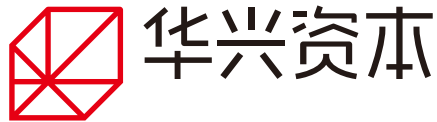


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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Renaissance Holdings Limited (the “**Company**” or “**China Renaissance**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2021 (the “**Reporting Period**”). These annual results have been reviewed by the Company’s audit committee.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Year Ended	
	December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,744,483	1,589,274
Total revenue and net investment gains	2,504,011	2,731,446
Total operating expenses	(1,641,207)	(1,606,064)
Operating profit	862,804	1,125,382
Profit before tax	1,855,904	1,160,410
Income tax expense	(210,519)	(136,153)
Profit for the year	1,645,385	1,024,257
Profit for the year attributable to owners of the Company	1,624,362	1,037,752

To supplement our financial information presented in accordance with International Financial Reporting Standards (“IFRS”), we also use adjusted net profit attributable to owners of the Company as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by adjusting for potential impacts of non-recurring and certain non-cash items and our management considers this non-IFRS measure to be indicative of our operating performance. We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. Adjusted net profit attributable to owners of the Company does not have a standardised meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the shareholders of the Company (the “Shareholders”) should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

	For the Year Ended	
	December 31,	
	2021	2020
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	1,624,362	1,037,752
Add:		
Share-based payment expense	62,703	67,966
Change in fair value of call option	(844,170)	(19,801)
Subtotal before adjustments relating to carried interest	842,895	1,085,917
Add:		
(Reversal) provision of unrealized net carried interest ⁽¹⁾	(256,993)	1,090,211
Non-IFRS Measure: Adjusted net profit attributable to owners of the Company (unaudited)⁽²⁾	585,902	2,176,128

Notes:

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

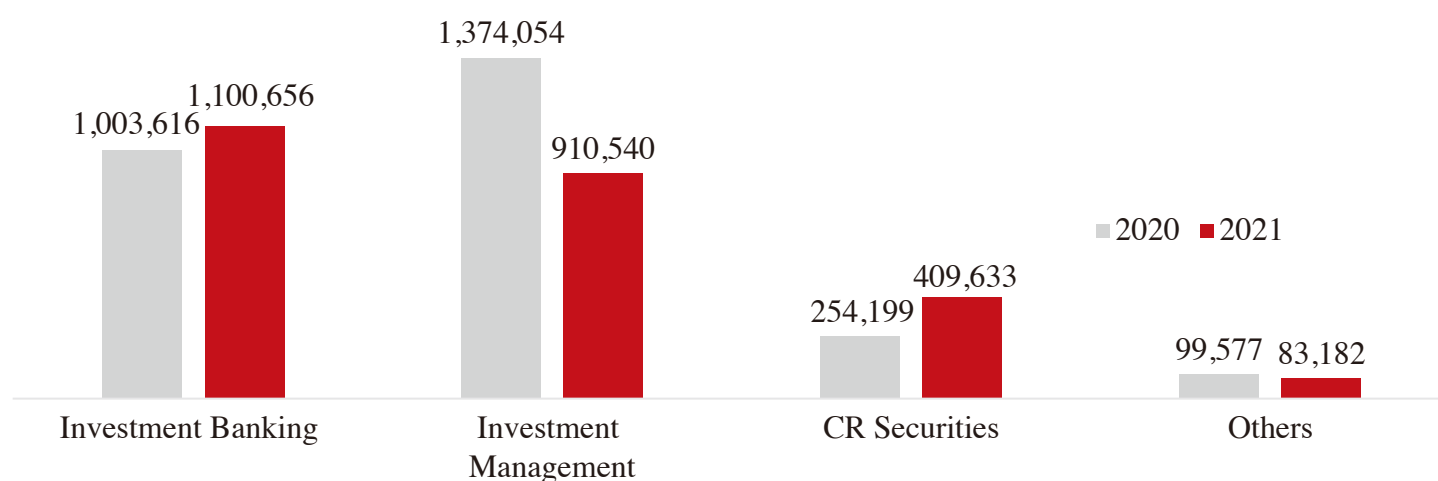
	For the Year Ended	
	December 31,	
	2021	2020
	RMB'000	RMB'000
(Reversal) provision of unrealized income from carried interest	(453,128)	3,343,368
Reversal (provision) of carried interest to management team and other parties	196,135	(2,253,157)
(Reversal) provision of unrealized net carried interest	(256,993)	1,090,211

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.

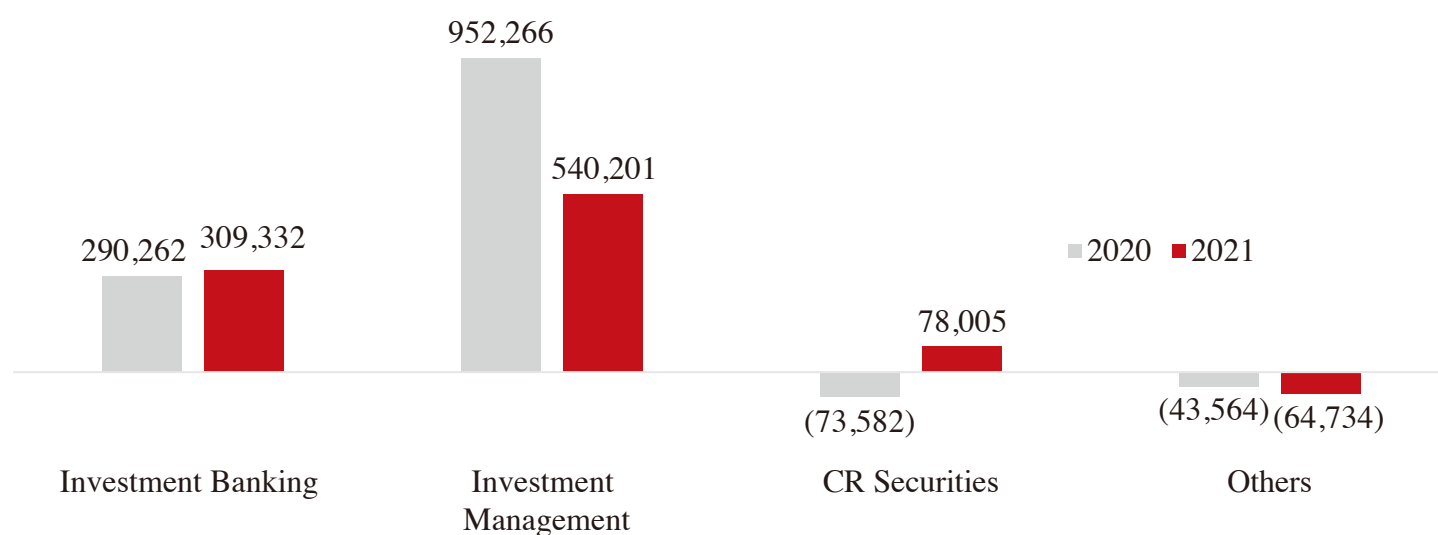
- (2) We define adjusted net profit attributable to owners of the Company as profit or loss for the year or period attributable to owners of the Company adjusted for the impact of (i) share-based payment expense, (ii) change in fair value of call option, (iii) (reversal) provision of unrealized income from carried interest, and (iv) reversal (provision) of carried interest to management team and other parties.

SEGMENT PERFORMANCE

Revenue and Net Investment Gains by Segment (RMB'000)



Operating Profit (Loss) by Segment (RMB'000)



MANAGEMENT DISCUSSION AND ANALYSIS

Business review

Affected by the length and depth of the downturn in capital markets in the second half of 2021, China Renaissance's overall revenue and net investment gains declined by 8% year-on-year (“YoY”). Our return on equity (“ROE”) maintained well above peer level, increasing to 26% for the year ended December 31, 2021.

The investment management segment accounted for 36% of Group's revenue and net investment gains in 2021, with total assets under management (“AUM”) at around RMB49 billion. Aside from private equity funds, our Group also launched new fund types in 2021, including private credit fund and FoHF (Fund of Hedge Funds), enriching our product suite. Ensuing our successful first closing in September 2021, USD Fund IV completed another round of fund raising in early 2022, accumulating thus far around US\$800 million, further adding to our fee-earning AUM base and management fee income in 2022. In Fund IV, our Group has committed a larger share of principal investments, and with our funds' historical average internal rate of return (“IRR”) at 37%, despite short-term volatilities, we expect our investment income will sustainably boost our ROE in the longer term.

Despite sharp market corrections, we seized market windows and realized RMB8.6 billion in fair value through agile exits in selective projects via secondary and primary markets, achieving a MOIC (multiple on invested capital) at 3.6 times. In 2021, our Group's principal investments in our investment management business yielded RMB474 million net investment gains, of which 90% were realized gains, whilst in previous years the majority of net invest gains were unrealized fair value changes. Our funds have managed to accumulate over RMB1.3 billion in net unrealized carried interests as of the end of 2021, approximately 50% of which are contributed by our Fund I and Fund II. As these funds, raised in 2013–2015, are coming towards the end of their terms, their carried interests are scheduled to be realized as net profit in our profit and loss in 2022–2025. We are also expectant on seeing notable carried interests generated from our Fund III, the investment period of which was completed in 2021, and an increasing number of projects getting listed in 2022.

The investment banking segment revenue reached a new high in 2021, albeit skewing towards the first half of the year. China Renaissance served as the sponsor/bookrunner in 6 Hong Kong and 10 U.S. Initial Public Offerings, such as Kuaishou Technology, JD Logistics, Inc., Baidu, Inc., etc. Affected by policies on selective China Concept Stocks, U.S. and Hong Kong capital markets presented formidable obstacles in the second half of 2021. Nevertheless, China Renaissance is licensed and has effectively built up our underwriting capacity across U.S. Hong Kong as well as mainland China, and we expect sustainable revenue stream from our investment banking pipelines in the coming year. Sales and trading has become an ever more important revenue source within our investment banking business, contributing 18% of segment revenue. The stronger distribution franchise in secondary market also strengthens our underwriting business when it comes to deal economics.

China Renaissance Securities (China) Co., Ltd. (“CR Securities”), our mainland subsidiary, reached a new high in revenue and turned profitable once more in 2021. This was mainly supported by stronger investment banking revenue and gains from principal investments in A share Science and Technology Innovation Board Initial Public Offering (IPO) projects for which CR Securities served as a sponsor. Our Group's investment banking businesses have seen increasing synergies with CR Securities, able to better capitalize on our private placement financial advisory business, where we maintained our number #1 position consecutively for the past 17 years. CR Securities launched its retail and internet based brokerage business in April 2021, with the App Duoduojin released in early 2022, catering to the shifting demographics in the A share market, as Chinese stock investors born in the 80s and 90s are accounting for a growing and dominating percentage.

The wealth management business segment further picked up momentum in 2021, with AUM up 144% YoY to RMB9.4 billion as of the end of 2021. It continues to gain traction amongst new economy clients, becoming a preferred platform for alternative investments with a nod to China Renaissance's forte. It is well positioned to attain synergies with our investment banking and investment management businesses, complementing our business model with a third engine for long-term growth.

For the year ended December 31, 2021, our Group has declared RMB38 cents per share for dividend payment.

Business Outlook

Although 2022 started with capital markets still presenting challenges, there are many opportunities where uncertainties lie. With the progress of Fund IV fundraising, our investment management business is equipped with abundant dry powder, ready to seize suitable investment opportunities against the backdrop of valuation corrections in primary market.

Investment banking business might still see negative ramifications from geopolitical risks, but as China Concept Stocks seek listings in domestic markets, they also present business potential for China Renaissance, and our investments and positioning in A share and HK underwriting business have become even more meaningful. It is particularly during turbulent times that clients need more guidance from their trusted advisor, and we shall fulfill our role as a champion for our clients.

China Renaissance has always placed great emphasis on risk management. The Group will continue to closely monitor market risks and exposures, utilizing its solid balance sheet to offer strong support against future uncertainties in the market.

Financial Review

Segment Performance

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

	For the Year Ended		Change	% of change
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Business Segment				
Investment Banking	1,100,656	1,003,616	97,040	9.7%
Investment Management	910,540	1,374,054	(463,514)	-33.7%
CR Securities	409,633	254,199	155,434	61.1%
Others	83,182	99,577	(16,395)	-16.5%
Total revenue and net investment gains	2,504,011	2,731,446	(227,435)	-8.3%

The following table sets forth a breakdown of operating profit(loss) by reporting segment for the years indicated.

Business Segment	For the Year Ended		Change	% of change
	December 31,			
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Investment Banking	309,332	290,262	19,070	6.6%
Investment Management	540,201	952,266	(412,065)	-43.3%
CR Securities	78,005	(73,582)	151,587	n.m.
Others	(64,734)	(43,564)	(21,170)	48.6%
Operating profit	862,804	1,125,382	(262,578)	-23.3%

Investment Banking

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

	For the Year Ended		Change	% of change
	December 31,			
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Investment Banking				
Advisory services	537,929	595,135	(57,206)	-9.6%
Equity underwriting	348,889	259,332	89,557	34.5%
Sales, trading, and brokerage	192,947	131,165	61,782	47.1%
Interest Income	4,873	4,824	49	1.0%
Segment revenue	1,084,638	990,456	94,182	9.5%
Net investment gains	16,018	13,160	2,858	21.7%
Segment revenue and net investment gains	1,100,656	1,003,616	97,040	9.7%
Compensation and benefit expenses	(592,309)	(556,179)	(36,130)	6.5%
Impairment loss under expected credit loss model, net of reversal	(44,999)	(1,787)	(43,212)	2,418.1%
Other operating expenses	(154,016)	(155,388)	1,372	-0.9%
Segment operating expenses	(791,324)	(713,354)	(77,970)	10.9%
Segment operating profit	309,332	290,262	19,070	6.6%
Segment operating margin	28.1%	28.9%		

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

	For the Year Ended		Change	% of change
	December 31,			
	2021	2020		
	RMB	RMB	RMB	
	<i>in million</i>	<i>in million</i>	<i>in million</i>	
Transaction Value				
Advisory services	49,354	61,823	(12,469)	-20.2%
Equity underwriting	174,156	171,865	2,291	1.3%
Total	223,510	233,688	(10,178)	-4.4%

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains was RMB1,100.7 million for the year ended December 31, 2021, an increase of 9.7% from the year ended December 31, 2020. This increase was primarily due to (i) an increase in equity underwriting services resulting from the increase in IPOs, which proved our strong underwriting capacity and continuous growing market share and ranking, and (ii) an increase in sales, trading, and brokerage fees.

Interest income and net investment gain mainly come from the structured finance related products. Structured financing is dedicated to exploring and developing non-equity financing services to new economy firms. The interest income and net investment gains from the structured finance related products increased from RMB18.0 million for the year ended December 31, 2020 to RMB20.9 million for the year ended December 31, 2021.

Segment Operating Expenses

For the investment banking segment, segment operating expenses increased by 10.9% from RMB713.4 million for the year ended December 31, 2020 to RMB791.3 million for the year ended December 31, 2021. This increase was primarily due to (i) an increase in compensation and benefit expenses, and (ii) an increase in provision of impairment loss under expected credit loss model.

Segment Operating Profit

For the investment banking segment, segment operating profit increased from RMB290.3 million for the year ended December 31, 2020 to RMB309.3 million for the year ended December 31, 2021. Segment operating margin decreased from 28.9% for the year ended December 31, 2020 to 28.1% for the year ended December 31, 2021.

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 years indicated.

	For the Year Ended		Change	% of change
	December 31,			
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	407,995	419,708	(11,713)	-2.8%
Realized income from carried interest	28,815	21,268	7,547	35.5%
Segment revenue	436,810	440,976	(4,166)	-0.9%
Net investment gains	473,730	933,078	(459,348)	-49.2%
Segment revenue and net investment gains	910,540	1,374,054	(463,514)	-33.7%
Compensation and benefit expenses	(214,359)	(245,221)	30,862	-12.6%
Finance costs	(40,045)	—	(40,045)	n.m.
Carried interest to management team and other parties	(11,734)	(14,114)	2,380	-16.9%
Investment losses (gains) attributable to interest holders of consolidated structured entities	1,320	(61,753)	63,073	n.m.
Impairment loss under expected credit loss model, net of reversal	(1,835)	(448)	(1,387)	309.6%
Other operating expenses	(103,686)	(100,252)	(3,434)	3.4%
Segment operating expenses	(370,339)	(421,788)	51,449	-12.2%
Segment operating profit	540,201	952,266	(412,065)	-43.3%
Segment operating margin	59.3%	69.3%		
(Reversal) provision of unrealized income carried interest	(453,128)	3,343,368	(3,796,496)	n.m.
Reversal (provision) of carried interest to management team and other parties	196,135	(2,253,157)	2,449,292	n.m.
(Reversal) provision of unrealized net carried interest	(256,993)	1,090,211	(1,347,204)	n.m.
Adjusted segment operating profit	283,208	2,042,477	(1,759,269)	-86.1%

The following table sets forth a movement of investments in our own private equity funds and investments in third-party private equity funds for the year indicated.

	Investments in our own funds <i>RMB'000</i>	Investments in third-party funds <i>RMB'000</i>
Balance at December 31, 2020	1,596,747	771,135
Invested Capital	2,080,702	238,943
Distribution	(438,140)	(331,386)
Changes in value	58,348	438,010
Effect of exchange rate change	(26,030)	(12,659)
Balance at December 31, 2021	3,271,627	1,104,043

As of December 31, 2021, the IRR of investments in our own private equity funds and investments in third-party private equity funds was 31.0% and 29.8%, respectively.

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

	As of December 31,	
	2021	2020
	<i>RMB in million</i>	<i>RMB in million</i>
Committed Capital	32,723	27,547
Invested Capital	27,897	21,946
Fair Value of Investments	58,155	57,416
Fee-earning AUM	23,761	21,874
AUM	48,850	57,443

The management fees for each of our main funds are calculated on a percentage which ranges from 1.5% to 2.0% of capital commitments or cost of undisposed investments during investment period or after investment period. For our project funds, the percentage may vary from 0% to 2%. The income from carried interest from each of our funds is determined only after the fund has achieved its applicable contractual hurdle rate and is based on a percentage of difference of fair value of investments net of expenses over invested capital, which is typically 20% for our main funds and ranges from 0% to 20% for our project funds. The hurdle rate of our funds is typically 8% per annum. Our main funds generally have investment periods of five years. The term of our main funds generally last for 7 to 12 years, subject to a limited number of extensions with the consent of the limited partners.

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

RMB in million except multiples and percentages	Committed Capital	Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
		Invested capital	Fair Value	Invested capital	Fair Value	
As of December 31, 2021						
Main Funds ⁽³⁾	39,014	3,038	9,807	18,193	34,919	2.1
Project Funds	9,836	1,607	4,363	5,059	9,066	2.0
	<u>48,850</u>	<u>4,645</u>	<u>14,170</u>	<u>23,252</u>	<u>43,985</u>	<u>2.1</u>
As of December 31, 2020						
Main Fund ⁽³⁾	21,145	1,782	4,285	14,113	35,036	2.5
Project Funds	6,402	497	1,013	5,554	17,082	3.0
Total	<u>27,547</u>	<u>2,279</u>	<u>5,298</u>	<u>19,667</u>	<u>52,118</u>	<u>2.6</u>

- (1) An investment is considered fully or partially realized when it has been disposed of or has otherwise generated disposition proceeds or current income.
- (2) The gross multiples of invested capital measure the aggregate value generated by private equity fund's investments in absolute terms. Each gross multiple of invested capital is calculated by dividing the sum of total realized and unrealized values of a private equity fund's investments by the total amount of capital invested by the private equity fund. Such total amount of capital invested by the private equity fund does not give effect to the allocation of realized and unrealized carried interest or the payment of any applicable management fees or operating expenses.
- (3) As of December 31, 2020, we managed nine main private equity funds, including six under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital. As of December 31, 2021, we managed ten main private equity funds, including seven under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

Segment Revenue and Net Investment Gains

For the investment management segment, management fees decreased by 2.8% from RMB419.7 million for the year ended December 31, 2020 to RMB408.0 million for the year ended December 31, 2021. This decrease was primarily due to the decrease in fee-earning AUM with the distribution of funds in the first half of 2021 and which was replenished by new funds in the second half of the year. Net investment gains from the investment management business mainly represents the investment income from the investments in our own private equity funds and third-party private equity funds. Net investment gains decreased from RMB933.1 million for the year ended December 31, 2020 to RMB473.7 million for the year ended December 31, 2021. The committed capital and AUM of our private equity funds were RMB32.7 billion and RMB48.9 billion as of December 31, 2021, representing an increase of 18.8% and a decrease of 15.0% from the end of 2020, respectively.

During the year ended December 31, 2021, the total return of a main fund and a project fund successfully exceeded the agreed return level in the governing agreement, and it is highly improbable that a significant reversal in the amount of cumulative return will occur. Accordingly, the Group was entitled to a performance-based fee and recognized this fee as income from carried interest. The carried interest to management team and other parties was recognized as an operating expense. The realized income from carried interest increased by 35.5% from RMB21.3 million for the year ended December 31, 2020 to RMB28.8 million for the year ended December 31, 2021.

Segment Operating Expenses

For the investment management segment, segment operating expenses decreased by 12.2% from RMB421.8 million for the year ended December 31, 2020 to RMB370.3 million for the year ended December 31, 2021. This decrease was primarily due to (i) a decrease in our compensation and benefit expenses, (ii) a decrease in investment gains attributable to interest holders of consolidated structured entities, and partially offset by an increase in finance cost related to new bank facilities.

Segment Operating Profit

For the investment management segment, segment operating profit decreased by 43.3% from RMB952.3 million for the year ended December 31, 2020 to RMB540.2 million for the year ended December 31, 2021. Segment operating margin decreased from 69.3% for the year ended December 31, 2020 to 59.3% for the year ended December 31, 2021.

Unrealized Net Carried Interest

Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB257.0 million for the year ended December 31, 2021, as compared to RMB1,090.2 million for the year ended December 31, 2020. Unrealized income from carried interest was a reverse of RMB453.1 million for the year ended December 31, 2021, as compared to RMB3,343.4 million for the year ended December 31, 2020 resulting from the depreciation in value of the portfolio companies under our investment management business. Carried interest to management team and third parties was a reverse of RMB196.1 million and RMB2,253.2 million for the year ended December 31, 2021 and 2020, respectively.

CR Securities

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

	For the Year Ended		Change	% of change
	2021	2020		
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	118,771	57,275	61,496	107.4%
Interest income	32,322	31,044	1,278	4.1%
Segment revenue	151,093	88,319	62,774	71.1%
Net investment gains	258,540	165,880	92,660	55.9%
Segment revenue and net investment gains	409,633	254,199	155,434	61.1%
Compensation and benefit expenses	(218,331)	(209,932)	(8,399)	4.0%
Investment gains attributable to interest holders of consolidated asset management schemes	(965)	(49,674)	48,709	-98.1%
Impairment loss under expected credit loss model, net of reversal	(796)	(1,131)	335	-29.6%
Finance cost	(36,488)	(2,690)	(33,798)	1,256.4%
Other operating expenses	(75,048)	(64,354)	(10,694)	16.6%
Segment operating expenses	(331,628)	(327,781)	(3,847)	1.2%
Segment operating profit (loss)	78,005	(73,582)	151,587	n.m.

Segment Revenue and Net Investment Gains

For the CR Securities segment, segment revenue and net investment gains was RMB409.6 million for the year ended December 31, 2021, an increase of 61.1% from RMB254.2 million for the year ended December 31, 2020. This increase was primarily due to (i) an increase in appreciation of investment in two listed equities in the STAR market of Shanghai Stock Exchange, (ii) an increase in equity underwriting revenue for the IPO in the STAR market of Shanghai Stock Exchange and the follow-on transaction on the Growth Enterprise Board of Shenzhen Stock Exchange.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses increased by 1.2% from RMB327.8 million for the year ended December 31, 2020 to RMB331.6 million for the year ended December 31, 2021. This was primarily due to the increase in finance cost and other operating expenses, resulting from the expansion of business, and partially offset by a decrease in investment gains attributable to interest holders of consolidated structured entities.

Segment Operating Profit (Loss)

For the CR Securities segment, segment operating profit for the year ended December 31, 2021 was RMB78.0 million, which was a shift from segment operating loss of RMB73.6 million for the year ended December 31, 2020.

Others

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

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

	For the Year Ended		Change	% of change
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Segment revenue	71,942	69,523	2,419	3.5%
Segment revenue and net investment gains	83,182	99,577	(16,395)	-16.5%
Compensation and benefit expenses	(74,289)	(87,446)	13,157	-15.0%
Impairment loss under expected credit loss model, net of reversal	1,230	(12,499)	13,729	n.m.
Finance cost	(35,948)	(10,065)	(25,883)	257.2%
Other operating expenses	(38,909)	(33,131)	(5,778)	17.4%
Segment operating expenses	(147,916)	(143,141)	(4,775)	3.3%
Segment operating loss	(64,734)	(43,564)	(21,170)	48.6%
Segment operating margin	-77.8%	-43.7%		

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB83.2 million for the year ended December 31, 2021, a decrease of 16.5% from RMB99.6 million for the year ended December 31, 2020. This decrease was primarily due to decrease in investment gains generated from cash management products, and partially offset by an increase in wealth management business. We allocated more capital to support our business in 2021, which resulted in decrease in investment capital and investment gains of cash management.

Segment Operating Expenses

For the others segment, segment operating expenses increased by 3.3% from RMB143.1 million for the year ended December 31, 2020 to RMB147.9 million for the year ended December 31, 2021. This increase was primarily due to an increase in finance cost related to new bank facilities.

Segment Operating Loss

For the others segment, total segment operating loss was RMB64.7 million and RMB43.6 million for the year ended December 31, 2021 and 2020, respectively.

Revenue and Net Investment Gains

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

	For the year ended		Change	% of change
	2021	2020		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	1,198,536	1,042,907	155,629	14.9%
Management fees	442,102	443,437	(1,335)	-0.3%
Interest income	75,030	81,662	(6,632)	-8.1%
Income from carried interest	28,815	21,268	7,547	35.5%
Total revenue	1,744,483	1,589,274	155,209	9.8%
Net investment gains	759,528	1,142,172	(382,644)	-33.5%
Total revenue and net investment gains	2,504,011	2,731,446	(227,435)	-8.3%

Total revenue was RMB1,744.5 million for the year ended December 31, 2021, an increase of 9.8% from RMB1,589.3 million for the year ended December 31, 2020.

- Transaction and advisory fees were RMB1,198.5 million, an increase of 14.9% from the prior year.
- Management fees decreased to RMB442.1 million, a decrease of 0.3% from the prior year.
- Interest income was RMB75.0 million, a decrease of 8.1% from the prior year.
- Realized income from carried interest was RMB28.8 million, an increase of 35.5% from the prior year.

Net investment gains were mainly derived from investments in our own private equity funds, third-party private equity funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. Net investment gains decreased from RMB1,142.2 million for the year ended December 31, 2020 to RMB759.5 million for the year ended December 31, 2021.

Total revenue and net investment gains were RMB2,504.0 million for the year ended December 31, 2021, a decrease of 8.3%, from RMB2,731.4 million for the year ended December 31, 2020.

Operating Expenses

Total operating expenses increased by 2.2% from RMB1,606.1 million for the year ended December 31, 2020 to RMB1,641.2 million for the year ended December 31, 2021.

Compensation and benefit expenses were RMB1,099.3 million and RMB1,098.8 million for the year ended December 31, 2021 and 2020, respectively. Among compensation and benefit expenses, share-based compensation decreased by 7.7% from RMB68.0 million for the year ended December 31, 2020 to RMB62.7 million for the year ended December 31, 2021.

Finance costs increased from RMB12.8 million for the year ended December 31, 2020 to RMB112.5 million for the year ended December 31, 2021. This increase was primarily due to the (i) increase in interest expense of new bank borrowings drawn during the year of 2021, and (ii) finance cost related to new bank facilities.

Provision of impairment losses under expected credit loss model was RMB46.4 million and RMB15.9 million for the year ended December 31, 2021 and 2020, respectively.

Investment losses attributable to interest holders of consolidated structured entities was RMB0.4 million for the year ended December 31, 2021, as compared to RMB111.4 million of investment gains attributable to interest holders of consolidated structured entities for the year ended December 31, 2020.

Other operating expenses increased by 5.2% from RMB353.1 million for the year ended December 31, 2020 to RMB371.7 million for the year ended December 31, 2021.

Operating Profit

As a result of the foregoing, operating profit decreased from RMB1,125.4 million for the year ended December 31, 2020 to RMB862.8 million for the year ended December 31, 2021.

Other Income, Gains or Losses

Other gains were RMB27.8 million for the year ended December 31, 2021, an increase of 2.1% from RMB27.2 million for the year ended December 31, 2020. Other gains mainly came from government grants. Please refer to note 8 to the consolidated financial statements for further details.

Investment Income (Loss) arising from Certain Incidental and Ancillary Investments

Incidental to, and ancillary of, our business operations, we have made investments from time to time, the primary types of which include strategic minority equity investments. We make strategic minority equity investments primarily to establish long-term business relationships with selected companies to facilitate our business. These companies operate in various new economy sectors, such as data service and information technology, and we leverage their expertise to enhance our various business operations.

Investment income arising from certain incidental and ancillary investments was RMB135.6 million for the year ended December 31, 2021, as compared to RMB9.3 million of investment loss arising from certain incidental and ancillary investments for the year ended December 31, 2020, resulting from the appreciation in value of strategic minority equity investments.

Share of Results of Associates

Share of loss of associates increased from RMB0.1 million for the year ended December 31, 2020 to RMB7.7 million for the year ended December 31, 2021.

Share of Results of a Joint Venture

Share of loss of a joint venture increased from RMB2.5 million for the year ended December 31, 2020 to RMB6.7 million for the year ended December 31, 2021.

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 CR Securities thus became substantially exercisable and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. On March 13, 2020, the China Securities Regulatory Commission (“CSRC”) announced an elimination of foreign equity cap in securities companies starting from April 1, 2020. Qualified foreign investors can render applications to establish new wholly-owned securities companies or change actual controllers in their existing joint ventures according to Chinese laws, regulations and applicable rules and service guides of the CSRC. A gain of RMB844.2 million was recorded for the year ended December 31, 2021 from change in fair value of call option of the Group to acquire interest in CR Securities after the partial exercise of the call option by China Renaissance Broking Services (Hong Kong) Limited in 2021. A gain of RMB19.8 million for the year ended December 31, 2020 was recorded under the change in fair value of call option.

Profit before Tax

Profit before tax was RMB1,855.9 million and RMB1,160.4 million for the year ended December 31, 2021 and 2020, respectively.

Income Tax Expense

Income tax expense was RMB210.5 million and RMB136.2 million for the year ended December 31, 2021 and 2020, respectively. The increase was primarily due to more taxable income generated for the year ended December 31, 2021.

Profit for the Year and Profit for the Year Attributable to Owners of the Company

Profit for the year was RMB1,645.4 million and RMB1,024.3 million for the year ended December 31, 2021 and 2020, respectively. Profit for the year attributable to owners of the Company was RMB1,624.4 million and RMB1,037.8 million for the year ended December 31, 2021 and 2020, respectively.

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 RMB1,085.9 million for the year ended December 31, 2020 to RMB842.9 million for the year ended December 31, 2021. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB257.0 million for the year ended December 31, 2021, as compared to RMB1,090.2 million for the year ended December 31, 2020. Adjusted net profit attributable to owners of the Company with unrealized net carried interest decreased from RMB2,176.1 million for the year ended December 31, 2020 to RMB585.9 million for the year ended December 31, 2021.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2021, we had not entered into any off-balance sheet transactions.

Capital Structure

We manage our capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of our capital structure.

The Group has maintained sound financial strength during the year ended December 31, 2021. The Group is aware of the need to use capital for further business expansion, continuously seeking various means of financing. As of December 31, 2021, the Group had RMB2,209.3 million of outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB4,317.3 million.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets, excluding the effect of right-of-use assets, lease liabilities, open trade receivable, open trade payable, payable to interest holders of consolidated structured entities, cash held on behalf of brokerage clients and payable to brokerage clients, receivable on behalf of underwriting clients and payable to underwriting clients was 35.3% as of December 31, 2021, compared with 24.8% as of December 31, 2020. The increase was mainly due to outstanding bank borrowings as of December 31, 2021.

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 December 31,	
	2021	2020
	RMB'000	RMB'000
Investments in our own private equity funds in our capacity as a general partner and limited partner	3,271,627	1,596,747
Investments in third-party private equity funds in our capacity as a limited partner	1,104,043	771,135
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	291,089	123,577
— Passive equity holdings in non-associate companies	303,400	400,785
Total	4,970,159	2,892,244

As of December 31, 2021, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB4,970.2 million measured in fair value, which increased by 71.8% as compared to December 31, 2020. Each investment was individually less than 5% of the total assets of the Group as of December 31, 2021.

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 of the Company dated September 14, 2018 (the “**Prospectus**”).

Save as disclosed above, the Group did not have other plans for material investments and capital assets as at December 31, 2021.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have material acquisitions and disposals of subsidiaries and affiliated companies for the year ended December 31, 2021.

Employee And Remuneration Policy

As of December 31, 2021, we had 737 full-time employees, including over 86% of whom are advisory and investment professionals.

The following table sets forth the number of our employees by function as of December 31, 2021.

Function	Number of Employees	Percentage
Investment Banking	251	34%
Investment Management	85	12%
CR Securities	268	36%
Others	27	4%
Group Middle and Back Office	106	14%
Total	737	100%

The following table sets forth the number of our employees by geographic region as of December 31, 2021.

Geographic Region	Number of Employees	Percentage
Beijing, China	297	40%
Shanghai, China	240	33%
Other cities in China	62	8%
Hong Kong	117	16%
United States	19	3%
Singapore	2	—%
	<hr/>	<hr/>
Total	737	100%
	<hr/> <hr/>	<hr/> <hr/>

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 December 31, 2021, 116 grantees held options granted under the ESOP (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the year ended December 31, 2021 were RMB1,099.3 million.

Foreign Exchange Risk

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of December 31, 2021, we did not hedge or used any financial instruments for hedging purposes.

Pledge of Assets

As of December 31, 2021, the Company pledged one US\$ bank deposit of US\$3.3 million (equivalent to approximately RMB21.1 million) to secure our long term credit facilities.

Contingent Liabilities

As of December 31, 2021, we did not have any material contingent liabilities.

FINAL DIVIDENDS

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

	For the year ended December 31, 2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends to shareholders of the Company	197,319	79,896

The Company has adopted a dividend policy (the “**Dividend Policy**”). 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, the 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. 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 has resolved to recommend the payment of a final dividend of RMB38 cents per Share for the year ended December 31, 2021 out of the Company’s share premium account (the “**Final Dividend**”), being approximately RMB209.1 million in aggregate. The proposed Final Dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on July 11, 2022, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. The proposed Final Dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the central parity rate published by the People’s Bank of China for the conversion of Renminbi to Hong Kong dollars as at July 11, 2022.

It is expected that the Final Dividend will be paid within two months (i.e. on or before August 31, 2022) after it is approved by Shareholders at the forthcoming annual general meeting.

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on June 30, 2022 (the “AGM”). For the purposes of determining Shareholders’ eligibility to attend and vote at the AGM and entitlement to the Final Dividend, the register of members of the Company will be closed. Details of such closures are set out below:

For determining eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on June 24, 2022
Closure of register of members	June 27, 2022 to June 30, 2022 (both days inclusive)
Record date	June 30, 2022
AGM date	June 30, 2022

For determining entitlement to the Final Dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on July 6, 2022
Closure of register of members	July 7, 2022 to July 11, 2022 (both days inclusive)
Record date	July 11, 2022

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM and to qualify for the Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules (as defined below) in due course.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company was incorporated in the Cayman Islands on July 13, 2011 with limited liability, and the Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on September 27, 2018.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

1. Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviation.

Code provision A.2.1 of the CG Code (*updated reference for financial years commencing on or after January 1, 2022: Code Provision C.2.1*) 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 enables 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.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2021.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

2. 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 its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the Reporting Period.

3. Scope of Work of the Company’s Auditor

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in the annual results announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Auditing and Assurance Standards Board and consequently no assurance has been expressed by the Auditor on the annual results announcement.

4. Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, 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 audited consolidated financial statements and annual results of the Group for the year ended December 31, 2021 and has met with the Auditor. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

In addition to the Audit Committee, the Company has also established a nomination committee, a remuneration committee, an executive committee and an environmental, social and governance committee.

6. Changes in Directors' and Senior Management's Information

After the date of the Company's 2021 interim report, the changes in information of Directors and senior management of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

With effect from August 24, 2021, Mr. Li Shujun has resigned as a non-executive Director of the Company and Mr. Lin Ning David has been appointed as a non-executive Director of the Company. Please refer to the announcement dated August 23, 2021 in relation to the change of non-executive Director for more details.

Save as above, as at the date of this announcement, there is no change in information of Directors and senior management of the Company which shall be disclosed pursuant to Rule 13.51 B(1) of the Listing Rules.

7. Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, the Company repurchased 1,950,700 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$41.8 million including expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected because the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares.

Details of the Shares repurchased during the Reporting Period are as follows:

Month of repurchases in 2021	No. of Shares	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration (HK\$'000)
January	100	15.70	15.70	1.6
July	1,950,600	22.00	20.20	41,759.5
	<u>1,950,700</u>			<u>41,761.1</u>

Save as disclosed above and as will be set out in the annual report of the Company for the year ended December 31, 2021, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

8. Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

9. Use of Proceeds from Global Offering

On September 27, 2018, the Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the global offering were approximately HK\$2,517.6 million after deducting underwriting commissions and other expenses paid and payable by us in the Global Offering (as defined in the Prospectus). There was no change in the intended use of net proceeds as previously disclosed in the Prospectus.

As at December 31, 2021, approximately HK\$2,423.7 million of the net proceeds had been utilized. The following table sets forth the status of use of proceeds from the Company's IPO as of December 31, 2021.

	% of use of proceeds	Net proceeds from the IPO	Actual usage up to December 31, 2020	Actual usage during the year ended 2021	Balance of net proceeds as of December 31, 2021	Expected timeline of full utilisation of the balance
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Expand our investment banking business	40%	1,007.0	701.1	305.9	—	—
Expand our investment management business	20%	503.5	503.5	—	—	—
Develop private wealth management business	20%	503.5	503.5	—	—	—
Invest in technology across all our business lines	10%	251.8	95.0	62.9	93.9	2023
General corporate purposes	10%	251.8	251.8	—	—	—
Total		<u>2,517.6</u>	<u>2,054.9</u>	<u>368.8</u>	<u>93.9</u>	

10. Subsequent Event after the Reporting Period

Save as disclosed in Note 26 to the consolidated statement of financial position, no important events affecting the Company have occurred since December 31, 2021 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

		Year ended December 31,	
	Notes	2021 RMB'000	2020 RMB'000
Revenue			
Transaction and advisory fees		1,198,536	1,042,907
Management fees		442,102	443,437
Interest income		75,030	81,662
Income from carried interest		28,815	21,268
		<hr/>	<hr/>
Total revenue	3	1,744,483	1,589,274
Net investment gains	4	759,528	1,142,172
		<hr/>	<hr/>
Total revenue and net investment gains		2,504,011	2,731,446
		<hr/>	<hr/>
Compensation and benefit expenses		(1,099,288)	(1,098,778)
Carried interest to management team and other parties		(11,734)	(14,114)
Investment losses (gains) attributable to interest holders of consolidated structured entities		355	(111,427)
Other operating expenses	5	(371,659)	(353,125)
Finance costs	6	(112,481)	(12,755)
Impairment losses under expected credit loss model, net of reversal	7	(46,400)	(15,865)
		<hr/>	<hr/>
Total operating expenses		(1,641,207)	(1,606,064)
		<hr/>	<hr/>
Operating profit		862,804	1,125,382
		<hr/>	<hr/>
Other income, gains or losses	8	27,751	27,172
Investment income (loss) arising from certain incidental and ancillary investments	9	135,585	(9,327)
Share of results of associates		(7,712)	(93)
Share of results of a joint venture		(6,694)	(2,525)
Change in fair value of call option		844,170	19,801
		<hr/>	<hr/>
Profit before tax		1,855,904	1,160,410
Income tax expense	10	(210,519)	(136,153)
		<hr/>	<hr/>
Profit for the year		1,645,385	1,024,257
		<hr/>	<hr/>

		Year ended December 31,	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(194,273)	(487,205)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		123,247	309,827
Fair value gain or loss, net of expected credit losses on: — debt instruments measured at fair value through other comprehensive income		2,434	908
Other comprehensive expense for the year, net of tax		(68,592)	(176,470)
Total comprehensive income for the year		<u>1,576,793</u>	<u>847,787</u>
Profit (loss) for the year attributable to:			
— Owners of the Company		1,624,362	1,037,752
— Non-controlling interests		21,023	(13,495)
		<u>1,645,385</u>	<u>1,024,257</u>
Total comprehensive income (expense) attributable to:			
— Owners of the Company		1,555,417	862,064
— Non-controlling interests		21,376	(14,277)
		<u>1,576,793</u>	<u>847,787</u>
EARNINGS PER SHARE			
Basic	11	RMB3.27	RMB2.11
Diluted	11	RMB3.09	RMB1.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2021

	<i>Notes</i>	As at December 31,	
		2021	2020
		RMB'000	RMB'000
			<i>(restated)</i>
Non-current assets			
Property and equipment		178,243	125,659
Intangible assets		88,953	71,095
Deferred tax assets		168,536	233,280
Investments in associates	13	1,615,923	1,829,220
Investment in a joint venture		43,306	3,124
Financial assets at fair value through profit or loss	14	3,981,583	1,342,697
Financial assets at fair value through other comprehensive income	15	359,610	252,696
Rental deposits		19,107	20,406
Other financial assets		—	130,616
		<u>6,455,261</u>	<u>4,008,793</u>
Current assets			
Accounts and other receivables	16	760,118	2,598,131
Financial assets purchased under resale agreements	17	109,005	279,595
Loans to third parties	18	4,579	630,507
Amounts due from related parties		64,682	47,394
Financial assets at fair value through profit or loss	14	2,894,129	3,692,171
Financial assets at fair value through other comprehensive income	15	50,600	—
Pledged bank deposits		21,054	—
Term deposits		208,778	168,473
Cash held on behalf of brokerage clients		1,211,127	460,747
Cash and cash equivalents		2,381,646	646,756
Other financial assets		3,187	—
		<u>7,708,905</u>	<u>8,523,774</u>
Asset classified as held for sale		—	4,762
		<u>7,708,905</u>	<u>8,528,536</u>
TOTAL ASSETS		<u>14,164,166</u>	<u>12,537,329</u>

	<i>Notes</i>	As at December 31,	
		2021	2020
		RMB'000	<i>RMB'000</i>
			<i>(restated)</i>
Current liabilities			
Accounts and other payables	19	1,036,061	2,462,867
Financial assets sold under repurchase agreements	20	760,022	1,030,215
Short-term debt instrument issued	21	160,954	—
Payable to brokerage clients		1,211,127	460,742
Payables to interest holders of consolidated structured entities		390,299	424,984
Amounts due to related parties		13,185	600
Contract liabilities		59,713	38,199
Bank borrowings	22	587,596	112,262
Lease liabilities	23	57,423	45,464
Income tax payables		180,976	161,604
Financial liabilities at fair value through profit or loss	24	—	275,818
		4,457,356	5,012,755
Net current assets		3,251,549	3,515,781
TOTAL ASSETS LESS CURRENT LIABILITIES		9,706,810	7,524,574
Non-current liabilities			
Lease liabilities	23	94,638	56,439
Bank borrowings	22	1,625,804	—
Contract liabilities		6,671	15,774
Deferred tax liabilities		72,182	70,383
		1,799,295	142,596
NET ASSETS		7,907,515	7,381,978
Capital and reserves			
Share capital	25	90	87
Reserves		6,825,942	5,895,755
Equity attributable to owners of the Company		6,826,032	5,895,842
Non-controlling interests		1,081,483	1,486,136
		7,907,515	7,381,978

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on July 13, 2011 and its shares are listed on the Main Board of The Stock Exchange. Its ultimate controlling party is Mr. Bao Fan, who is also the Chairman and executive Director of the Company. The address of the registered office and principal place of business of the Company in the People's Republic of China (the "PRC" or "China") are The offices of Maples Corporate Services Limited, P.O. Box 309, Uglund House, Grand Cayman, KY 1-1104, Cayman Islands and Pacific Century Place, Gate 1, Space 8, No. 2A Workers' Stadium North Road, Chaoyang District, Beijing 100027, China, respectively.

The shares of the Company have been listed on the Stock Exchange with effect from September 27, 2018.

The principal activities of the Group are the provision of investment banking and investment management services.

The consolidated financial statements are presented in RMB, which is different from the Company's functional currency of United States Dollars ("US\$"). The Directors of the Company adopted RMB as presentation currency, considering that (i) the Company's primary subsidiaries were incorporated in the PRC and their transactions are denominated and settled in RMB; and (ii) to reduce the impact of any fluctuations in the exchange rate of US\$ against RMB on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by International Accounting Standards Board ("IASB") for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2021 for the preparation of the Group's consolidated financial statements:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the Amendments to IFRS 16 in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures*.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortized cost.

New and amendments to IFRSs in issue but not yet effective

The Group has not early adopted the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 ²

1 Effective for annual periods beginning on or after April 1, 2021.

2 Effective for annual periods beginning on or after January 1, 2022.

3 Effective for annual periods beginning on or after January 1, 2023.

4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

Specifically, the Group’s reportable segments under IFRS 8 *Segment* are as follows:

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (1) early to late stage financial advisory, merger & acquisition advisory inside and outside mainland China, equity underwriting, sales, trading, and brokerage, and research in Hong Kong and the United States of America (the “**USA**”); and (2) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and
- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high net worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

Segment revenue and results

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

	Year ended December 31, 2021					Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	
Transaction and advisory fees	1,079,765	—	118,771	—	—	1,198,536
Management fees	—	407,995	—	34,107	—	442,102
Interest income	4,873	—	32,322	37,835	—	75,030
Income from Carried Interest	—	(424,313)	—	—	453,128 ^(note)	28,815
Total Revenue	1,084,638	(16,318)	151,093	71,942	453,128	1,744,483
Net investment gains	16,018	473,730	258,540	11,240	—	759,528
Total revenue and net investment gains	1,100,656	457,412	409,633	83,182	453,128	2,504,011
Compensation and benefit expenses	(592,309)	(214,359)	(218,331)	(74,289)	—	(1,099,288)
Carried interest to management team and other parties	—	184,401	—	—	(196,135) ^(note)	(11,734)
Investment losses attributable to interest holders of consolidated structured entities	—	1,320	(965)	—	—	355
Other operating expenses	(154,016)	(103,686)	(75,048)	(38,909)	—	(371,659)
Finance costs	—	(40,045)	(36,488)	(35,948)	—	(112,481)
Impairment losses under expected credit loss model, net of reversal	(44,999)	(1,835)	(796)	1,230	—	(46,400)
Operating profit (loss)	309,332	283,208	78,005	(64,734)	256,993	862,804
Other income, gains or losses						27,751
Investment income arising from certain incidental and ancillary investments						135,585
Share of results of associates						(7,712)
Share of results of a joint venture						(6,694)
Change in fair value of call option						844,170
Profit before tax						1,855,904
Income tax expense						(210,519)
Profit for the year						1,645,385

Year ended December 31, 2020

	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Consolidation adjustments and reconciling items RMB'000	Total consolidated RMB'000
Transaction and advisory fees	985,632	—	57,275	—	—	1,042,907
Management fees	—	419,708	—	23,729	—	443,437
Interest income	4,824	—	31,044	45,794	—	81,662
Income from Carried Interest	—	3,364,636	—	—	(3,343,368) ^(note)	21,268
Total Revenue	990,456	3,784,344	88,319	69,523	(3,343,368)	1,589,274
Net investment gains	13,160	933,078	165,880	30,054	—	1,142,172
Total revenue and net investment gains	1,003,616	4,717,422	254,199	99,577	(3,343,368)	2,731,446
Compensation and benefit expenses	(556,179)	(245,221)	(209,932)	(87,446)	—	(1,098,778)
Carried interest to management team and other parties	—	(2,267,271)	—	—	2,253,157 ^(note)	(14,114)
Investment gains attributable to interest holders of consolidated structured entities	—	(61,753)	(49,674)	—	—	(111,427)
Other operating expenses	(155,388)	(100,252)	(64,354)	(33,131)	—	(353,125)
Finance costs	—	—	(2,690)	(10,065)	—	(12,755)
Impairment losses under expected credit loss model, net of reversal	(1,787)	(448)	(1,131)	(12,499)	—	(15,865)
Operating profit (loss)	290,262	2,042,477	(73,582)	(43,564)	(1,090,211)	1,125,382
Other income, gains or losses						27,172
Investment loss arising from certain incidental and ancillary investments						(9,327)
Share of results of associates						(93)
Share of results of a joint venture						(2,525)
Change in fair value of call option						19,801
Profit before tax						1,160,410
Income tax expense						(136,153)
Profit for the year						1,024,257

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, investment income (loss) arising from certain incidental and ancillary investments (the “**Passive Investment Income (Loss)**”), share of results of associates, share of results of a joint venture, change in fair value of call option and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Note:

The segment results of investment management also include the unrealized income from Carried Interest calculated below 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 unrealized income from Carried Interest of negative RMB453,128,000 for the year ended December 31, 2021 and RMB3,343,368,000 for the year ended December 31, 2020, 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 unrealized Carried Interest of negative RMB196,135,000 for the year ended December 31, 2021 and RMB2,253,157,000 for the year ended December 31, 2020, that would be payable to fund management teams and other third parties. The unrealized 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 realized as of such date, irrespective of whether such amounts have been realized.

As the fair value of underlying investments vary 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 recognized 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 year ended December 31, 2021, except for RMB28,815,000 of Carried Interest realized for certain funds, no income from Carried Interest for other funds was recognized as revenue and it will not be recognized as revenue until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognized only when the amounts that will be 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 "crystallized".

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)	
	Year ended December 31, 2021	2020	At December 31, 2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	1,121,034	1,115,906	328,105	225,354
Hong Kong	576,492	423,858	27,047	27,782
USA	46,957	49,510	6,052	10,383
	<u>1,744,483</u>	<u>1,589,274</u>	<u>361,204</u>	<u>263,519</u>

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

Timing of revenue recognition for revenue from contract of customers

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
A point of time	1,227,351	1,064,175
Over time	442,102	443,437
	<u>1,669,453</u>	<u>1,507,612</u>

Transaction price allocated to remaining performance obligation for contract with customers

The Group receives management fees associated with the management services for the funds that it manages, at a fixed percentage of the commitment under management. The Group also receives management fees associated with the value-added wealth management services provided to high net worth individuals and other high net worth groups, at a fixed percentage of assets under each investment management account. The transaction price allocated to the performance obligations in relation to the management fees that were unsatisfied as at December 31, 2021 and 2020 will be recognized as revenue on a straight-line basis over the subscription period as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Within one year	31,785	32,717
More than one year but not more than two years	2,261	8,543
More than two years but not more than three years	2,189	4,546
More than three years	750	2,685
	<u>36,985</u>	<u>48,491</u>

The transaction price allocated to the remaining performance obligations in relation to transaction and advisory fees that were unsatisfied as at December 31, 2021 and 2020 and expected timing of recognizing revenue are as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Within one year	27,928	5,482
More than one year but not more than two years	1,471	—
	<u>29,399</u>	<u>5,482</u>

Other segment information

	Year ended December 31, 2021				Total RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
	Amounts included in the measure of segment profit or loss:				
Depreciation and amortization	38,884	13,234	30,806	7,755	90,679
Losses on disposal of property and equipment	44	—	—	—	44

	Year ended December 31, 2020				Total RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
	Amounts included in the measure of segment profit or loss:				
Depreciation and amortization	41,232	7,073	29,283	2,948	80,536
Losses on disposal of property and equipment	190	1	—	—	191

Information about major customers

Customers that contribute over 10% of the total revenue of the Group are as follows:

		Year ended December 31,	
		2021 RMB'000	2020 RMB'000
Customer A	Investment banking	236,300	—

4. NET INVESTMENT GAINS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net realized and unrealized gains from financial assets at FVTPL		
— Wealth management related products	12,050	28,483
— Asset management schemes	40,946	28,074
— Structured finance related products	16,836	13,160
— Financial bonds	8,988	119
— Unlisted investment funds at fair value	438,010	127,970
— Listed equity security investments	171,326	85,652
— Unlisted equity security investments	51,268	—
Net realized gains from financial assets at FVTOCI		
— Financial bonds	5,526	—
Net realized gains from partially disposed investment portfolio		
— Unlisted debt security investments	13,411	—
Gross gain from consolidated structured entities		
— Asset management schemes	8,149	52,035
Gross gain from investments in associates measured at fair value		
— Investment in funds	6,270	973,940
Net unrealized losses from financial liabilities at FVTPL		
— Securities borrowing	(36,857)	(168,832)
Dividend income from		
— Wealth management related products	16,869	1,571
— Listed equity security investment	4,048	—
— Asset management schemes	2,688	—
	<u>759,528</u>	<u>1,142,172</u>

5. OTHER OPERATING EXPENSES

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Professional service fees	98,274	112,942
Project related and business development expenses	76,706	57,637
Short-term lease expense	632	877
Office expenses	30,946	24,615
Technology expenses	37,458	45,691
Depreciation and amortization	90,679	80,536
Auditor's remuneration	7,050	6,652
Others	29,914	24,175
	<u>371,659</u>	<u>353,125</u>

6. FINANCE COSTS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	72,766	7,525
Interest on lease liabilities	4,459	3,365
Interest on financial assets sold under repurchase agreements	33,165	1,865
Interest on structured notes	2,091	—
	<u>112,481</u>	<u>12,755</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses recognized on:		
Accounts and other receivables	7,322	2,851
Loans to third parties	37,594	1,513
Amounts due from related parties	1,461	11,456
Financial assets at FVTOCI	35	60
Other financial assets	(12)	(15)
	<u>46,400</u>	<u>15,865</u>

8. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (a)	42,002	40,884
Net exchange gain (loss)	4,255	(467)
Gain on disposal of associates	2,239	—
Impairment loss on investment in a joint venture	(3,124)	—
Others (b)	(17,621)	(13,245)
	<u>27,751</u>	<u>27,172</u>

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 RMB669,000 charitable donations was made by the Group during the year ended December 31, 2021 (2020: RMB5,150,000).
 - An aggregated amount of RMB17,928,000 investment gains attributable to interest holders of consolidated structured entities holding incidental and ancillary investments of the Group for the year ended December 31, 2021 (2020: nil).

9. INVESTMENT INCOME (LOSS) ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Passive Investment Gain (Loss) from		
— Unlisted debt security investment	109,253	(12,932)
— Unlisted equity security investment	26,332	3,605
	<u>135,585</u>	<u>(9,327)</u>

Investment income (loss) arising from certain incidental and ancillary investments represents certain passive investments made from time to time, the primary type of which include investments in the form of preferred shares of other companies, and other passive equity holdings in non-associate companies.

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Mainland China	125,378	179,257
Hong Kong	19,404	16,838
	<u>144,782</u>	<u>196,095</u>
Deferred tax:		
Current year	65,737	(59,942)
Total income tax expense	<u>210,519</u>	<u>136,153</u>

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>1,855,904</u>	<u>1,160,410</u>
Income tax expense calculated at 25%	463,976	290,103
Effect of expenses that are not deductible	71,109	7,673
Effect of share of results of associates	1,928	23
Effect of share of results of a joint venture	1,674	631
Effect of income that are not taxable	(363,833)	(194,695)
Effect of tax losses not recognized	114,333	48,211
Utilization of tax losses previously not recognized	(3,088)	(2,773)
Effect of different tax rates of subsidiaries	<u>(75,580)</u>	<u>(13,020)</u>
Income tax expense	<u><u>210,519</u></u>	<u><u>136,153</u></u>

11. EARNINGS PER SHARE

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

	Year ended December 31,	
	2021	2020
Earnings for the purpose of calculating basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company (<i>RMB'000</i>)	<u>1,624,362</u>	<u>1,037,752</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	496,009,240	491,265,881
Effect of dilutive potential ordinary shares:		
Share options of the Group	25,308,444	28,468,740
Restricted share units of the Group	<u>5,097,233</u>	<u>3,585,991</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>526,414,917</u>	<u>523,320,612</u>
Basic earnings per share (RMB)	<u><u>3.27</u></u>	<u><u>2.11</u></u>
Diluted earnings per share (RMB)	<u><u>3.09</u></u>	<u><u>1.98</u></u>

For the years ended December 31, 2020 and 2021, the share options and restricted share units granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and restricted share units granted by the Company. No adjustment is made to earnings.

12. DIVIDENDS

	Year ended December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends to the shareholders of the Company	197,319	79,896

For the year ended December 31, 2021, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2020 (2020: RMB15 cents per share in respect of the year ended December 31, 2019) was declared to owners of the Company. The aggregate amount of the final dividend declared in the year ended December 31, 2021 amounted to RMB197,319,000 (2020: RMB79,896,000), and such cash dividend was paid on July 22, 2021 (2020: paid on August 10, 2020).

13. INVESTMENTS IN ASSOCIATES

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Investments in unlisted companies (a)	50,702	63,641
Investments in funds (b)	1,565,221	1,765,579
	1,615,923	1,829,220

Notes:

(a) Investments in unlisted companies

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of unlisted investments in associates	101,945	106,930
Share of post-acquisition profit or loss and other comprehensive income	(11,805)	(4,093)
Impairment loss	(39,026)	(39,026)
Exchange adjustments	(412)	(170)
	50,702	63,641

(b) Investments in funds

The Group invested in associates that are investment funds it manages, and the Group elected to measure investments in these associates at fair value. Details of such investment funds are summarized as follows:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Cost of investments in funds	839,289	682,707
Fair value change in funds	760,222	1,091,132
Exchange adjustments	(34,290)	(8,260)
	<u>1,565,221</u>	<u>1,765,579</u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Current		
Unlisted cash management products (<i>Note i</i>)	170,728	1,375,778
Money market funds (<i>Note ii</i>)	591,839	164,951
Listed financial bonds (<i>Note iii</i>)	1,820,498	1,533,669
Trust products (<i>Note iv</i>)	101,029	215,814
Listed equity security investments (<i>Note v</i>)	181,344	401,959
Convertible notes (<i>Note vi</i>)	28,691	—
	<u>2,894,129</u>	<u>3,692,171</u>
	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Non-current		
Trust products (<i>Note iv</i>)	14,746	120,559
Listed equity security investments (<i>Note v</i>)	80,200	—
Unlisted investment funds at fair value (<i>Note vii</i>)	1,104,043	771,135
Unlisted debt security investments (<i>Note viii</i>)	1,085,026	319,714
Unlisted equity security investments (<i>Note ix</i>)	1,179,488	21,189
Call option for obtaining non-controlling interests (<i>Note x</i>)	518,080	110,100
	<u>3,981,583</u>	<u>1,342,697</u>

- Note i:* The Group purchased cash management products with expected rates of return per annum ranging from 2.39% to 3.14% as at December 31, 2021 (December 31, 2020: 2.68% to 3.15%). The fair values are based on cash flow discounted using the expected rate of return based on management judgment.
- 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 0.01% to 7.10% as at December 31, 2021 (December 31, 2020: 0.20% 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 products with expected return rate ranging from 7.50% to 12.00% per annum as at December 31, 2021 (December 31, 2020: 6.00% to 12.00%). As trust products held by the Group was managed within a business model whose objective is to sell the investment and the contractual terms do not give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding, they were subsequently measured at FVTPL.
- Note v:* These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- Note vi:* The Group invested in convertible notes with fixed interest rates of 6.00% and with a term of six months, which shall be extended for six months unless otherwise agreed by the Group and investee. The Group had conversion right to convert notes into equity shares of investee before the maturity date.
- 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 net investment gains in the 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 gain in the 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 gain and net investment gains in the consolidated statement of profit or loss and other comprehensive income.
- Note x:* The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholders of a subsidiary of the Group, China Renaissance Securities (China) Co. Ltd. (“**China Renaissance Securities**”), at the book value of the non-controlling interests exercisable at any time after its establishment. The fair value of call option as at December 31, 2021 amounted to RMB518,080,000 (December 31, 2020: RMB110,100,000) mainly due to the increase of exercisable rate of the call option as at December 31, 2021, offset by the partially exercise of the call option to acquire 15% of equity interest of China Renaissance Securities. 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 China Renaissance Securities and the estimate of the exercisability of the call option.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Listed financial bonds	410,210	252,696
Less: non-current portion	(359,610)	(252,696)
	<u>50,600</u>	<u>—</u>

The total cost of the financial bonds as of December 31, 2021 was RMB398,821,000 (December 31, 2020: RMB248,127,000) and the fair value as of December 31, 2021 was RMB410,210,000 (December 31, 2020: RMB252,696,000), and with changes in fair value recorded in other comprehensive expense in the consolidated statement of profit or loss and other comprehensive income. The expected credit losses of financial bonds amounting to RMB95,000 as of December 31, 2021 (December 31, 2020: RMB60,000) was recognized in other reserves.

16. ACCOUNTS AND OTHER RECEIVABLES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
		(restated)
Accounts receivables		
— Accounts receivable (Note i)	86,333	295,877
— Open trade receivable (Note ii)	263,892	1,795,521
Advance to suppliers	14,386	15,313
Prepayment for money market fund investments	45,000	—
Other receivables		
— Refundable deposits (Note iii)	284,169	457,189
— Staff loans	28,393	17,313
— Value-added tax recoverable	3,545	6,908
Others	44,420	13,135
Subtotal	770,138	2,601,256
Less: Impairment loss allowance	(10,020)	(3,125)
Total	<u>760,118</u>	<u>2,598,131</u>

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 December 31,	
	2021	2020
	RMB'000	RMB'000
0–30 days	67,550	214,690
31–60 days	3,034	58,346
61–90 days	3,228	13,961
91–180 days	815	6,308
181–360 days	396	—
Over 1 year	1,720	200
	<u>76,743</u>	<u>293,505</u>

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

Note iii: Refundable deposits mainly represent deposits in Stock Exchange.

17. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Analysed by collateral type:		
— Debt securities	109,000	279,500
Add: Interest receivable	5	95
Total	<u>109,005</u>	<u>279,595</u>
Analysed by market:		
— Stock exchanges	109,005	279,595
Total	<u>109,005</u>	<u>279,595</u>

As at December 31, 2021, the fair value of the collateral was RMB109,005,000 (December 31, 2020: RMB279,595,000).

18. LOANS TO THIRD PARTIES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Tianjin Airuijie Enterprise Management Partnership (Limited Partnership) (“ARJ”) (note a)	—	7,453
Winsor Holdings LLC (“WH”) (note b)	—	35,420
Beijing Yuanjing Mingde Management Advisory Co., Ltd. (“YJMD”) (note c)	—	31,052
GWF Holding Limited (“GWF”) (note d)	—	191,072
Tianjin Fangtao Technology Limited (“TJFT”) (note e)	—	205,426
Cheers Delight Limited (“Cheers”) (note f)	—	3,763
Classic One Ventures Limited (“Classic”) (note f)	—	15,040
Extreme Victory Limited (“Extreme”) (note f)	—	145,090
Soundcath, LLC (“Soundcath”) (note g)	6,541	—
Less: Impairment loss allowance	(1,962)	(3,809)
	4,579	630,507
	4,579	630,507

Notes:

- a. In July 2018, the Group entered into an agreement with ARJ, a third party. A loan amounting to RMB6,500,000, at an interest rate of 6% per annum was made to ARJ in July 2018. The loan was unsecured. The Group renewed the agreement in August 2020, and the loan was fully repaid in March 2021.
- b. In January 2018, the Group entered into an agreement with WH, a third party. Pursuant to the agreement, a loan amounting to US\$3,983,000 (equivalent to approximately RMB26,056,388) as at December 31, 2021 (December 31, 2020: equivalent to approximately RMB25,989,000), at the interest rate of 12% per annum was made to WH. The repayment of the loan was guaranteed by an individual and the loan will be repaid on the third anniversary of the loan origination unless otherwise agreed by the Group and WH. The Group renewed the agreement in January 2021. Considering WH was in severe financial difficulty as of December 31, 2021, the loan was fully impaired and written off as of December 31, 2021.
- c. In May 2018, the Group entered into a loan agreement with YJMD, a third party. A loan amounting to RMB30,991,000, at an interest rate of 6% per annum was made to YJMD. The loan was fully repaid in May 2021.
- d. In April 2020, the Group entered into a loan agreement with GWF, a third party. A loan amounting to US\$36,000,000 (equivalent to approximately RMB234,896,000) at an interest rate of 6.5% per annum was made to GWF. GWF has repaid loan amounting to US\$7,200,000 (equivalent to approximately RMB46,979,000) with interests in 2020 and remaining loan will be repaid on the first anniversary of the loan origination. The loan was secured by a pledge over the shares of a third party company held by GWF.

In January 2021, the Group renewed the agreement to extend the repayment date to September 30, 2021 and increased loan facility with increased interest rate to 7.5% per annum from May 2021. The loan amounting to US\$37,300,000 (equivalent to approximately RMB237,813,610) were fully repaid in September 2021.
- e. In July 2020, the Group entered into an agreement with TJFT, a third party, to provide a loan of no more than RMB212,000,000 to TJFT at an interest rate of 6% per annum. The loan was guaranteed by three individuals and was secured by a pledge over the shares of a third party company. A loan amounting to RMB200,000,000 was made to TJFT and was fully repaid in April 2021.

- f. In December 2020, the Group entered into agreements with Cheers, Classic and Extreme, third parties (the “**borrowers**”). Loans amounting to US\$25,118,000 (equivalent to approximately RMB164,319,444) as at December 31, 2021(December 31, 2020: equivalent to approximately RMB163,893,000), at an interest rate of 7.5% per annum was made to borrowers. The repayment of these loans was guaranteed by an individual and these loans were fully repaid in December 2021.
- g. In July 2021, the Group entered into agreements with Soundcath, a third party. A loan amounting to US\$1,000,000 (equivalent to approximately RMB6,357,700) as at December 31, 2021, at an interest rate of 6% per annum was made to Soundcath. The loan will be repaid on the six months of the loan origination unless otherwise agreed by the Group and the Soundcath. In January 2022, the Group renewed the agreement to extend the repayment date to July 2022.

19. ACCOUNTS AND OTHER PAYABLES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
		<i>(restated)</i>
Salaries, bonus and other benefit payables	712,435	613,759
Open trade payable (<i>note</i>)	208,695	1,748,736
Other payables	55,667	42,673
Consultancy fee payables	12,982	14,680
Carried interests to management team and other parties	2,710	245
Other tax payables	17,177	23,204
Accrued listing expenses and issue costs	—	228
Accrued expenses	22,444	19,342
Dividend payable	3,951	—
	1,036,061	2,462,867

Note: No aging analysis is disclosed in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of these consolidated financial statements in view of the nature of these business.

20. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Analysed by collateral type:		
— Debt securities	760,000	1,030,000
Add: Interest payable	22	215
	760,022	1,030,215
Total	760,022	1,030,215
Analysed by market:		
— Stock exchanges	760,022	1,030,215
Total	760,022	1,030,215

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities transferred. These securities are not derecognized from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities.

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred securities during the term of these arrangements. Financial assets sold under repurchase agreements bear effective interest from 4.11% to 4.15% (December 31, 2020: 2.98%–4.10%) per annum.

The following tables provide a summary of carrying amounts and fair values related to the transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets		
— financial assets at FVTPL	915,331	1,223,188
— financial assets at FVTOCI	410,210	252,696
Carrying amount of associated liabilities	(760,022)	(1,030,215)
Net position	<u>565,519</u>	<u>445,669</u>

21. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Structured notes	<u>160,954</u>	<u>—</u>

As at December 31, 2021, the interest rates of structured notes range from 3.70% to 4.10% per annum (December 31 2020: nil).

22. BANK BORROWINGS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Secured bank borrowing at fixed rate	20,023	—
Unsecured bank borrowing at fixed rate	270,717	112,262
Unsecured bank borrowing at variable rate	1,922,660	—
	<u>2,213,400</u>	<u>112,262</u>
Total	<u>2,213,400</u>	<u>112,262</u>

The carrying amounts of the above borrowings are repayable:

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Within one year	587,596	112,262
Within a period of more than one year but not exceeding two years	286,907	—
Within a period of more than two years but not exceeding five years	1,338,897	—
	<u>2,213,400</u>	<u>112,262</u>
Less: Amounts due within one year shown under current liabilities	<u>(587,596)</u>	<u>(112,262)</u>
Amounts shown under non-current liabilities	<u>1,625,804</u>	<u>—</u>

The Group's variable-rate borrowings carry interest at London Interbank Offered Rate ("LIBOR"). Interest is reset every month. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended December 31,	
	2021	2020
Effective interest rate:		
Fixed-rate borrowings	4.3% to 5%	4.35% to 5.9%
Variable-rate borrowings	Libor+2%	N/A

23. LEASE LIABILITIES

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	57,423	45,464
Within a period of more than one year but not more than two years	48,917	23,909
Within a period of more than two years but not more than five years	45,721	27,843
Within a period of more than five years	—	4,687
	<u>152,061</u>	<u>101,903</u>
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(57,423)</u>	<u>(45,464)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>94,638</u>	<u>56,439</u>

The weighted average incremental borrowing rates applied to lease liabilities is 3.03% (2020: 3.84%).

24. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Current		
Securities borrowing	<u>—</u>	<u>275,818</u>

During the year ended December 31, 2020, the Group entered into an agreement with brokers, third parties, to borrow 7,800,000 shares of a listed company held by funds managed by the Group. The Group sold borrowed shares at average price of HK\$18.04 per share and with total consideration of HK\$140,726,000 (equivalent to approximately RMB118,440,000). The securities borrowing is measured at fair value and subsequent fair value change are recorded in the net investment gains in the consolidated statement of profit or loss and other comprehensive income. As at December 31, 2021, the Group has fully returned the borrowed shares to brokers.

25. SHARE CAPITAL

	Number of shares	Nominal value per share <i>US\$</i>	Share capital <i>US\$</i>	Amount shown in the financial statement <i>RMB</i>
Authorized				
At January 1, 2020, January 1, 2021 and December 31, 2021	2,000,000,000	0.000025	50,000	
Issued				
At January 1, 2020	541,379,012		13,535	88,800
Shares repurchased and cancelled (note)	(11,905,756)	0.000025	(298)	(2,052)
Exercise of share options	3,480,408	0.000025	87	600
At December 31, 2020	532,953,664		13,324	87,348
Shares issued to the Trusts	6,000,000	0.000025	150	968
Shares repurchased and cancelled	(1,951,700)	0.000025	(49)	(315)
Exercise of share options	13,362,812	0.000025	334	2,155
At December 31, 2021	550,364,776		13,759	90,156
			As at December 31	
			2021	2020
			<i>RMB\$'000</i>	<i>RMB\$'000</i>
Presented as			90	87

Note:

The Company repurchased its own shares through the Stock Exchange as follows:

2021

Month of repurchases	No. of ordinary shares	Price paid per share		Aggregate consideration paid (including expenses) <i>RMB'000</i>
		Highest <i>RMB</i> <i>Equivalent</i>	Lowest <i>RMB</i> <i>Equivalent</i>	
January 2021	100	13.07	13.07	1
July 2021	1,950,600	18.07	17.01	34,725
	1,950,700			34,726

During the year ended December 31, 2021, 1,950,700 ordinary shares of the Company were repurchased at an aggregate cost of HK\$41,761,000 (equivalent to approximately RMB34,726,000) and cancelled.

The Company repurchased its own shares through the Stock Exchange as follows:

2020

Month of repurchases	No. of ordinary shares	Price paid per share		Aggregate consideration paid (including expenses) RMB'000
		Highest RMB Equivalent	Lowest RMB Equivalent	
January 2020	6,996,300	13.99	12.43	86,797
April 2020	94,300	11.19	11.00	1,034
May 2020	1,637,200	9.83	9.31	14,981
June 2020	19,600	11.58	9.95	193
October 2020	3,148,356	14.24	14.24	44,846
November 2020	200	13.15	13.12	3
December 2020	800	13.06	12.90	11
	11,896,756			147,865

Note:

During the year ended December 31, 2020, 11,896,756 ordinary shares of the Company were repurchased at an aggregate cost of HK\$166,714,000 (equivalent to approximately RMB147,865,000). As of December 31, 2020, out of 11,896,756 ordinary shares repurchased, 11,895,756 ordinary shares were cancelled during the year ended December 31, 2020 while the remaining 1,000 ordinary shares were cancelled in February 2021.

26. EVENT AFTER THE REPORTING PERIOD

In January 2022, the Group entered into the foreign exchange forward contracts (“**FX Forward Contracts**”) with China Merchants Bank Co., Ltd to hedge against RMB/US\$ currency risk, in respect of a total principal amount of US\$112 million. Pursuant to the FX Forward Contracts, the Company will buy US\$ against RMB on a pre-agreed settlement date, at a fixed effective forward RMB:US\$ exchange rate. Please refer to the Company’s announcement dated January 11, 2022 for details.

On March 30, 2022, the Board has resolved to recommend the payment of a final dividend of RMB38 cents per share for the year ended December 31, 2021 out of the Company’s share premium account (the “**Final Dividend**”), being approximately RMB209.1 million in aggregate. The proposed final dividend will be paid to Shareholders whose names appear on the register of members of the Company as at the close of business on July 11, 2022, if the proposal is approved by the Shareholders at the forthcoming annual general meeting. The proposed Final Dividend will be paid in HK\$, such amount to be calculated by reference to the central parity rate published by the People’s Bank of China for the conversion of RMB to HK\$ as at July 11, 2022. It is expected that the Final Dividend will be paid within two months after it is approved by Shareholders at the forthcoming annual general meeting.

27. COMPARATIVE FIGURES

The consolidated statement of financial position and statement of cash flows for the year ended December 31, 2020, and certain explanatory notes have been restated to conform with the current year’s presentation.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Company for the year ended December 31, 2021 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, March 30, 2022

As at the date of this announcement, the Board comprises Mr. Bao Fan as Chairman and Executive Director, Mr. Xie Yi Jing and Mr. Wang Lixing as Executive Directors, Mr. Li Eric Xun, Mr. Liu Xing and Mr. Lin Ning David as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.