assets as at June 30, 2019.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended June 30, 2019, with other shareholder's capital injection to Beijing Jiushi Zhulu Technology Limited ("**JSZL**") on February 28, 2019, the Group's equity interest in JSZL was diluted from 56% to 45.22% and lost control of JSZL (the "**Deemed Disposal**"). After the Deemed Disposal, JSZL ceased to be a subsidiary of the Group and the Group accounted for JSZL as investment in an associate.

Save as disclosed above, the Group did not have other material acquisitions and disposals of subsidiaries and affiliated companies for the six months ended June 30, 2019.

Employee and Remuneration Policy

As of June 30, 2019, we had 541 full-time employees, including over 80% advisory and investment professionals.

The following table sets forth the number of our employees by function as of June 30, 2019.

Function	**Number of Employees**	**Percentage**
Investment Banking	223	41%
Investment Management	46	9%
Huajing Securities	158	29%
New Business	7	1%
Group Middle and Back Office	107	20%
Total	541	100%

The following table sets forth the number of our employees by geographic region as of June 30, 2019.

Geographic Region	Number of Employees	Percentage
Beijing, China	293	54%
Shanghai, China	137	25%
Other cities in China	10	2%
Hong Kong, China	81	15%
United States	20	4%
Total	541	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of June 30, 2019, 70 grantees held options granted under the ESOP Plan (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based compensation expense, for the six months ended June 30, 2019 were US$53.7 million, representing a decrease of 16.2% as compared to six months ended June 30, 2018.

Foreign Exchange Risk

The transactions of the Company are denominated and settled in its functional currency, the United States dollar. The Group's subsidiaries primarily operate in the PRC and Hong Kong and are exposed to foreign exchange risk for currencies such as Renminbi, US dollars, and Hong Kong dollars.

As of June 30, 2019, we did not hedge or consider it necessary to use financial instruments for hedging purposes.

Pledge of Assets

As of June 30, 2019, no assets of the Group were pledged.

Contingent Liabilities

As of June 30, 2019, we did not have any material contingent liabilities.

Interim Dividends

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

	For the six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
Dividends to shareholders of the Company	**—**	15,413

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

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

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2019.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices. Save for code provision A.2.1, the Company has complied with all the code provisions set out in the CG Code throughout the six months ended June 30, 2019.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the six months ended June 30, 2019.

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

During the six months ended June 30, 2019, the Company repurchased 1,919,800 Shares on the Stock Exchange for an aggregate consideration of approximately HK$32.9 million including expenses. The repurchased shares were subsequently cancelled. The repurchase was effected because the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects as perceived by the Board and that it presented a good opportunity for the Company to repurchase Shares.

Details of the Shares repurchased are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per share *(HK$)*	Lowest price paid per share *(HK$)*	Aggregate Consideration *(HK$'000)*
January	138,300	21.00	19.68	2,818
May	1,337,700	18.18	16.08	22,925
June	443,800	17.40	15.22	7,129
Total	1,919,800			32,872

Save as disclosed above, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any listed securities of the Company during the six months ended June 30, 2019.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system (including risk management) of the Group, review and approve connected transactions and provide advice and comments to the Board. The audit committee consists of three members, namely Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue. Ms. Yao Jue is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2019. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the external auditor of the Company, Deloitte Touche Tohmatsu.

The condensed consolidated financial statements of the Group for the six months ended June 30, 2019 has been reviewed by the audit committee of the Company and by the Company's external auditor in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board.

OTHER BOARD COMMITTEES

In addition to the audit committee, the Company has also established a nomination committee, a remuneration committee and an executive committee.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Effective as of July 23, 2019, the Company cancelled the total number of 212,300 Shares which it had repurchased on the open market from June 10, 2019 to 12 July, 2019, pursuant to a share repurchase plan announced on May 28, 2019 (the "**Share Repurchase Plan**"), from its issued share capital.

Effective as of August 19, 2019, the Company cancelled the total number of 1,102,500 Shares which it had repurchased on the open market from July 16, 2019 to 23 July, 2019, pursuant to the Share Repurchase Plan, from its issued share capital.

Save as disclosed above and in Note 28 to the condensed consolidated financial statements, no important events affecting the Company have occurred since June 30, 2019 and up to the date of this announcement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Notes	Six months ended June 30, 2019 US$'000 (unaudited)	2018 US$'000 (unaudited) (restated)
Revenue	3		
Transaction and advisory fees		**52,889**	76,091
Management fees		**32,390**	24,229
Interest income		**2,532**	8,137
Income from carried interest		**4,783**	—
Total revenue		**92,594**	108,457
Net investment gains	4	**14,230**	2,170
Total revenue and net investment gains		**106,824**	110,627
Compensation and benefit expenses		**(53,667)**	(64,074)
Carried interest to management team and other parties		**(3,300)**	—
Investment gains attributable to interest holders of consolidated structured entities		**(2,191)**	—
Other operating expenses		**(26,946)**	(24,055)
Total operating expenses		**(86,104)**	(88,129)
Operating profit		**20,720**	22,498
Other income, gains or losses	5	**7,088**	(811)
Finance costs		**(360)**	(6,521)
Reversal (provision) of impairment loss under expected credit loss model	18	**123**	(521)
Investment income arising from certain incidental and ancillary investments	6	**9,868**	17,592
Share of results of associates		**(372)**	(167)
Change in fair value of call option	14	**—**	14,100
Change in fair value of convertible redeemable preferred shares	20	**—**	(187,830)
Listing expenses		**—**	(4,148)
Profit (loss) before tax		**37,067**	(145,808)
Income tax expense	7	**(7,145)**	(6,174)
Profit (loss) for the period	8	**29,922**	(151,982)

	Notes	Six months ended June 30, 2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,846)**	(7,873)
Fair value gain on debt instruments measured at fair value through other comprehensive income		**56**	21
Reclassification adjustment to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income		**(277)**	—
(Reversal) provision of impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		**(6)**	4
Other comprehensive expense for the period		**(2,073)**	(7,848)
Total comprehensive income (expense) for the period		**27,849**	(159,830)
Profit (loss) for the period attributable to:			
— Owners of the Company		**26,105**	(149,185)
— Non-controlling interests		**3,817**	(2,797)
		29,922	(151,982)
Total comprehensive income (expense) for the period attributable to:			
— Owners of the Company		**24,353**	(154,147)
— Non-controlling interests		**3,496**	(5,683)
		27,849	(159,830)
Earning (loss) per share			
Basic	9	**US$0.05**	US$(0.62)
Diluted	9	**US$0.05**	US$(0.62)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Notes	**June 30, 2019 *US$'000* (unaudited)**	December 31, 2018 *US$'000* (audited)
Non-current assets			
Property and equipment	11	**22,298**	7,672
Rental deposits		**2,049**	2,025
Intangible assets	12	**3,866**	4,443
Deferred tax assets		**15,505**	15,507
Investments in associates	13	**95,771**	77,101
Financial assets at fair value through profit or loss	14	**164,159**	93,107
Financial assets at fair value through other comprehensive income		**12,681**	51,833
Loans to third parties		**14,008**	13,497
Note receivable		**23,960**	—
		354,297	265,185
Current assets			
Accounts and other receivables	15	**65,054**	91,901
Loans to third parties		**6,750**	3,855
Loans to related parties	23	**—**	197
Amounts due from related parties	23	**10,669**	5,199
Financial assets at fair value through profit or loss	14	**398,569**	345,397
Term deposits	16	**140,359**	289,747
Cash and cash equivalents	17	**219,896**	64,458
		841,297	800,754
TOTAL ASSETS		**1,195,594**	1,065,939
Current liabilities			
Accounts and other payables	19	**186,728**	117,682
Contract liabilities		**24,818**	4,150
Income tax payables		**6,725**	8,652
Lease liabilities		**6,153**	—
Amounts due to related parties	23	**7,547**	—
		231,971	130,484
Net current assets		**609,326**	670,270

	Notes	**June 30, 2019** *US$'000* **(unaudited)**	December 31, 2018 *US$'000* (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**963,623**	935,455
Non-current liabilities			
Contract liabilities		**2,296**	2,743
Deferred tax liabilities		**1,708**	1,115
Lease liabilities		**9,728**	—
		13,732	3,858
NET ASSETS		**949,891**	931,597
Capital and reserves			
Share capital	21	**14**	14
Reserves		**739,907**	724,552
Equity attributable to owners of the Company		**739,921**	724,566
Non-controlling interests		**209,970**	207,031
		949,891	931,597

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2019

		Attributable to owners of the Company									
	Notes	Share capital	Treasury stock	Share premium	Other reserves	Surplus reserve	Accumulated losses	Reserves sub-total	Sub-total	Non-controlling interests	Total equity
		US$'000	*US$'000*	*US$'000*	*US$'000* (note)	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at January 1, 2019 (audited)		14	(1)	985,914	7,770	1,523	(270,654)	724,552	724,566	207,031	931,597
Adjustment (note 2)		—	—	—	—	—	(475)	(475)	(475)	—	(475)
At January 1, 2019 (restated)		14	(1)	985,914	7,770	1,523	(271,129)	724,077	724,091	207,031	931,122
Profits for the period		—	—	—	—	—	26,105	26,105	26,105	3,817	29,922
Other comprehensive expense for the period		—	—	—	(1,752)	—	—	(1,752)	(1,752)	(321)	(2,073)
Total comprehensive (expense) income for the period		—	—	—	(1,752)	—	26,105	24,353	24,353	3,496	27,849
Capital contribution from non-controlling shareholders		—	—	—	—	—	—	—	—	800	800
Recognition of equity-settled share-based payment expense	22	—	—	—	5,216	—	—	5,216	5,216	—	5,216
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(1,104)	(1,104)
Disposal of a subsidiary				(2,636)	—	—	—	(2,636)	(2,636)	(253)	(2,889)
Shares held under share award scheme		—	—	—	(6,907)	—	—	(6,907)	(6,907)	—	(6,907)
Share repurchased but not yet cancelled	21	—	—	—	(113)	—	—	(113)	(113)	—	(113)
Share repurchased and cancelled	21	—	—	(4,083)	—	—	—	(4,083)	(4,083)	—	(4,083)
Balance at June 30, 2019 (unaudited)		14	(1)	979,195	4,214	1,523	(245,024)	739,907	739,921	209,970	949,891
At January 1, 2018 (audited)		6	—	7,960	18,370	1,501	(11,107)	16,724	16,730	223,756	240,486
Loss for the period		—	—	—	—	—	(149,185)	(149,185)	(149,185)	(2,797)	(151,982)
Other comprehensive expense for the period		—	—	—	(4,962)	—	—	(4,962)	(4,962)	(2,886)	(7,848)
Total comprehensive expense for the period		—	—	—	(4,962)	—	(149,185)	(154,147)	(154,147)	(5,683)	(159,830)
Capital contribution from non-controlling shareholders		—	—	—	(1)	—	—	(1)	(1)	72	71
Recognition of equity component of convertible notes		—	—	—	4,000	—	—	4,000	4,000	—	4,000
Recognition of equity-settled share-based payment expense	22	—	—	—	6,146	—	—	6,146	6,146	—	6,146
Share options exercised		—	—	13,940	(7,853)	—	—	6,087	6,087	—	6,087
Dividends to shareholders and non-controlling interests	10	—	—	—	—	—	(15,413)	(15,413)	(15,413)	(1,696)	(17,109)
Disposal of a subsidiary		—	—	—	—	—	—	—	—	(101)	(101)
Acquisition of additional equity interest from non-controlling shareholders		—	—	—	(133)	—	—	(133)	(133)	(24)	(157)
Share issued to the Trusts (as defined in note 22)	22	1	(1)	—	—	—	—	(1)	—	—	—
Balance at June 30, 2018 (unaudited)		7	—	21,900	15,567	1,501	(175,705)	(136,738)	(136,731)	216,324	79,593

Note: Other reserves mainly include (1) translation reserve; (2) investment revaluation reserve and expected credit losses for financial assets at fair value through other comprehensive income; (3) equity-settled share-based payment expense; (4) convertible notes equity reserve; and (5) share repurchase reserve.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited) (restated)
Cash flows from operating activities		
Profit (loss) before tax	**37,067**	(145,808)
Adjustments for:		
Depreciation of property and equipment	**4,380**	1,763
Amortisation of intangible assets	**745**	664
Losses on disposal of property and equipment	**—**	12
Interest income	**(5,834)**	(9,158)
Finance costs	**360**	6,521
Change in fair value of convertible redeemable preferred shares	**—**	187,830
Change in fair value of call option	**—**	(14,100)
Net investment gains	**(14,230)**	(2,170)
Investment gains attributable to interest holders of consolidated structured entities	**2,191**	—
Investment income arising from certain incidental and ancillary investments	**(9,868)**	(17,592)
Gain on disposal of a subsidiary	**(3,459)**	—
Reversal (provision) of impairment loss under expected credit loss model	**(123)**	521
Investment gains attributable to interest holders of consolidated funds	**2,053**	637
Share of results of associates	**372**	167
Share-based payment expenses	**5,216**	6,146
Operating cash flows before movements in working capital	**18,870**	15,433
Decrease (increase) in accounts and other receivables	**28,157**	(34,411)
Increase in amounts due from related parties	**(5,519)**	(699)
Increase in amounts due to related parties	**7,547**	151
Increase in financial assets at fair value through profit or loss	**(31,170)**	(213,447)
Increase in accounts and other payables	**189**	38,247
Increase in contract liabilities	**20,221**	19,602
Increase in financial assets sold under repurchase agreements	**1,620**	—
Cash generated from (used in) operations	**39,915**	(175,124)
Interest received	**6,789**	6,804
Income taxes paid	**(9,904)**	(8,472)
Net cash generated from (used in) operating activities	**36,800**	(176,792)

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Cash flows from investing activities		
Bank and loans interest received	**235**	256
Purchases of property and equipment	**(1,083)**	(828)
Payments for right-of-use assets	**(22)**	—
Payments for rental deposits	**(249)**	—
Acquisition of a subsidiary	**(199)**	—
Disposal of a subsidiary	**(349)**	—
Purchases of intangible assets	**(109)**	(188)
Purchases of financial assets at fair value through profit or loss	**(79,425)**	(302,067)
Proceeds from disposal of financial assets at fair value through profit or loss	**537**	284,396
Purchases of financial assets at fair value through other comprehensive income	**—**	(344,614)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**38,101**	293,659
Investments in associates	**(12,895)**	(6,532)
Purchase of notes receivable	**(23,960)**	—
Advance to related parties	**(3)**	—
Repayment from related parties	**1**	—
Placement of term deposits	**(228,524)**	(213,955)
Proceeds from term deposits	**377,951**	25,141
Origination of loans receivable	**(2,909)**	(8,699)
Repayment of loans receivable	**202**	2,219
Net cash generated from (used in) investing activities	**67,300**	(271,212)

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Cash flows from financing activities		
Payment on repurchase of shares	**(4,196)**	—
Proceeds from issuance of convertible notes	**—**	86,000
Proceeds from issuance of ordinary shares for share options exercised	**—**	6,055
Capital contribution from non-controlling shareholders	**800**	71
Acquisition of additional equity interest from non-controlling shareholders	**—**	(157)
Distribution to non-controlling shareholders	**(1,104)**	(1,696)
Dividends paid to shareholders	**—**	(3,599)
Issued cost paid	**(504)**	(17)
Interest paid	**—**	(4,215)
Repayments of leases liabilities	**(2,950)**	—
Purchase of shares to be held under share award scheme	**(6,907)**	—
Cash injection by third-party holders to consolidated structured entities	**66,003**	5,375
Cash repayment to third-party holders to consolidated structured entities	**(3,689)**	(862)
Net cash generated from financing activities	**47,453**	86,955
Net increase (decrease) in cash and cash equivalents	**151,553**	(361,049)
Cash and cash equivalents at beginning of the period	**64,458**	442,969
Effect of foreign exchange rate changes	**3,885**	1,359
Cash and cash equivalents at end of period	**219,896**	83,279

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by International Accounting Standards Board which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 *Impacts and changes in accounting policies on application of IFRS 16 Leases*

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments ("**IFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the mainland China/Hong Kong/United States of America (the "**USA**") was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.0%.

	At January 1, 2019 *US$'000*
Operating lease commitments disclosed as at December 31, 2018	**19,407**
Lease liabilities discounted at relevant incremental borrowing rates	**(1,138)**
Less: Recognition exemption — short-term leases	**(121)**
Change in allocation basis between lease and non-lease components	**(1,642)**
Lease liabilities as at January 1, 2019	**16,506**
Analysed	
Current	**5,196**
Non-current	**11,310**
	16,506

The following table summarises the impact of transition to IFRS 16 on accumulated losses at January 1, 2019.

	Impact of adopting IFRS 16 January 1, 2019 *US$'000*
Accumulated losses	
Difference of expenses recognised under IFRS 16 and IAS 17	**629**
Tax effects	**(154)**
Impact at January 1, 2019	**475**

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at December 31, 2018**	**Adjustments**	**Carrying amounts under IFRS 16 at January 1, 2019**
		US$'000	*US$'000*	*US$'000*
Non-current Assets				
Property and equipment		7,672	16,022	23,694
Deferred tax assets		15,507	154	15,661
Rental deposits	(a)	2,025	(243)	1,782
Current Assets				
Accounts and other receivables				
— Prepaid lease payments	(b)	130	(130)	—
Current Liabilities				
Accounts and other payables				
— Accrued lease liabilities	(c)	(228)	228	—
Lease liabilities		—	(5,196)	(5,196)
Non-current Liabilities				
Lease liabilities		—	(11,310)	(11,310)
Capital and Reserves				
Reserves		(724,552)	475	(724,077)

Notes:

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended June 30, 2019, movements in working capital have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

(a) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, US$243,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(b) Upfront payments for office properties in the mainland China/Hong Kong/ the USA were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current prepaid lease payments amounting to US$130,000 were reclassified to right-of-use assets.

(c) Rent free period

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at January 1, 2019 was adjusted to right-of-use assets at transition.

3. REVENUE AND SEGMENT INFORMATION

For the purposes of resources allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision maker ("**CODM**"), regularly review types of services delivered or provided by focusing on different business models. No operating segments have been aggregated in arriving at the reportable segments of the Group

In the prior period, the Group had three operating segments (a) investment banking; (b) investment management; and (c) Huajing. In the current period, the Group changed its internal reporting structure and set up a new operating segment called "New Business". Subsequent to the change of the internal reporting structure, the Group has four reportable operating segments, which are (a) investment banking; (b) investment management; (c) Huajing and (d) New Business.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

(a) The investment banking is a segment of the Group's operations whereby the Group provides early to late stage financial advisory, Merger & Acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the USA;

(b) The investment management is a segment of the Group's operations whereby the Group provides fund and asset management for individual and institutional clients;

(c) Huajing comprises the Group's recently established investment banking and asset management businesses in the People's Republic of China (the "**PRC**"), which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in the PRC and has an independent risk control framework;

(d) In addition to investment banking, investment management and Huajing, the Group has also launched New Business, including structured financing and wealth management. Among them, structured financing is dedicated to exploring and developing non-equity financing services for new-economy firms. Wealth management provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs. These new businesses also help the Group integrate and enhance investment and management of its own funds, while at early developing stage the investments were carried out using Group's own funds and these new businesses will increase their importance and potentially become the key strategic businesses.

Segment revenue and results

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

	Six months ended June 30, 2019 (unaudited)					
	Investment banking *US$'000*	Investment management *US$'000*	Huajing *US$'000*	New business *US$'000*	Consolidation adjustments and reconciling items *US$'000*	Total consolidated *US$'000*
Transaction and advisory fees	51,561	—	1,328	—	—	52,889
Management fees	—	32,390	—	—	—	32,390
Interest income	—	—	1,866	666	—	2,532
Income from carried interest	—	26,880	—	—	(22,097) *(note)*	4,783
Total Revenue	51,561	59,270	3,194	666	(22,097)	92,594
Net investment gains	—	—	11,630	2,600	—	14,230
Total revenue and net investment gains	51,561	59,270	14,824	3,266	(22,097)	106,824
Compensation and benefit expenses	(33,555)	(9,016)	(9,249)	(1,847)	—	(53,667)
Carried interest to management team and other parties	—	(18,573)	—	—	15,273 *(note)*	(3,300)
Investment gains attributable to interest holders of consolidated structured entities	—	—	(2,191)	—	—	(2,191)
Other operating expenses	(12,140)	(10,002)	(4,444)	(360)	—	(26,946)
Operating profit (loss)	5,866	21,679	(1,060)	1,059	(6,824)	20,720
Other income, gains or losses						7,088
Finance cost						(360)
Reversal of impairment loss under expected credit loss model						123
Investment income arising from certain incidental and ancillary investments						9,868
Share of results of associates						(372)
Profit before tax						37,067
Income tax expense						(7,145)
Profit for the period						29,922

	Six months ended June 30, 2018 (unaudited)				
	Investment banking *US$'000*	Investment management *US$'000*	Huajing *US$'000*	Consolidation adjustments and reconciling items *US$'000*	Total consolidated *US$'000*
Transaction and advisory fees	73,191	—	2,900	—	76,091
Management fees	—	24,229	—	—	24,229
Interest income	—	—	8,137	—	8,137
Income from carried interest	—	58,652	—	(58,652) *(note)*	—
Total Revenue	73,191	82,881	11,037	(58,652)	108,457
Net investment gains	—	—	2,170	—	2,170
Total revenue and net investment gains	73,191	82,881	13,207	(58,652)	110,627
Compensation and benefit expenses	(41,341)	(8,239)	(14,494)	—	(64,074)
Carried interest to management team and other parties	—	(39,032)	—	39,032 *(note)*	—
Other operating expenses	(11,426)	(6,853)	(5,776)	—	(24,055)
Operating profit (loss)	20,424	28,757	(7,063)	(19,620)	22,498
Other income, gains or losses					(811)
Finance cost					(6,621)
Provision of impairment loss under expected credit loss model					(521)
Investment income arising from certain incidental and ancillary investments					17,592
Share of results of associates					(167)
Change in fair value of call option					14,100
Change in fair value of convertible redeemable preferred shares					(187,830)
Listing expenses					(4,148)
Loss before tax					(145,808)
Income tax expense					(6,174)
Loss for the period					(151,982)

Notes:

Income from carried interest earned based on the performance of the managed funds ("**Carried Interest**") is a form of variable consideration in their contracts with customers to provide investment management services. Carried Interest are earned based on fund performance during the period, subject to the achievement of minimum return levels, or high water marks, in accordance with the respective terms set out in each fund's governing agreements. The segment results of investment management include the unrealised income from Carried Interest calculated on an as-if liquidation basis in the segment information as it is a key measure of value creation, a benchmark of the Group's performance and a major factor in the Group's decision making of resource deployment. The revenue adjustments represent the unrealised income from Carried Interest, which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense adjustments represent the proportion of unrealised Carried Interest that would be payable to fund management teams and other third parties. The unrealised income from Carried Interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from Carried Interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realised as of such date, irrespective of whether such amounts have been realised.

As the fair value of underlying investments varies among reporting periods, it is necessary to make adjustments to amounts presented as income from Carried Interest to reflect either (a) positive performance in the period resulting in an increase in the Carried Interest allocated to the general partners or (b) negative performance in the period that would cause the amounts due to the general partners to be less than the amounts previously presented as revenue, resulting in a negative adjustment to the Carried Interest allocated to the general partners. The proportion of Carried Interest recognised that is allocated to fund management teams and other parties (and only payable as a proportion of any Carried Interest received) is included, on a basis consistent with such income from Carried Interest, as an expense in the investment management segment.

However, during the first half of 2019, except for US$4,783,000 of Carried Interest realised for certain fund, no income from Carried Interest for other funds was recognised as revenue and it will not be recognised until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognised only when the amounts that will eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or "crystallised."

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, finance cost, impairment losses under expected credit loss model, investment income arising from certain incidental and ancillary investments (the "**Passive Investment Income**"), share of results of associates, change in fair value of call option, change in fair value of convertible redeemable preferred shares, listing expenses and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

Geographical information

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

	Revenue from external customers		**Non-current assets** *(note)*	
	Six months ended June 30,		**At June 30,**	At December 31,
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Mainland China	**80,715**	79,727	**115,140**	87,963
Hong Kong	**8,784**	26,883	**4,195**	844
USA	**3,095**	1,847	**2,600**	409
	92,594	108,457	**121,935**	89,216

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

Timing of revenue recognition for revenue from contract of customers

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
A point of time	**57,672**	76,091
Over time	**32,390**	24,229
	90,062	100,320

Other segment information

	Six months ended June 30, 2019 (unaudited)				
	Investment banking	**Investment management**	**Huajing**	**New business**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Amounts included in the measure of segment profit or loss:					
Depreciation and amortisation	**2,251**	**515**	**2,296**	**63**	**5,125**

	Six months ended June 30, 2018 (unaudited)			
	Investment banking	Investment management	Huajing	Total
Amounts included in the measure of segment profit or loss:				
Depreciation and amortisation	757	114	1,556	2,427
Losses on disposal of property and equipment	12	—	—	12

4. NET INVESTMENT GAINS

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
		(restated)
Net realised and unrealised gains from financial assets at fair value through profit or loss ("**FVTPL**")		
— Wealth management related products	**2,018**	1,180
— Asset management schemes	**7,837**	—
— Structured finance related products	**173**	—
Net realised and unrealised gains from financial assets at fair value through other comprehensive income ("**FVTOCI**")		
— Financial bonds	**1,318**	—
Gross gain from consolidated structured entities		
— Asset management schemes	**2,353**	—
Dividend income from		
— Wealth management related products	**531**	990
	14,230	2,170

Net investment gains arise from New Business and Huajing Securities, a subsidiary of the Group, which engaged in securities investment business.

5. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Government grants (a)	**3,087**	847
Bank and loans interest income	**3,302**	1,021
Net exchange gain (loss)	**61**	(175)
Gain on disposal of a subsidiary	**3,459**	—
Others (b)	**(2,821)**	(2,504)
	7,088	(811)

Notes:

(a) The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards and industry support funds granted by local government authorities in Shanghai, the PRC, based on the Group's contribution to the development of the local financial sector.

(b) Others mainly included:

— An aggregated amount of US$728,000 charitable donations were made by the Group for the six months ended June 30, 2019 (for the six months June 30, 2018: US$999,000).

— An aggregated amount of US$2,053,000 realised and unrealised gains or losses attributable to interest holders of consolidated funds for the six months ended June 30, 2019 (for the six months June 30, 2018: US$637,000).

6. INVESTMENT INCOME ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
	(restated)	
Passive Investment Income from		
— Associates measured at fair value	**4,408**	3,741
— Unlisted investment funds at fair value	**4,680**	9,764
— Debt security investment	**—**	756
— Equity security investment	**980**	95
— Cash management products	**235**	2,146
— Others	**(435)**	1,090
	9,868	17,592

Investment income arising from certain incidental and ancillary investments represents certain passive investments made from time to time, the primary type of which include (i) investments in own private equity funds, (ii) investments in third-party private equity funds, (iii) investments in the form of preferred shares of other companies, and (iv) other passive equity holdings in non-associate companies and derivatives.

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current tax:		
Mainland China	**6,321**	4,655
Hong Kong	**3**	2,541
In respect of current period	**6,324**	7,196
Deferred tax:		
— In respect of current period	**821**	(1,022)
Total income tax expense	**7,145**	6,174

Mainland China

The applicable tax rate of group entities incorporated in the mainland China is 25%. Certain group entities incorporated in Tibet Autonomous Region are subject to a tax rate of 15% for both six- month periods ended June 30, 2019 and 2018, according to the local preferential tax policies.

Hong Kong

The Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

USA

The group entity incorporated in the USA is subject to the federal tax rate at 21% and state income tax rate at 6.5% for both six-month periods ended June 30, 2019 and 2018.

Cayman Islands and British Virgin Islands ("BVI")

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

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

8. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Depreciation of property and equipment	**4,380**	1,763
Expenses recognised relating to short-term leases	**944**	—
Amortisation of intangible assets	**745**	664
Losses on disposal of property and equipment	**—**	12
Staff costs, including directors' remuneration:		
— Directors' fees	**96**	140
— Salaries, bonus and other allowances	**46,514**	55,713
— Retirement benefit scheme contributions	**1,841**	2,075
— Equity-settled share-based payments expenses	**5,216**	6,146

9. EARNING (LOSS) PER SHARE

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

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit (loss) attributable to owners of the Company:		
Profit (loss) for the purpose of calculating basic and diluted earning (loss) per share	**26,105**	(149,185)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earning (loss) per share	**501,991,058**	242,194,630
Effect of dilutive potential ordinary shares:		
Share options of the Group	**38,448,073**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earning (loss) per share	**540,439,131**	242,194,630
Basic earning (loss) per share (US$)	**0.05**	(0.62)
Diluted earning (loss) per share (US$)	**0.05**	(0.62)

The weighted average number of shares for the purpose of basic and diluted loss per share for the six months ended June 30, 2018 is calculated taking into account the share subdivision as disclosed in note 21 and has been adjusted retrospectively.

For the six months ended June 30, 2019, the share options granted by the Company have potential dilutive effect on the earning per share. Diluted earning per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company. No adjustment is made to earnings. The computation of diluted earning per share for the six months ended June 30, 2019 has not considered the effect of restricted share units given that the effects are anti-dilutive.

The computation of diluted loss per share for the six months ended June 30, 2018 has not considered the effect of the convertible redeemable preferred shares, share options and convertible notes given that the effects are anti-dilutive.

10. DIVIDENDS

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Dividends to shareholders of the Company	**—**	15,413

There is no cash dividend approved during the six months ended June 30, 2019.

A cash dividend of US$3,599,000 for the year of 2017 was approved at the annual general meeting held on March 17, 2018. The above dividend had been recognised as distribution by the Company during the six months ended June 30, 2018.

A special dividend of US$10,870,000 was approved at shareholders' meeting held on May 30, 2018. Based on the special dividend arrangement, the Company transferred several overseas investments with fair value amounting to US$10,870,000 to its shareholders as a dividend distribution during the six months ended June 30, 2018. Such distribution was a major non-cash transaction during the six months ended June 30, 2018. In addition, a special cash dividend of US$944,000 was approved at shareholders' meeting held on May 30, 2018. The Company declared cash dividend to its shareholders during the six months ended June 30, 2018 for its shareholders to purchase several domestic investments held by the Group with fair value amounting to US$944,000 in total. The transfer of abovementioned investments held by the Group had been completed by June 30, 2018.

11. MOVEMENT IN PROPERTY AND EQUIPMENT

During the current interim period, the Group disposed of certain equipment with an aggregate carrying amount of approximately US$77,000 (six months ended June 30, 2018: US$414,000) at a total consideration of approximately US$77,000 (six months ended June 30, 2018: US$402,000), resulting in a loss on disposal of approximately US$nil (a loss for the six months ended June 30, 2018: US$12,000).

In addition, during the current interim period, the Group paid approximately US$1,083,000 (six months ended June 30, 2018: US$828,000) for addition of property and equipment.

Depreciation of right-of-use assets is US$2,656,000 for the six months ended June 30, 2019.

During the current interim period, the Group entered into a new lease agreement for the use of office building for 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised US$2,263,000 of right-of-use asset and US$2,015,000 lease liability.

12. MOVEMENT IN INTANGIBLE ASSETS

For the six months ended June 30, 2019 and 2018, the Group did not dispose of any intangible assets. During the current interim period, the Group paid approximately US$109,000 (six months ended June 30, 2018: US$188,000) on addition of software for the purpose of daily operation.

13. INVESTMENTS IN ASSOCIATES

	As at June 30, 2019 *US$'000* **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
Investments in unlisted companies (a)	**13,628**	2,938
Investments in funds (b)	**82,143**	74,163
	95,771	77,101

(a) Investments in unlisted companies

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group At June 30, 2019	Proportion of ownership interest held by the Group At December 31, 2018	Proportion of voting rights held by the Group At June 30, 2019	Proportion of voting rights held by the Group At December 31, 2018	Principal activity
Shanghai Genus Information Technology Limited ("**Genus**") *(Note 1)*	Shanghai, PRC	PRC	**4.98%**	4.98%	**4.98%**	4.98%	Technology development
Fountainhead Partners Holding Company Limited ("**Fountainhead**") *(Note 1)*	Cayman Islands	Cayman Islands	**11.80%**	11.80%	**11.80%**	11.80%	Wealth management
Guangzhou Zhan Ze Investment Management Limited ("**GZZZ**")	Guangzhou, PRC	PRC	**20.00%**	20.00%	**20.00%**	20.00%	Investment management
Beijing Yuan Ji Hua Yi Sheng Wu Technology Co., Ltd ("**HYSW**") *(Note 1)*	Beijing, PRC	PRC	**11.32%**	N/A	**11.32%**	N/A	Technology development
Beijing Jiushi Zhulu Technology Limited ("**JSZL**") *(Note 2)*	Beijing, PRC	PRC	**45.22%**	N/A	**45.22%**	N/A	Marketing and business information services

Notes:

1) The Group is able to exercise significant influence because it has the power to appoint one out of the five directors under the Articles of Association of respective investee.

2) In the prior year, the Group held a 56% interest in JSZL and accounted for as a subsidiary. With other shareholder's capital injection on February 28, 2019, the Group's equity interest was diluted to 45.22% and lost control on JSZL. The fair value of the Group's equity interest in JSZL at disposal date was US$6,807,000, which exceeded the net carrying amount of US$3,348,000, and the gain from the disposal amounting to US$3,459,000 was recognised in other income, gains or losses.

	As at June 30, 2019 ***US$'000*** **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
Cost of unlisted investments in associates	**13,099**	2,031
Share of post-acquisition profit or loss and other comprehensive income	**529**	907
	13,628	2,938

(b) Investments in funds

The Group invested in associates that are investment funds it manages and measured at fair value, the Group elected to measure investment in these associates at fair value. Details of such investment funds are summarised as follow.

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Cost of investments in funds	**67,009**	60,793
Fair value changes in funds *(note)*	**15,983**	14,065
Exchange adjustments	**(849)**	(695)
	82,143	74,163

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

		Ownership interest held	
	Place of incorporation	**As at June 30, 2019**	As at December 31, 2018
Material Funds			
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)	Shanghai, PRC	**1.94%**	1.94%
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership) ("**HSLF**")	Shanghai, PRC	**1.02%**	1.02%
Huaxing Capital Partners, L.P.	Cayman Islands	**9.13%**	9.13%
Huaxing Capital Partners II, L.P.	Cayman Islands	**3.17%**	3.17%
East Image Limited	BVI	**20.50%**	20.50%
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	Ningbo, PRC	**1.73%**	1.09%

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

	As at June 30, 2019 *US$'000* **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
Funds		
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)		
Net asset value	**256,019**	263,469
Total comprehensive (expense) income for the period	**(7,116)**	8,493
HSLF		
Net asset value	**1,304,734**	1,211,054
Total comprehensive income for the period	**102,300**	212,842
Huaxing Capital Partners, L.P.		
Net asset value	**121,728**	134,483
Total comprehensive income for the period	**3,835**	916
Huaxing Capital Partners II, L.P.		
Net asset value	**246,734**	249,554
Total comprehensive income for the period	**4,731**	57,423
East Image Limited		
Net asset value	**89,564**	89,094
Total comprehensive income (expense) for the period	**477**	(10,906)
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)		
Net asset value	**425,792**	184,526
Total comprehensive expense for the period	**(7,654)**	(6,653)

Aggregate information of fund investments that are not individually material

	As at June 30, 2019 US$'000 (unaudited)	As at December 31, 2018 US$'000 (audited)
Fair value change on funds	**149**	(91)
Carrying amount of the Group's investments in funds	**13,745**	13,964

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2019 US$'000 (unaudited)	As at December 31, 2018 US$'000 (audited)
Current		
Unlisted cash management products *(Note i)*	**313,081**	317,988
Money market funds *(Note ii)*	**13,641**	27,399
Listed financial bonds *(Note iii)*	**53,153**	10
Trust products *(Note iv)*	**8,900**	—
Convertible notes *(Note v)*	**3,782**	—
Listed equity security investments *(Note vi)*	**6,012**	—
	398,569	345,397
Non-current		
Unlisted investment funds at fair value *(Note vii)*	**54,163**	45,881
Unlisted debt security investments *(Note viii)*	**14,537**	25,344
Unlisted equity security investments *(Note ix)*	**80,924**	6,912
Warrant arising from investment in Sumscope *(Note x)*	**135**	570
Restricted shares arising from investment in Sumscope *(Note x)*	**300**	300
Call option for obtaining non-controlling interests *(Note xi)*	**14,100**	14,100
	164,159	93,107

Note i: The Group purchased cash management products with expected rates of return per annum ranging from 2.30% to 4.00% as at June 30, 2019 (December 31, 2018: 3.60% to 4.40%). The fair values are based on cash flow discounted using the expected rate of return based on management judgement and are within level 2 of the fair value hierarchy.

Note ii: The Group invested in money market funds through its consolidated asset management schemes. As these money market funds held by the Group were managed within a business model whose objective is to sell these investments and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.

Note iii: The Group invested in financial bonds with fixed interest rates ranging from 2.48% to 7.20% as at June 30, 2019 (December 31, 2018: 3.15% to 7.20%) and can be traded in the public bonds market at any time and settled at the prevailing market prices. As these financial bonds held by the Group were managed within a business model whose objective is to sell the debt instruments, they were subsequently measured at FVTPL.

Note iv: The Group invested in trust product with expected return rate of 8.50% per annum as at June 30, 2019 (December 31, 2018: nil). As the trust product held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.

Note v: In April 2019, the Group invested in convertible notes with fixed interest rates of 8.00% and with a term of 12 months. The Group had conversion right to convert notes into ordinary share of investee before the maturity date.

Note vi: These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income in the condensed consolidated statement of profit or loss and other comprehensive income.

Note vii: The fair values of the unlisted investment funds are based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period. The fair value changes are recorded in the Passive Investment Income in the condensed consolidated statement of profit or loss and other comprehensive income.

Note viii: These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income in the condensed consolidated statement of profit or loss and other comprehensive income.

Note ix: These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the Passive Investment Income in the condensed consolidated statement of profit or loss and other comprehensive income.

Note x: On May 22, 2018, the Group entered into a series of agreements to (i) subscribe for preferred shares in Sumscope Inc. for an aggregate consideration of approximately US$10 million, (ii) subscribe for a warrant to acquire additional preferred shares in Sumscope Inc. for up to a total investment amount of US$14 million, and (iii) subscribe for restricted ordinary shares, which shall be vested in accordance with a vesting schedule of four years, twenty-five percent of which shall vest annually in equal instalments over four years as of the execution of the agreements. The investments in preferred shares, warrant and restricted shares are measured at fair value, and changes in fair value are recognised in profit or loss. The investment in preferred shares are included in "unlisted debt security investments" at FVTPL.

Note xi: The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholders of a subsidiary of the Group, Huajing Securities, at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value as at June 30, 2019 amounted to US$14,100,000 (December 31, 2018: US$14,100,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair values has been determined in accordance with Black Scholes model based on fair value of underlying net assets of Huajing Securities.

15. ACCOUNTS AND OTHER RECEIVABLES

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Accounts receivables		
— Accounts receivable *(Note i)*	**17,076**	43,011
— Open trade receivable *(Note ii)*	**26,379**	14,492
Advance to suppliers	**4,456**	3,060
Other receivables		
— Refundable deposits	**13,097**	23,115
— Staff loans	**2,404**	—
— Value-added tax recoverable	**1,482**	1,537
Others	**534**	7,280
Subtotal	**65,428**	92,495
Less: Impairment loss allowance	**(374)**	(594)
Total	**65,054**	91,901

Note i: The Group allows an average credit period of 180 days for its customers. The following is an aging analysis of accounts receivables based on invoice dates at the end of the reporting periods:

Aging of accounts receivable (net of impairment loss allowance)

	As at June 30, 2019 *US$'000* (unaudited)	As at December 31, 2018 *US$'000* (audited)
0–30 days	**15,008**	15,354
31–60 days	**16**	95
61–90 days	**1,008**	22,934
91–180 days	**192**	2,598
181–360 days	**235**	213
> 360 days	**431**	1,406
	16,890	42,600

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

Details of the impairment assessment are set out in Note 18.

16. TERM DEPOSITS

Term deposits represent short-term bank deposits at effective interest rates ranging from 2.05% to 3.24% (31 December, 2018: 2.25% to 3.24%) per annum.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and cash held by the Group with original maturity within three months and accrued interest at prevailing market interest rates ranging from 0.30% to 2.38% (31 December, 2018: 0.30% to 1.85%) per annum.

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

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Accounts and other receivables	**(220)**	412
Loans to third parties	**58**	181
Loans to related parties	**(4)**	(44)
Amounts due from related parties	**49**	(32)
Financial assets at FVTOCI	**(6)**	4
	(123)	521

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2019 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018.

19. ACCOUNTS AND OTHER PAYABLES

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Salaries, bonus and other benefit payables	**42,230**	65,258
Payables to interest holders of consolidated structured entities	**92,670**	26,937
Open trade payable	**26,379**	14,492
Financial assets sold under repurchase agreements	**3,639**	—
Other payables	**8,732**	4,520
Consultancy fee payables	**6,749**	2,604
Carried interests to management team and other parties	**3,300**	—
Other tax payables	**2,125**	2,195
Accrued listing expenses and issue costs	**611**	1,115
Accrued expenses	**293**	561
	186,728	117,682

20. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On November 4, 2011, the Company and two third party investors — CW Renaissance Limited ("**CW**") and TBP Greenhouse Holdings Co., Ltd. ("**TBP**") (collectively, the "**Series A Investors**") entered into a purchase agreement whereby the Company issued in aggregate 15,000,000 Series A preferred shares ("**Series A Preferred Shares**") for gross proceeds of US$30,000,000.

On August 10, 2015, the Company and four third party investors-Bamboo Prime, L.P. ("**Bamboo**"), Greenhouse CR Holdings II Co., Ltd. ("**Greenhouse**"), JenCap CR ("JenCap") and Smart Group Global Limited ("**Smart Group**") (collectively, the "**Series B Investors**") entered into a purchase agreement whereby the Company issued in aggregate 16,304,348 Series B preferred shares ("**Series B Preferred Shares**") for gross proceeds of US$100,000,000. The Series B Preferred Share Subscription Agreement, also signed by holders of Series A Preferred Shares, modified the dividend payment and redemption rights policy of Series A Preferred Shares. On Series B Preferred Shares issuance date, the dividend right of Series A Preferred Shares was removed, the interest rate of redemption price of Series A Preferred Shares was modified from 6% to 8% per annum and the redemption date of Series A Preferred Shares was extended to the redemption date of Series B Preferred Shares.

On May 18, 2016, Bamboo distributed 6,521,739 Series B Preferred Shares to Bamboo Green, Ltd. and 4,891,305 Series B Preferred Shares to Gopher China Harvest Fund LP upon Bamboo's dissolution.

On April 26, 2017, the Company and CW further entered into a purchase agreement whereby the Company issued 1,527,271 Series B Preferred Shares for gross proceeds of US$10,000,000. In addition, the convertible notes previously issued by the Company were fully converted into 3,260,868 Series B Preferred Shares.

Upon the completion of the Company's Initial Public Offering ("**IPO**") on September 27, 2018, the Series A Preferred Shares and Series B Preferred Shares were automatically converted into 60,000,000 and 84,369,948 ordinary shares, respectively.

Major terms of the Series A Preferred Shares and Series B Preferred Shares are set out in the Group's annual consolidated financial statements for the year ended December 31, 2018.

The movement of the convertible redeemable preferred shares is set out as below:

	US$'000
At December 31, 2017	262,651
Changes in fair value up to September 27, 2018	292,345
Conversion of Series A Preferred Shares into ordinary shares	(230,655)
Conversion of Series B Preferred Shares into ordinary shares	(324,341)
At December 31, 2018	—

The Group used share offering price of HK$31.80 and discount for lack of marketability ("**DLOM**") of 5.11% to determine the fair value of the convertible redeemable preferred shares as at September 27, 2018, as the shareholders cannot dispose of any of the shares they owned at any time during the lockup period of 180 days from the September 27, 2018.

Fair value loss of US$187,830,000 was recognised in the six months period ended June 30, 2018.

21. SHARE CAPITAL

On August 10, 2018, the Company conducted a share subdivision pursuant to which each authorised issued and unissued share with a par value of US$0.0001 in the Company was subdivided into 4 shares with a par value of US$0.000025 each (the "**Share Subdivision**"), such that immediately following the Share Subdivision, the authorised share capital of the Company was US$50,000 made up of 2,000,000,000 shares divided into (a) 1,820,000,000 ordinary shares with a par value of US$0.000025 each, (b) 80,000,000 Series A Preferred Shares with a par value of US$0.000025 each and (c) 100,000,000 Series B Preferred Shares with a par value of US$0.000025 each.

On September 27, 2018, the Company listed its shares on the Stock Exchange of Hong Kong and issued 85,008,000 ordinary shares at the offer price of HK$31.80 per share. The net proceeds from IPO were approximately HK$2,607.4 million (equivalent to approximately US$332,373,000), after deducting all capitalised listing related expenses. Out of the net proceeds from IPO, US$332,371,000 was credited to the Company's share premium account.

As of June 30, 2019, the authorised share capital of the Company was US$50,000 made up of 2,000,000,000 ordinary shares with a par value of US$0.000025 each.

Details of the movement of share capital of the Company are as follows:

	Number of shares	Nominal value Per share	Share capital
		US$	*US$*
Authorised			
At January 1, 2018	500,000,000	0.0001	50,000
Share Subdivision	1,500,000,000		—
At December 31, 2018 and June 30, 2019	2,000,000,000	0.000025	50,000
Issued			
At January 1, 2018	60,000,000	0.0001	6,000
Shares issued to the Trusts (as defined in note 22)	10,000,000	0.0001	1,000
Exercise of share options before the Share Subdivision *(note 22)*	3,819,500	0.0001	382
Subtotal	73,819,500	0.0001	7,382
Share Subdivision	221,458,500		—
After Share Subdivision	295,278,000	0.000025	7,382
Issuance of ordinary shares	85,008,000	0.000025	2,125
Conversion of convertible notes into ordinary shares	23,783,664	0.000025	595
Conversion of Series A Preferred Shares into ordinary shares *(note 20)*	60,000,000	0.000025	1,500
Conversion of Series B Preferred Shares into ordinary shares *(note 20)*	84,369,948	0.000025	2,109
Shares repurchased and cancelled	(4,576,200)	0.000025	(114)
At January 1, 2019	543,863,412	0.000025	13,597
Share repurchased and cancelled *(note)*	(1,845,300)	0.000025	(47)
At June 30, 2019	542,018,112	0.000025	13,550

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Presented as	**14**	14

Note:

During the period from January 1, 2019 to June 30, 2019, 1,919,800 ordinary shares of the Company were repurchased at an aggregate cost of HK$32,836,000 (equivalent to approximately US$4,196,000). As of June 30, 2019, out of 1,919,800 ordinary shares repurchased, 1,740,700 shares were cancelled during the six months ended June 30, 2019 while the remaining 179,100 ordinary shares were cancelled in July 2019. Besides, 104,600 shares were repurchased in December 2018 and cancelled in January 2019.

22. SHARE-BASED PAYMENTS

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

The share option scheme of the Company (the "**Scheme**") was adopted pursuant to a resolution passed on December 31, 2012 for the primary purpose of providing incentives to eligible employees. The maximum number of shares that may be issued under the Scheme shall be 18,750,000 ordinary shares. Subsequently in 2015, the maximum number was approved to be expanded to 22,826,087 ordinary shares. After the Share Subdivision on August 28, 2018, the maximum number was adjusted to 91,304,348 ordinary shares.

Details of specific categories of options are as follows:

Date of grant	Number of shares	Exercise price
01.01.2013	575,000	US$1.0
29.03.2013	150,000	US$1.0
13.05.2013	750,000	US$1.0
01.01.2014	1,375,000	US$1.0
	2,850,000	US$1.0 *(Note)*
01.01.2015	7,475,000	US$1.0
01.10.2015	50,000	US$1.0
01.01.2016	125,000	US$1.0
01.01.2016	1,450,000	US$2.5
01.07.2016	2,550,000	US$2.5
01.01.2017	800,000	US$2.5
01.04.2017	7,780,000	US$2.5
01.10.2017	200,000	US$2.5
01.04.2018	3,195,000	US$3.0

All of these number of shares are before the Share Subdivision.

Note:

As at January 1, 2015, the Company modified the exercise price of 2,850,000 share options that had been issued up to December 31, 2014 from US$1.50 per share to US$1.00 per share. The incremental fair value of US$448,000 was recognised immediately for the vested share options in the profit or loss and other comprehensive income, and the incremental fair value of US$293,000 would be recognised over the remaining vesting period for the unvested share options.

The share options shall be subject to a five year vesting schedule and shall vest twenty percent on each anniversary from the vesting commencement date and on the same day in subsequent year, subject to the participant continuing to be an employee through each vesting date. The contractual life of the share options is 10 years.

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

	Number of share options
Outstanding as at January 1, 2019	56,782,000
Forfeited during the period	(2,200,000)
Outstanding as at June 30, 2019	54,582,000

Share-based compensation expenses of US$4,293,000 for share options has been recognised in profit or loss for the six months ended June 30, 2019 (six months ended June 30, 2018: US$6,146,000).

(b) Details of the restricted share units ("RSU") scheme of the Company

The 2018 RSU Plan of the Company (the "**RSU Plan**") was adopted pursuant to a resolution passed on June 15, 2018 for the primary purpose of providing incentives to eligible employees, directors and consultants. 10,000,000 shares (adjusted as 40,000,000 after Share Subdivision) have been issued to Honor Equity Limited and Sky Allies Development Limited (the "**Trusts**") for distribution of shares corresponding to RSUs. The Company has control over the Trusts and waived the consideration for shares issued.

In the current interim period, RSU were granted on April 1, 2019.

On April 1, 2019, the Company granted 3,541,711 time-based RSU and certain number of time-based RSU, which to be purchased on-market at the prevailing market price, with a market value of US$2,135,000 to employees and non-employees, and will be vested yearly over four years with yearly instalments after April 1, 2019. The Group used share price of HK$21.60 on April 1, 2019 and discount for lack of marketability ("**DLOM**") of 13.66% to determine the fair value of the time-based RSU, as 40%, 30% and 10% of vested shares cannot be disposed of during the lockup period of three years from vested date.

On April 1, 2019, the Company granted 887,281 performance-based RSU and certain number of performance-based RSU, which to be purchased on-market at the prevailing market price, with a market value of US$1,067,500 to employees, and will be vested on the date that is four years following the vesting commencement date of July 1, 2019 only if the performance conditions of the Company's average share price has been satisfied. 40%, 30% and 10% of vested shares cannot be disposed of during the lockup period of three years from vested date.

The valuation of the performance-based RSU was performed by an independent qualified professional valuation firm. Performance-based RSU were priced using binomial option-pricing and Black Scholes model. The main inputs used in the model include grant date share price, performance target share price, expected life, expected volatility, risk-free interest rate, expected dividend yield and DLOM.

	April 1, 2019
Grant date share price	HK$21.60
Performance target share price	HK$40.00
Expected life	4.3 years
Expected volatility	36.00%
Risk-free interest rate	1.40%
Expected dividend yield	0.00%
DLOM	6.00%

Share-based compensation expenses of US$923,000 for RSU has been recognised in profit or loss for the six months ended June 30, 2019 (six months ended June 30, 2018: nil).

23. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders of the Company and entities/ partnerships under their control, associates of the Group, entities/partnerships controlled by members of the board of directors and close family members of such individuals.

(a) Loans to related parties

	Note	**As at June 30, 2019** ***US$'000*** **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
HSLF	i	—	201
Less: Impairment loss allowance		—	(4)
		—	197

(b) Amounts due from related parties

Amounts due from related parties — trade nature

	As at June 30, 2019 *US$'000* **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
Huaxing Yihui LLC	**522**	338
Huaxing Capital Partners, L.P.	**5,508**	902
Huaxing Capital Partners II, L.P.	**3,456**	2,885
Green Galaxy LLC	**199**	127
Glory Galaxy LLC	**18**	8
Huaxing Growth Capital III, L.P.	**262**	227
CR HB XI Venture Feeder, L.P.	**6**	—
Shanghai Huasheng Lingjin Investment Partnership (Limited Partnership)	**27**	—
Huaxing Yichong LLC	**7**	—
Less: Impairment loss allowance	**(74)**	(45)
	9,931	4,442

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

The Group generally grants a credit period of 180 days to its related parties. Aging of amounts due from related parties-trade nature, based on invoice dates, are as follows:

	As at June 30, 2019	As at December 31, 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
0–30 days	**639**	640
31–60 days	**5,172**	406
61–90 days	**362**	404
91–180 days	**1,095**	1,218
181–360 days	**2,663**	1,774
	9,931	4,442

Amounts due from related parties — non-trade nature

	Notes	**As at June 30, 2019**	As at December 31, 2018
		US$'000	*US$'000*
		(unaudited)	(audited)
Huaxing Capital Partners II, L.P.	ii	**2**	2
Dazi Huashun Investment Consulting Co., Ltd.	iii	**3**	3
Dazi Chonghua Enterprise Management Co., Ltd.	iv	**770**	772
JSZL	v (a)	**3**	—
Less: Impairment loss allowance		**(40)**	(20)
		738	757

(c) Amounts due to related parties

Amounts due to related parties — trade nature

	Notes	**As at June 30, 2019** ***US$'000*** **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
HSLF	vi	**7,525**	—
JSZL	v (b)	**22**	—
		7,547	—

The credit period granted by the related parties ranges from 30 to 180 days. Aging of amounts due to related parties — trade nature are as follows:

	As at June 30, 2019 ***US$'000*** **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
0–30 days	**7,536**	—
91–180 days	**11**	—
	7,547	—

Advance from related parties

	As at June 30, 2019 US$'000 (unaudited)	As at December 31, 2018 US$'000 (audited)
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	**1,489**	43
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	**235**	104
Shanghai Peixi Investment Management Partnership (Limited partnership)	**161**	124
Huajie (Tianjin) Health Investment Partnership (Limited Partnership)	**1,484**	—
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	**7,981**	—
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	**1,365**	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	**84**	—
HSLF	**7,946**	—
	20,745	271

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

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

	Note	**Six months ended June 30, 2019** **US$'000** **(unaudited)**	2018 *US$'000* (unaudited)
Marketing service from:			
JSZL	v (c)	**63**	—

	Note	**Six months ended June 30, 2019** **US$'000** **(unaudited)**	2018 *US$'000* (unaudited)
Fund raising commission to:			
Dazi Huasheng Venture Investment Partnership (Limited Partnership)	vii	**—**	65

	Notes	**Six months ended June 30, 2019** **US$'000** **(unaudited)**	2018 *US$'000* (unaudited)
Consulting service to:			
Genus	viii	**—**	155
JSZL	v (d)	**135**	—
		135	155

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Management fees from:		
Huaxing Capital Partners L.P.	**258**	516
Huaxing Capital Partners II, L.P.	**1,680**	1,663
Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)	**1,403**	1,511
HSLF	**7,487**	7,940
Huajie (Tianjin) Health Investment Partnership (Limited Partnership)	**1,490**	1,497
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	**10,537**	6,707
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	**1,286**	1,617
Evergreen Enterprises Holdings Limited	**—**	190
Green Galaxy LLC	**72**	54
Huaxing Yihui LLC	**183**	156
Shanghai Peixi Investment Management Partnership (Limited Partnership)	**62**	59
CR HB XI Venture Feeder, L.P.	**34**	23
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	**124**	27
Huaxing Yichong LLC	**7**	—
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	**83**	—
Ruizhi (Tianjin) Health Equity Investment Partnership (Limited Partnership)	**103**	—
Glory Galaxy LLC	**10**	—
Huaxing Growth Capital III, L.P.	**5,107**	—
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	**26**	—
	29,952	21,960

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

Notes:

i. In December 2018, the Group entered into an agreement with HSLF, a fund managed by the Group. Pursuant to the agreement, a loan of RMB1,385,000 (approximately US$201,000) was made to HSLF in December 2018. The interest rate of the loan is 6% per annum. The principal together with relevant interests were repaid by HSLF in May 2019.

ii. Funds managed by the Group in which the Group has significant influence and the balances are all unsecured, interest free and repayable on demand.

iii. An entity controlled by shareholders of the Company, and the balance are all unsecured, interest free and repayable on demand.

iv. An entity controlled by shareholders of the Company, and the balance represents amount due from the entity in relation to certain investments disposed of by the Group.

v. JSZL is the Group's associate after February 28, 2019,

   a. The balance represents amount due from the entity in relation to certain property and equipment disposed of by the Group.

   b. The balance represents amount due to the entity in relation to advertising services received by the Group.

   c. The Group received marketing services from the entity during the six months ended June 30, 2019.

   d. The Group provides consulting services to the entity during the six months ended June 30, 2019.

vi. Fund managed by the Group in which the Group has significant influence and the balance represents the amount that is received from HSLF in respect of dealing in securities, which is kept in a segregated account.

vii. An entity managed by the Group in which the Group has significant influence, provided fund raising services to the Group during the six months ended June 30, 2018.

viii. The Group provided due diligent service to Genus during the six months ended June 30, 2018.

(e) Compensation of key management personnel

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

	Six months ended June 30,	
	2019	2018
	US$'000	*US$'000*
Salaries, bonus and other allowance	**2,527**	2,563
Retirement benefit scheme contributions	**52**	30
Equity-settled share-based payments expenses	**2,820**	2,997
	5,399	5,590

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

Other related party transactions

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

Mr. Fan Bao is the Chief Executive Officer of the Company. A close member of Fan Bao's family has significant influence over Pengyang Asset Management Co., Ltd ("**Pengyang**"). During the six months ended June 30, 2019 and 2018, the Group purchased cash management products at market price from Pengyang. The cash management products balances held by the Group were US$68,632,000 as of June 30, 2019 (December 31, 2018: US$112,969,000).

24. STRUCTURED ENTITIES

24.1 Consolidated structured entities

The consolidated structured entities of the Group mainly included general partners of investment funds, funds managed by the Group and asset management schemes where the Group involves as manager. As at June 30, 2019, the aggregate net assets of the consolidated structured entities amounted to US$139,550,000 (December 31, 2018: US$47,389,000).

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

24.2 Unconsolidated structured entities

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

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

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2019 and December 31, 2018 in the structured entities managed by third party institutions.

	As at June 30, 2019 (unaudited)		
	FVTPL	**Maximum Risk exposure** *(note)*	**Type of income**
	US$'000	***US$'000***	
Cash management products	**313,081**	**313,081**	Net investment gains
Investment in funds	**54,163**	**54,163**	Passive Investment Income
Trust products	**8,900**	**8,900**	Net investment gains
Money market funds	**13,641**	**13,641**	Net investment gains
	389,785	**389,785**	

	As at December 31, 2018 (audited)		
	FVTPL	Maximum Risk exposure *(note)*	Type of income
	US$'000	*US$'000*	
Cash management products	317,988	317,988	Net investment gains
Investment in funds	45,881	45,881	Passive Investment Income
Money market funds	27,399	27,399	Net investment gains
	391,268	391,268	

Note: As at June 30, 2019 and December 31, 2018, all of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss. The maximum exposures to loss in the above investments are the carrying amounts of the assets held by the Group at the end of each reporting period.

(2) Structured entities managed by the Group

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

For the six months ended June 30, 2019, the management fee recognised amounted to US$32,390,000 (Six months ended June 30, 2018: US$24,229,000).

For the six months ended June 30, 2019, the Passive Investment Income recognised amounted to US$4,408,000 (Six months ended June 30, 2018: US$3,741,000).

As of June 30, 2019, the Group's interests in these structured entities amounted to US$82,143,000 (December 31, 2018: US$74,163,000).

As at June 30, 2019, the amount of assets held by the funds managed by the Group amounted to US$3,895 million (December 31, 2018: US$3,306 million).

25. DISPOSAL OF SUBSIDIARY

During the current interim period, with other shareholder's capital injection into JSZL on February 28, 2019, the Group's equity interest was diluted from 56% to 45.22% and lost control of JSZL. After the disposal, the Group accounted for JSZL as investment in an associate.

The net assets of JSZL at the date of disposal were as follows:

	US$'000
Net assets disposed of (excluding goodwill)	(960)
Goodwill *(note)*	4,308
	3,348
Gain on disposal	3,459
Total consideration	6,807
Satisfied by:	
Investment in an associate	6,807
Net cash outflow arising on disposal	
Total cash consideration received	—
Bank balance and cash disposed of	(349)
	(349)

Note: JSZL acquired a subsidiary on February 28, 2019 for a total consideration of US$7,047,000 and recognised goodwill of US$4,308,000.

Cash flows from JSZL:

	For the two months ended February 28, 2019 *US$'000* **(unaudited)**	For the six months ended June 30, 2018 *US$'000* (unaudited)
Net cash flow from operating activities	**27**	(140)
Net cash flow from investing activities	**—**	57
Net cash flow from financing activities	**—**	—
Net cash flows	**27**	(83)

26. COMMITMENTS

At the end of each reporting period, the Group had commitments for future investments in the funds managed or invested by the Group as follows:

	As at June 30, 2019 *US$'000* **(unaudited)**	As at December 31, 2018 *US$'000* (audited)
Committed investments	**23,999**	33,293

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

	Fair value as at June 30, 2019 *US$'000* **(unaudited)**	Fair value as at December 31, 2018 *US$'000* (audited)	**Fair value Hierarchy**	**Valuation technique and key input**	**Significant unobservable input(s)**
Financial assets					
Unlisted investment funds at fair value	**54,163**	45,881	Level 3	Note (1)	Note (1)
Debt security investment	**14,537**	25,344	Level 2	Recent transaction price	N/A
Call option for obtaining non-controlling interests	**14,100**	14,100	Level 3	Note (2)	Note (2)
Restricted shares	**300**	300	Level 2	Recent transaction price	N/A
Warrant	**135**	570	Level 3	Note (3)	Note (3)
Financial bonds	**65,834**	51,843	Level 1	Open market transaction price	N/A
Money market funds	**13,641**	27,399	Level 2	Quoted price from a financial institution	N/A
Listed equity security investments	**6,012**	—	Level 1	Open market transaction price	N/A
Trust products	**8,900**	—	Level 2	Quoted price from a financial institution	N/A

	Fair value as at June 30, 2019 *US$'000* **(unaudited)**	Fair value as at December 31, 2018 *US$'000* (audited)	**Fair value Hierarchy**	**Valuation technique and key input**	**Significant unobservable input(s)**
Cash management products	**313,081**	317,988	Level 2	Discounted cash flow- future cash flow are estimated based on expected return, and discounted at a rate that reflects the risk of underlying investments	N/A
Convertible notes	**3,782**	—	Level 2	Recent transaction price	N/A
Unlisted equity investments	**80,924**	6,912	Level 2	Recent transaction price	N/A
Associates measured at fair value	**82,143**	74,163	Level 3	Note (4)	Note (4)
Financial liabilities					
Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds	**73,292**	11,567	Level 3	Note (5)	Note (5)
Payables to interest holders of consolidated structured entities which are asset management schemes managed by the Group	**19,378**	15,370	Level 2	Fair value of the underlying investments with observable prices	N/A

Notes:

(1) The Group's investments in unlisted investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to US$54,163,000 as at June 30, 2019 (December 31, 2018: US$45,881,000). The significant unobservable input is the fair value of the underlying investments made by the funds. The higher the fair value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the fair value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by US$2,708,000 as at June 30, 2019 (December 31, 2018: US$2,294,000).

(2) The Group's call option to obtain non-controlling interests amounting to US$14,100,000 as at June 30, 2019 (December 31 2018: US$14,100,000) is under level 3 hierarchy. The fair value was determined by Black Scholes model based on the fair value and book value of the underlying net assets of Huajing Securities. The significant unobservable input is the fair value of Huajing Securities. The higher the fair value, the higher the fair value of the call option will be. A 5% increase/decrease in the fair value, holding all other variables constant, would increase/decrease the carrying amount of the call option of the Group by US$1,100,000 as at June 30, 2019 (December 31, 2018: US$1,100,000).

(3) The Group's warrant to acquire additional preferred shares in Sumscope Inc. amounting to US$135,000 as at June 30, 2019 (December 31, 2018: US$570,000) is under level 3 hierarchy. The fair value was determined by Black Scholes model. The significant unobservable input is the expected volatility rate. The higher the expected volatility rate, the higher the fair value of the warrant will be. A 500 basis points increase/decrease in the expected volatility rate, holding all other variables constant, would increase/decrease the carrying amount of the warrant by US$51,000 as of June 30, 2019 (December 31, 2018: US$130,000).

(4) The Group's associates measured at fair value amounted to US$82,143,000 as at June 30, 2019 (December 31, 2018: US$74,163,000) are under level 3 hierarchy. The significant unobservable input is the fair value of the underlying investments made by the funds managed by the Group. The higher the fair value of the underlying investments, the higher the fair value of the investments in associates will be. A 5% increase/decrease in the fair value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amount of the investments in associates of the Group by US$4,107,000 as at June 30, 2019 (December 31, 2018: US$3,708,000).

(5) The Group's payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds amounting to US$73,292,000 as at June 30, 2019 (December 31, 2018: US$11,567,000) are under level 3 hierarchy. The significant unobservable input is the fair value of the investment funds managed by the Group. The higher the fair value of the investment funds managed, the higher the fair value of payables to interest holders of consolidated structured entities will be. A 5% increase/decrease in the fair value of the investment funds managed, holding all other variables constant, would increase/decrease the carrying amount of payables to interest holders of consolidated structured entities by US$3,665,000 as at June 30, 2019 (December 31, 2018: US$578,000).

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

	Unlisted investment funds at fair value
	US$'000
At January 1, 2018 (audited)	36,962
Capital contribution	5,195
Disposal	(8,891)
Distribution	(677)
Changes in fair value	14,227
Effect of exchange rate change	(935)
Balance at December 31, 2018 (audited)	45,881
Capital contribution	4,272
Distribution	(535)
Changes in fair value	4,588
Effect of exchange rate change	(43)
Balance at June 30, 2019 (unaudited)	54,163

	Call option for obtaining non-controlling interests
	US$'000
At January 1, 2018 (audited)	—
Change in fair value	14,100
Balance at December 31, 2018 (audited) and June 30, 2019 (unaudited)	14,100

	Warrant
	US$'000
At January 1, 2018 (audited)	—
Purchase	680
Change in fair value	(110)
Balance at December, 2018 (audited)	570
Change in fair value	(435)
Balance at June 30, 2019 (unaudited)	135

	Associates measured at fair value
	US$'000
At January 1, 2018 (audited)	38,560
Capital contribution	36,619
Distribution	(77)
Changes in fair value	157
Effect of exchange rate change	(1,096)
Balance at December 31, 2018 (audited)	74,163
Capital contribution	7,217
Distribution	(1,001)
Changes in fair value	1,918
Effect of exchange rate change	(154)
Balance at June 30, 2019 (unaudited)	82,143

	Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds
	US$'000
At January 1, 2018 (audited)	5,274
Capital contribution	5,248
Distribution	(568)
Changes in fair value	1,752
Effect of exchange rate change	(139)
Balance at December 31, 2018 (audited)	11,567
Capital contribution	61,048
Distribution	(578)
Changes in fair value	2,053
Effect of exchange rate change	(798)
Balance at June 30, 2019 (unaudited)	73,292

The total gains or losses for the period included an unrealised gain of US$6,071,000 relating to financial assets at FVTPL and investments in fund accounted for as associates measured at fair value held at the end of the current reporting period (2018: a gain of US$28,374,000). Such fair value gains or losses are included in the Passive Investment Income.

All gains and losses included in other comprehensive income of both reporting periods relate to listed financial bonds classified as debt instruments at FVTOCI held at the end of the current reporting period and is reported as changes of "other reserves".

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

28. SUBSEQUENT EVENTS

In July 2019, the Group withdrew RMB47,900,000 (equivalent to approximately US$7.0 million) loans under the credit facilities of US$93.1 million from banks, for the purpose of daily operation in mainland China. The repayment was expected to be in January 2020 and July 2020, respectively, and these loans were secured by a pledge of US dollar deposits of US$36.0 million.

29. COMPARATIVE FIGURES

The condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2019 has been reclassified to conform with the current period presentation.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com. The interim report of the Group for the six months ended June 30, 2019 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

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

Hong Kong, August 26, 2019

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