华兴资本

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**

2021
ANNUAL REPORT

华兴资本

CONTENTS

COMPANY PROFILE

China Renaissance is the leading investment banking and investment management firm dedicated to China's innovative economy businesses, which are transforming traditional industries through entrepreneurship, technological advancement, and innovative business models. The Group has built its business specifically to discover best-in-class entrepreneurs and businesses and provide them with advisory and capital markets services and investment through all phases of their development. The Group's network of entrepreneurs and investors plays a critical role in supporting investment capital flows into leading innovative economy businesses and structuring industry-shaping transactions.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Bao Fan *(Chairman)*
Mr. Xie Yi Jing
Mr. Wang Lixing

Non-Executive Directors
Mr. Li Eric Xun
Mr. Liu Xing
Mr. Lin Ning David *(Appointed on August 24, 2021)*
Mr. Li Shujun *(Resigned on August 24, 2021)*

Independent Non-Executive Directors
Ms. Yao Jue
Mr. Ye Junying
Mr. Zhao Yue

AUDIT COMMITTEE
Ms. Yao Jue *(Chairman)*
Mr. Ye Junying
Mr. Zhao Yue

REMUNERATION COMMITTEE
Mr. Ye Junying *(Chairman)*
Mr. Bao Fan
Mr. Zhao Yue

NOMINATION COMMITTEE
Mr. Bao Fan *(Chairman)*
Ms. Yao Jue
Mr. Zhao Yue

COMPANY SECRETARY
Mr. Yee, Ming Cheung Lawrence

AUTHORIZED REPRESENTATIVES
Mr. Xie Yi Jing
Mr. Yee, Ming Cheung Lawrence

AUDITOR
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place, 88 Queensway
Hong Kong

COMPANY ADDRESS

Registered Office
The offices of Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in China
Pacific Century Place, Gate 1, Space 8
No. 2A Workers' Stadium North Road
Chaoyang District
Beijing 100027, China

Principal Place of Business in Hong Kong
Units 8107–08, Level 81
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

LEGAL ADVISORS
As to Hong Kong law and United States law
Skadden, Arps, Slate, Meagher & Flom and affiliates

As to the laws of mainland China
Commerce & Finance Law Offices

As to BVI and Cayman Islands law
Maples and Calder (Hong Kong) LLP

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKS

Bank of Communications
China CITIC Bank
China Merchants Bank
HSBC
Shanghai Pudong Development Bank
Silicon Valley Bank
SPD Silicon Valley Bank

STOCK CODE

1911

COMPANY WEBSITE

http://www.huaxing.com/

CHAIRMAN'S STATEMENT

Pursuing progress while maintaining stability is not only the guiding principle concluded at the Annual Central Economic Work Conference, but also the overall theme of China Renaissance's business in 2022.

"Stability" in "pursuing progress while maintaining stability" means staying resilient and building for the future; it reflects inner strength; it indicates maintaining strategic focus and keeping in mind our mission; it suggests strengthening our core business, and adding to our internal strength; it also represents the foundations to our rapid future growth, as well as the mitigants to current risks.

Capital markets in 2021 were rife with uncertainties, as was daily life. The vicissitudes of global capital market were foisted upon Chinese new economy companies in the second half of 2021. Market sentiment was besotted by fear mongering. The hype from earlier admirers was perhaps no less capricious than the denigration from detractors now.

China Renaissance was able to seize the transient opportunities in the turbulent market, and reduced our portfolio’s exposure to China Concept Stocks and realized reasonable investment gains. Our Growth Fund IV, in fund-raising process, provides China Renaissance with ample dry powder and the flexibility to capture investment opportunities in a more desirable valuation environment. We completed a number of milestone projects in the investment banking sector in the first half of 2021, representing another solid step forward for our investment banking capabilities and market position. Our first syndicated loan obtained since our IPO also rendered balance sheet of China Renaissance more robust, with sufficient liquidity to withstand possible future risks.

It is particularly in a challenging environment that China Renaissance needs to create value for its clients as a trusted advisor. China Renaissance has been a staunch supporter of China’s new economy champions since its inception 17 years ago. We have witnessed the best of the new economy enterprises overcoming formidable challenges in the markets, constantly improving their competitiveness, and ultimately passing through the cycles and becoming market winners. Short-term fluctuations are an inevitable part of their long life cycle. We stand to be as good a partner with them in adversity as in prosperity, and thus strengthening our relationships.

“Progress” in “pursuing progress while maintaining stability” means building up; it indicates going to the next level; it reflects active progress and strategic investments; it suggests extending the development momentum and exploring new growth areas; it also represents narrowing down to the main battlefields and empowering our core businesses.

The concept of new economy over time has evolved and extended to advanced technology, high-end manufacturing, new energy etc., progressing into a smart economy where new technology infrastructure altogether contributes to China’s intelligentized industrialization and carbon neutral aspiration. With the gritty entrepreneurial spirit, a new generation of new economy companies are resonating with the pulse of China’s national rejuvenation, imbuing Chinese economy with new strength. They confront entrenched industries head-on, with the hopes of upending all the incumbents. They change things and push our society forward. The channels for their value creation have also transitioned, with a seismic shift of Chinese companies’ listing preferences towards A share and H share. And China Renaissance has long prepared for these changes with its business layout.

Since its inception, China Renaissance has been constantly reinventing itself and implementing new growth drivers such as investment management, international underwriting, A share business and wealth management, gradually evolving from a mere fee-based financial advisory services provider into a combination of capital provider, trusted advisor and wealth gatekeeper. The industries that China Renaissance’s coverage focused on in investment banking and investment management have long since expanded as well to a wider range of fields, with outstanding results especially in the healthcare and technology segments. Looking back, every significant breakthrough of China Renaissance has occurred during the most difficult market conditions. In 2022, China Renaissance will continue to work indefatigably, develop continuously, and progress steadily.

In investment management, China Renaissance will continue to raise Growth Capital USD Fund IV and RMB Fund IV, whilst expanding new strategies and introducing new products such as private credit funds, carbon neutral funds, VC/PE FOF etc. The more diversified products and strategies will give us the flexibility in capturing a variety of investment opportunities and bring comprehensive solutions to new economy enterprises. They will also help us build asset portfolios that can weather business cycles and protect against risks. We will continue to increase our asset under management scale while bringing richer and more diversified investment opportunities to the investors.

In investment banking, geopolitical risks present on the one hand challenges to IPO in Hong Kong and US markets, on the other hand opportunities from the return of China Concept Stocks to domestic markets. China Renaissance's earlier investment and layout in domestic markets and the building of our underwriting capabilities of A shares and Hong Kong shares have now taken on a new significance. We have been fortunate to be a partner to many outstanding start-ups over the past 17 years through our industry-leading private placement financial advisory business, and we look forward to assisting them further in creating value in the home markets.

In our domestic securities business, while we continue to strengthen our domestic investment banking capabilities, CR Securities has seized the opportunity presented by the demographic change of A-share investors by establishing a new technology-enabled retail brokerage business. CR Securities aims to build a smarter, more convenient and user-friendly wealth management platform, empowered by technology, for a new generation of young customers.

Notwithstanding short-term market challenges, China Renaissance will continue to pursue progress while maintaining stability, and will strive forward along the winding path.

We appreciate the confidence of our clients and shareholders in us.

Bao Fan
Chairman and CEO

Hong Kong
March 30, 2022

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% YoY. Our 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 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 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.

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, 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 HIGHLIGHTS

The following table summarizes our consolidated results of operations for the years indicated. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Annual Report, including the related notes. Our financial information was prepared in accordance with IFRS.

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

	For the Year Ended December 31,	
	2021	2020
	RMB'000	RMB'000
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 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 should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	For the Year Ended December 31, 2021 RMB'000	2020 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.

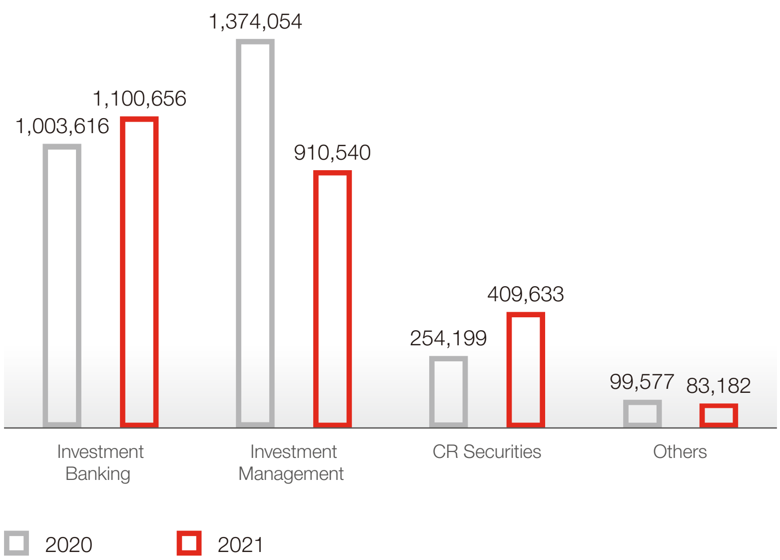
	For the Year Ended December 31, 2021 RMB'000	2020 RMB'000
(Reversal) provision of unrealized income from carried interest	**(453,128)**	3,343,368
Reversal (provision) of carried interest to management team and other parties	**196,135**	(2,253,157)
(Reversal) provision of unrealized net carried interest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

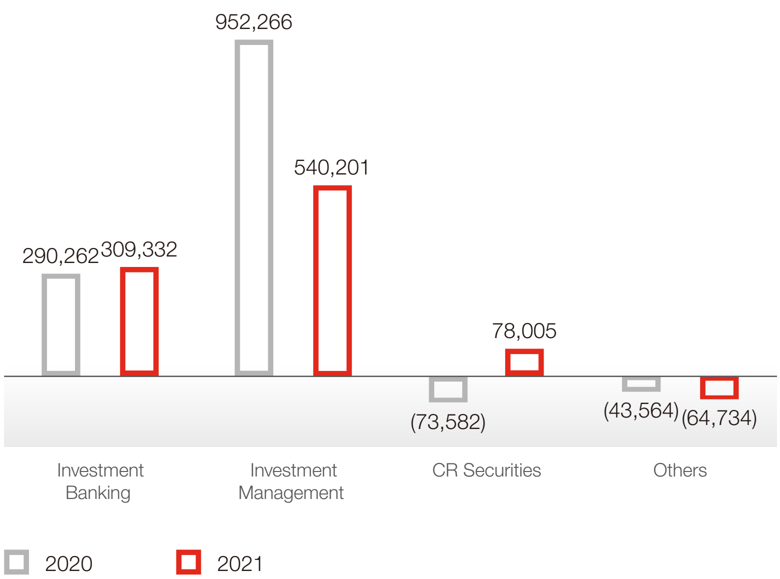
(2) We define adjusted net profit attributable to owners of the Company as profit or loss for the year or period attributable to owners of the Company adjusted for the impact of (i) share-based payment expense, (ii) change in fair value of call option, (iii) (reversal) provision of unrealized income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



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 December 31, 2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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.

	For the Year Ended December 31, 2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
Business Segment				
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%

SEGMENT PERFORMANCE (CONTINUED)

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 December 31, 2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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%		

SEGMENT PERFORMANCE (CONTINUED)

Investment Banking (Continued)

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 December 31, 2021 RMB in million	2020 RMB in million	Change RMB in million	% of change
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.

SEGMENT PERFORMANCE (CONTINUED)

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 December 31, 2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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 from 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%

SEGMENT PERFORMANCE (CONTINUED)

Investment Management (Continued)

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 RMB'000	Investments in third-party funds RMB'000
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
	RMB in million	RMB in million
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.

SEGMENT PERFORMANCE (CONTINUED)

Investment Management (Continued)

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

		Realized Investments[1]		Unrealized Investments		Gross Multiple
RMB in million except multiples and percentages	Committed Capital	Invested capital	Fair Value	Invested capital	Fair Value	of Invested Capital[2]
As of December 31, 2021						
Main Funds[3]	**25,767**	**3,038**	**9,807**	**18,193**	**34,919**	**2.1**
Project Funds	**6,956**	**1,607**	**4,363**	**5,059**	**9,066**	**2.0**
Total	**32,723**	**4,645**	**14,170**	**23,252**	**43,985**	**2.1**
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	27,547	2,279	5,298	19,667	52,118	2.6

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

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

(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 PERFORMANCE (CONTINUED)

Investment Management (Continued)

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 for the year ended December 31, 2021, as compared to RMB2,253.2 million for the year ended December 31, 2020.

SEGMENT PERFORMANCE (CONTINUED)

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 December 31, 2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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 asset management schemes.

SEGMENT PERFORMANCE (CONTINUED)

CR Securities (Continued)

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 December 31,			
	2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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 PERFORMANCE (CONTINUED)

Others (Continued)

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.

RESULTS OF OPERATIONS

Revenue and Net Investment Gains

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

	For the year ended December 31,			
	2021 RMB'000	2020 RMB'000	Change RMB'000	% of change
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 were 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.

RESULTS OF OPERATIONS (CONTINUED)

Revenue and Net Investment Gains (Continued)

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 10 to the consolidated financial statements for further details.

RESULTS OF OPERATIONS (CONTINUED)

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 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 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 CR Broking 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.

RESULTS OF OPERATIONS (CONTINUED)

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. See "Financial Highlights" on pages 12 to 13 for details of this non-IFRS measure.

CASH FLOWS

During the year ended December 31, 2021, we funded working capital and other capital requirements primarily from cash generated from our business operations. We have primarily used cash to fund our capital expenditures and working capital for our business expansion.

We generally deposit our excess cash in interest bearing bank accounts and current accounts and invest in investment-grade financial bonds, structured finance products and other cash management investments. As of December 31, 2021, we had aggregate cash and cash equivalents of RMB2,381.6 million. Excluding CR Securities, we had cash and cash equivalents of RMB2,271.9 million. Excluding CR Securities and cash held on behalf of customers under our sales and trading business, we had cash and cash equivalents, term deposits, pledged bank deposits, financial assets at fair value through profit or loss (current portion) and other financial assets (current portion) of RMB2,705.1 million.

Cash Flows from Operating Activities

Cash generated from operating activities consists primarily of our transaction and advisory fees, management fees, interest income and realized net investment gains received. Cash used in operating activities mainly comprises of investments in cash management products and contribution in the working capital. Cash flow from operating activities reflects: (i) profit before income tax adjusted for non-cash and non-operating items, such as depreciation of property and equipment, amortization of intangible assets, losses on disposal of property and equipment, change in fair value of call option, net investment gains, interest income, finance costs, investment income or loss arising from certain incidental and ancillary investments, gains on disposal of associates, impairment loss on investment in a joint venture, impairment losses under expected credit loss model, net of reversal, investment gains attributable to interest holders of consolidated structured entities, share of results of associates, share of results of a joint venture and share-based payment expense; (ii) the effects of movements in working capital, such as increase or decrease in accounts and other receivables, amounts due from related parties, amounts due to related parties, financial assets purchased under resale agreements, cash held on behalf of brokerage clients, accounts and other payables, financial assets sold under repurchase agreements, payable to brokerage clients and contract liabilities; (iii) increase or decrease in financial assets at fair value through profit or loss; and (iv) other cash items such as interest received and income tax paid.

CASH FLOWS (CONTINUED)

Cash Flows from Operating Activities (Continued)

For the year ended December 31, 2021, we had net cash generated from operating activities of RMB1,697.8 million, resulting from our profit before income tax of RMB1,855.9 million adjusted for non-cash and non-operating items of RMB1,469.1 million, income tax payment of RMB125.4 million, interest earned of RMB37.8 million and movements in working capital of RMB1,398.7 million. Movements in working capital primarily reflected: (i) a decrease of RMB1,830.7 million in accounts and other receivables in connection with our business operations, (ii) a decrease of RMB1,111.1 million in financial assets at fair value through profit or loss, (iii) an increase of RMB750.4 million in payable to brokerage clients, (iv) a decrease of RMB170.6 million in financial assets purchased under resale agreements, (v) an increase of RMB12.6 million in amounts due to related parties, (vi) an increase of RMB12.4 million in contract liabilities; and partially offset by (vii) a decrease of RMB1,463.9 million in accounts and other payables, (viii) an increase of RMB750.4 million in cash held on behalf of brokerage clients, (ix) a decrease of RMB270.2 million in financial assets sold under repurchase agreements, and (x) an increase of RMB4.6 million in amounts due from related parties.

For the year ended December 31, 2020, we had net cash generated from operating activities of RMB340.1 million, resulting from our profit before income tax of RMB1,160.4 million adjusted for non-cash and non-operating items of RMB943.0 million, income tax payment of RMB82.4 million, interest received of RMB52.6 million and movements in working capital of RMB152.5 million. Movements in working capital primarily reflected: (i) an increase of RMB1,415.7 million in accounts and other payables, (ii) an increase of RMB1,030.2 million in financial assets sold under repurchase agreements, (iii) a decrease of RMB225.1 million in cash held on behalf of brokerage clients, (iv) an increase of RMB18.6 million in contract liabilities; and partially offset by (v) an increase of RMB1,756.6 million in accounts and other receivables in connection with our business operations, (vi) an increase of RMB279.6 million in financial assets purchased under resale agreements, (vii) an increase of RMB274.1 million in financial assets at fair value through profit or loss, (viii) a decrease of RMB225.1 million in payable to brokerage clients, (ix) an increase of RMB1.5 million in amounts due from related parties, and (x) a decrease of RMB0.3 million in amounts due to related parties.

Cash Flows from Investing Activities

Cash outflows from investing activities primarily consist of our purchase of property and equipment, intangible assets, financial assets at fair value through profit or loss (non-current), financial bonds, term deposits, pledged bank deposits, investments in associates, loan receivables and other financial assets. Cash inflows from investing activities primarily consist of proceeds from disposal of financial bonds, maturity of term deposits, and repayment of loan receivables.

For the year ended December 31, 2021, net cash used in investing activities was RMB1,028.2 million, primarily due to (i) net cash outflows for the purchase of financial assets at fair value through profit or loss of RMB1,633.9 million, (ii) net cash outflows for the purchase of financial assets at fair value through other comprehensive income of RMB156.2 million, (iii) net placement of RMB61.2 million of term deposits, (iv) net placement of pledged bank deposits of RMB21.1 million; and partially offset by (v) net repayment of loan receivables of RMB575.0 million, (vi) proceeds from investments in associates of RMB192.4 million, and (vii) proceeds from other financial assets of RMB124.5 million.

For the year ended December 31, 2020, net cash used in investing activities was RMB521.4 million, primarily due to (i) net origination of loan receivables of RMB538.7 million, (ii) net cash outflows for the purchase of financial assets at fair value through profit or loss of RMB276.2 million, (iii) cash outflows for the purchase of financial assets at fair value through other comprehensive income of RMB248.1 million, (iv) investments in associates of RMB85.0 million, (v) outflows from disposal of subsidiaries of RMB47.3 million; and partially offset by (vi) net proceeds of RMB316.7 million from the maturity of term deposits, (vii) proceeds of pledged bank deposits of RMB248.2 million, and (viii) proceeds from other financial assets of RMB141.6 million.

CASH FLOWS (CONTINUED)

Cash Flows from Financing Activities

Financing activities primarily consist of issuances of ordinary shares for share option exercised, bank borrowings, structured notes, cash injection by third-party holders to consolidated structured entities, capital contribution from non-controlling shareholders, purchase of shares to be held under share award scheme, repurchase of shares, distribution of dividends to Shareholders and non-controlling shareholders, acquisition of additional equity interest from a non-controlling shareholder, repayment of lease liabilities, proceeds from or repayments of financial liabilities at fair value through profit or loss, and interest paid on the banking borrowings.

For the year ended December 31, 2021, net cash generated from financing activities was RMB1,117.3 million, primarily due to (i) net cash inflows from bank borrowings of RMB2,123.1 million, (ii) net cash inflows from structured notes of RMB159.0 million, (iii) cash injection by third-party holders to consolidated structured entities of RMB165.1 million, and partially offset by (iv) acquisition of RMB409.6 million of additional equity interest from a non-controlling shareholder, (v) repayments of RMB314.4 million of financial liabilities at fair value through profit or loss, (vi) cash repayment of RMB215.6 million to third-party holders of consolidated structured entities, (vii) payment of dividends to shareholders of RMB197.3 million, (viii) repayment of RMB53.2 million for the lease liabilities, (ix) payment of RMB65.1 million for the purchase of Shares to be held under share award scheme, and (x) payment of RMB34.7 million on repurchase of Shares.

For the year ended December 31, 2020, net cash used in financing activities was RMB95.7 million, primarily due to (i) payment of RMB147.9 million on repurchase of Shares, (ii) cash repayment of RMB111.1 million to third-party holders of consolidated structured entities, (iii) payment of dividends to shareholders of RMB79.9 million, (iv) repayment of RMB52.0 million for the lease liabilities, (v) net cash outflows from bank borrowings of RMB17.3 million, and partially offset by (vi) cash injection by third-party holders to consolidated structured entities of RMB176.0 million, and (vii) proceeds from financial liabilities at fair value through profit or loss of RMB125.1 million.

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.

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, of which over 86% were 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	—%
Total	737	100%

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries. As of December 31, 2021, 116 grantees held options granted under the ESOP and restricted shares under the RSU Plan which remained outstanding. The total remuneration expenses, including share-based payment expense, for the year ended December 31, 2021 were RMB1,099.3 million.

The Company has provided various training schemes to our employees, further details are disclosed in the “Environmental, Social and Governance Report” in this Annual Report.

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 Renminbi. 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
	RMB'000	RMB'000
Dividends to shareholders of the Company	**197,319**	79,896

The Board 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.

Details of the dividend policy adopted by the Company is set out in the section headed "Corporate Governance Report" of this Annual Report.

REPORT OF DIRECTORS

The Board of the Company is pleased to present this Report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2021.

DIRECTORS

The Directors who held office during the year ended December 31, 2021 and up to the date of this Annual Report are:

Executive Directors:

Mr. Bao Fan *(Chairman)*
Mr. Xie Yi Jing
Mr. Wang Lixing

Non-executive Directors:

Mr. Li Eric Xun
Mr. Liu Xing
Mr. Lin Ning David (Note 1)
Mr. Li Shujun (Note 2)

Independent non-executive Directors:

Ms. Yao Jue
Mr. Ye Junying
Mr. Zhao Yue

Notes:

1. Mr. Lin Ning David has been appointed as a non-executive Director with effect from August 24, 2021.

2. Due to Mr. Li Shujun's other business engagement which require more of his time and dedication, Mr. Li Shujun has resigned as a non-executive Director with effect from August 24, 2021.

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 54 to 59 in this Annual Report.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on July 13, 2011 as an exempted limited liability company under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on September 27, 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Analysis of the principal activities of the Group during the year ended December 31, 2021 is set out in Note 50 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business are set out in the section headed "Business Review" and "Management Discussion and Analysis" of this Annual Report. The Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Environmental, Social and Governance Report" of this Annual Report. These discussions form part of this Annual Report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After The Reporting Date" of "Other Information" in this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control:

- our businesses may be materially and adversely affected by general market and economic conditions in China and other jurisdictions where we operate;
- we are subject to risks associated with operating in the rapidly evolving new economy sectors;
- the financial services industry and all of the subsectors, in which we compete, are intensely competitive;
- our profitability may fluctuate and we may incur net loss in the future;
- our operations depend on key management and professional staff and our business may suffer if we are unable to recruit or retain them;
- we are exposed to the risk of harm to our reputation, which may have a material adverse effect on our business, results of operations and financial condition; and
- potential challenges stemming from macro and industry environments since 2020, especially challenges arising from subdued economic activities against COVID-19, which will likely slow down the revenue realization of investment banking projects.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. Details are set out in the section headed “Environmental, Social and Governance Report” in this Annual Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2021, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

CONNECTED TRANSACTIONS

The following are connected transactions entered into by the Group which are required to be disclosed in accordance with Chapter 14A of the Listing Rules and transactions of the Group which constituted continuing connected transactions for the Group for the year ended December 31, 2021.

CONNECTED TRANSACTIONS (CONTINUED)

During the year ended December 31, 2021, save as disclosed below, no other related party transactions disclosed in Note 45 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year under review.

Connected transactions

Set out below is a summary of the connected transactions of the Group entered into during the year ended December 31, 2021, which are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

1. *Partial Exercise of Call Option to acquire further equity interests in CR Securities*

   On August 31, 2021, CR Broking partially exercised the call option granted to it over certain portion of Enlight Holdings' equity interests in CR Securities by entering into an equity transfer agreement with Enlight Holdings, pursuant to which Enlight Holdings was required to transfer 15% equity interest in CR Securities to CR Broking at a total consideration of RMB409,571,172. Following completion of the transaction on October 29, 2021, CR Securities has become a 63.8326% consolidated non-wholly-owned subsidiary of the Company. Please see the Company's announcements dated August 31, 2021 and October 29, 2021 for further details.

2. *Loan Agreement*

   On December 23, 2021, Huagan Shanghai, Ms. Xin Xin and Ms. Zheng Yi entered into the loan agreement (the "**Loan Agreement**") in respect of a loan in the total sum of RMB350 million granted by Huagan Shanghai to Ms. Xin Xin and Ms. Zheng Yi (RMB175 million to each borrower). The loan will be used for the sole purpose of payment of the increased registered capital of Dazi Hualing. Following the Loan Agreement was entered into, the registered capital of Dazi Hualing was increased from RMB10 million to RMB360 million and each of Ms. Xin Xin and Ms. Zheng Yi will contribute the RMB175 million loaned to her under the Loan Agreement to the increased registered capital of Dazi Hualing. For details, please refer to the Company's announcement dated December 23, 2021.

3. *Go Perfect Deed of Gift*

   A deed of gift dated April 20, 2021 executed by the Company in favour of Go Perfect, an entity held by a trust whose beneficiaries include the Company's connected persons, pursuant to which the Company agreed to provide HK$40,001,908.94 (approximately RMB33,528,000) as a gift for the benefit of the Go Perfect Trust Scheme to purchase existing Shares on-market for satisfaction of any future awards that may be granted pursuant to the RSU Plan. Please see the Company's announcement dated April 1, 2021 for further details.

4. *Sky Allies Deed of Gift*

   A deed of gift dated April 20, 2021 executed by the Company in favour of Sky Allies, an entity controlled by a trustee that is accustomed to take instructions from Mr. Bao, pursuant to which the Company agreed to provide HK$30,001,431.71 (approximately RMB25,146,000) as a gift for the benefit of the Sky Allies Trust Scheme to purchase existing Shares on-market for satisfaction of any future awards that may be granted pursuant to the RSU Plan. Please see the Company's announcement dated April 1, 2021 for further details.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions

Non-exempt continuing connected transactions

Set out below is a summary of the continuing connected transactions of the Group, which are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. *Carried Interest Distribution Framework Agreement*

   Background

   We incentivize the personnel of our investment funds by sharing carried interest to be distributed from the general partners of the investment funds. Thus, on June 15, 2018 (as amended and restated on September 11, 2018), the Company, Huagan Shanghai (a wholly-owned subsidiary), CR Investments Corporation (a wholly-owned subsidiary), our Consolidated Affiliated Entities (being the ultimate general partners of the relevant funds) and the Connected Investment Team Members (as defined below), entered into the Carried Interest Distribution Framework Agreement.

   The Carried Interest Distribution Framework Agreement governs the distribution of carried interest to designated personnel of 22 of our investment funds from which we derive income from carried interest. Recipients of such distribution of carried interest may include connected persons of the Company (the "**Connected Investment Team Members**", including, as of 31 December 2021, Mr. Bao (our Director), Mr. Du Yongbo (our former Director who resigned on August 22, 2020), Mr. Wang Xinwei (a substantial shareholder of certain subsidiaries of the Group), FBH Partners Limited (an associate of Mr. Bao), CRP Holdings Limited (an associate of Mr. Bao), Running Goal Limited (an associate of Mr. Bao), High Fortune Investments Limited (an associate of Mr. Wang Xinwei) and Ever Perfect Investments Limited (an associate of Mr. Du Yongbo). The term of the Carried Interest Distribution Framework Agreement commenced on the date of the agreement and shall end on December 31, 2030.

   Pursuant to the Carried Interest Distribution Framework Agreement, certain employees or directors of members of the Group as well as our external consultants who are our former employees and independent third parties responsible for managing the 22 relevant investment funds may, by virtue of their limited partner interests in the general partners of our investment funds (which include any of Huagan Shanghai or its subsidiaries, CR Investments Corporation or its subsidiaries, or any of the Consolidated Affiliated Entities or their respective subsidiaries), receive distributions of carried interest for their contribution to the management and operation of the investment funds after such general partners receive their carried interest.

   As disclosed in the Prospectus, we consider that it would be unsuitable to adopt monetary annual caps for the Carried Interest Distribution Framework Agreement. We expect to retain at least 25% of the distributable carried interest for each of the 22 relevant investment funds.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

1. *Carried Interest Distribution Framework Agreement (Continued)*

Background (Continued)

For the year ended December 31, 2021, carried interest in the total amount of RMB28,814,682 was received by the general partner of the relevant investment funds as set out below:

Name of relevant investment funds	Amount of carried interest received by the general partner of the fund (RMB)
Huaxing Growth Capital USD Fund I	4,124,221
Project fund(s)	24,690,461

For the year ended December 31, 2021, (i) carried interest in the total amount of RMB1,031,220 received by the general partner of Huaxing Growth Capital USD Fund I was distributed to the Group; and (ii) carried interest in the total amount of RMB1,153,338 received by the general partner of Huaxing Growth Capital USD Fund I was distributed to the Connected Investment Team Members as set out below:

Name of Connected Investment Team Member	Amount of carried interest distributed to the relevant Connected Investment Team Member (RMB)
FBH Partners Limited (as associate of Mr. Bao)	969,192
High Fortune Investments Limited (an associate of Mr. Wang Xinwei)	184,146

For the year ended December 31, 2021, (i) carried interest in the total amount of RMB15,890,805 received by the general partner of relevant project funds was distributed to the Group; and (ii) carried interest in the total amount of RMB5,770,503 received by the general partner of the relevant project funds was distributed to the Connected Investment Team Members as set out below:

Name of Connected Investment Team Member	Amount of carried interest distributed to the relevant Connected Investment Team Member (RMB)
FBH Partners Limited (as associate of Mr. Bao)	5,167,586
High Fortune Investments Limited (an associate of Mr. Wang Xinwei)	602,917

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

1. *Carried Interest Distribution Framework Agreement (Continued)*

Background (Continued)

For the year ended December 31, 2021, there were no carried interest distribution arrangements entered into under the Carried Interest Distribution Framework Agreement.

Further details of the Carried Interest Distribution Framework Agreement are set out in the Prospectus.

Confirmation from independent non-executive Directors

The Company's independent non-executive Directors have reviewed the Carried Interest Distribution Framework Agreement, and confirmed the Carried Interest Distribution Framework Agreement has been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Conclusions from the Company's independent Auditor

The Auditor of the Company has confirmed in a letter to the Board that, with respect to the Carried Interest Distribution Framework Agreement entered into by the Group, for the year ended December 31, 2021:

(a) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the Auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) nothing has come to their attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements*

Background to the Contractual Arrangements

Our Consolidated Affiliated Entities are held by their respective registered shareholders (the "**Registered Owners**"). As of December 31, 2021, (i) the Registered Owners with respect to Shanghai Quanyuan and Dazi Huashi were Mr. Du Yongbo ("**Mr. Du**"), our former director who is now a senior management, and Mr. Wang Xinwei ("**Mr. Wang**"), a substantial shareholders of certain subsidiaries of our Group; and (ii) the Registered Owners with respect to Dazi Hualing and Dazi Huafeng, were Ms. Xin Xin ("**Ms. Xin**"), the Group's Head of CEO Office and Ms. Zheng Yi, the Group's Financial Controller ("**Ms. Zheng**").

One of our core businesses is investment management which we engage in through managing private equity investments funds including RMB denominated funds (as well as the legal entities of these RMB denominated funds, together the "**RMB Funds**") in China. Many of our RMB Funds primarily invest in innovative and emerging businesses, the underlying investee companies of which are subject to foreign investment restrictions and/or prohibitions in China (the "**FI Restrictions**") under the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the PRC National People's Congress and became effective on January 1, 2020 (the "**FIL**") and the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2021 Version)(《外商投資准入特別管理措施 (負面清單) (2021年版) 》) (the "**2021 Negative List**") jointly promulgated by National Development and Reform Commission of China (中華人民共和國國家發展和改革委員會) ("**NDRC**") and the Ministry of Commerce of the People's Republic of China (中華人民共和國商務部) ("**MOFCOM**") and became effective on January 1, 2022, whilst a limited number of these RMB Funds invest in investee companies whose businesses are not subject to FI Restrictions. We derive our investment management revenue primarily from two sources, namely collection of management fees and carried interest from the investment funds.

The investment fund management entities currently are not subject to the FI Restrictions, and therefore our equity interests in all of our current and future investment fund management entities for our RMB Funds that we control are and will be held by Huagan Shanghai (or its wholly owned subsidiaries) unless there is any change to the FI Restrictions.

We collect carried interest from the general partners of our RMB Funds. In the private equity investment fund industry, to ensure compliance with applicable PRC laws and regulations and to conform with the industry practice, the investee companies usually adopt a "look-through" approach in determining eligibility of their investors when they engage in businesses subject to FI Restrictions (in the case of investors which are limited partnerships, the investee companies will assess the shareholders of both general partners and limited partners). As such, given the Company's RMB Funds primarily invest in new economy companies involved in innovative and emerging businesses, many of which are subject to FI Restrictions, we control the general partners of these RMB Funds through the Contractual Arrangements at the time of their establishment.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

Background to the Contractual Arrangements (Continued)

We also have certain strategic investments (either in the capacity of limited partner in private equity funds managed by third parties, or other minority investments) in businesses that are subject to the FI Restrictions and are currently held through the Contractual Arrangements.

In order to comply with the PRC laws and regulations to the extent practicable, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we entered into the Existing Contractual Arrangements and the 2021 Terminated Contractual Arrangements. Further, on December 23, 2021, Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing entered into the 2021 New Contractual Arrangements, and the Contractual Arrangements (other than the exclusive business cooperation agreement) relating to Dazi Hualing were terminated concurrently (the "**2021 Terminated Contractual Arrangements**"). The 2021 New Contractual Arrangements, which have terms and conditions substantially the same as those of the 2021 Terminated Contractual Arrangements are a reproduction of the 2021 Terminated Contractual Arrangements) save for numerical amounts of the new registered capital of Dazi Hualing and other corresponding changes. Pursuant to the Contractual Arrangements:

(i) the general partners of our RMB Funds (the underlying investee companies of which primarily operate in industries that are subject to the FI Restrictions) are owned by our Consolidated Affiliated Entities;

(ii) Huagan Shanghai acquired effective control over our Consolidated Affiliated Entities and has been entitled to the economic benefits derived from the collection of carried interest by those entities and attributable to the Group in the capacity as general partners of such RMB Funds; and

(iii) our strategic investments (either in the capacity of limited partner in private equity funds managed by third parties, or other minority investments) that are subject to the FI Restrictions are and will be held by our Consolidated Affiliated Entities.

PRC Laws and Regulations Relating to Foreign Ownership Restrictions

Foreign investment activities in China are mainly governed by the FIL, the Encouraged Industry Catalogue for Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄 (2020年版)》) (the "**2020 Encouraged Catalogue**") jointly promulgated by the NDRC and the MOFCOM and became effective January 27, 2021 and the 2021 Negative List, which have been promulgated and amended from time to time. The FIL, the 2020 Encouraged Catalogue and the 2021 Negative List divide industries into four categories in terms of foreign investment, namely "encouraged", "restricted" and "prohibited", and all industries not listed under any of these categories are deemed to be "permitted". As confirmed by our PRC Legal Adviser, certain investees of our RMB Funds engage in restricted industries and/or prohibited industries including but not limited to internet information services, value-added telecommunication business, internet audio-visual program services and internet publication service.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. Contractual Arrangements (Continued)

PRC Laws and Regulations Relating to Foreign Ownership Restrictions (Continued)

The Company's PRC Legal Adviser has opined that it would be impossible to obtain assurance from the competent PRC governmental authorities as to the restrictions applicable to the funds management entities because the PRC governmental authorities regulating the investees of the Group's RMB Funds do not regulate the Group's RMB Fund business. As a result, such governmental authorities are not the competent authorities for the purpose of the Group's RMB Funds business and hence are not in a position to opine on the Group's Contractual Arrangements. On the other hand, private equity investment funds as well as investment fund managers are not subject to the FI Restrictions and hence the registration authority, being the Asset Management Association of China, is not in a position to opine on the Group's Contractual Arrangements. Notwithstanding the above, our PRC Legal Adviser is of the view that the possibility of the relevant PRC governmental authorities of all investees concluding that contractual arrangement not being in compliance with applicable PRC laws and regulations, either separately or at the same time, is extremely low.

Due to the regulatory restrictions stated above, we cannot directly hold equity interests in the Consolidated Affiliated Entities, which are, or control entities which act as, general partners of our RMB Funds whose investees are engaging in businesses subject to the FI Restrictions.

Further details of the limitations on foreign ownership in PRC companies under PRC laws and regulations are set out in the sections headed "Contractual Arrangements" and "Regulations" in the Prospectus.

Risks relating to the Contractual Arrangements

The Company believes the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 59 to 66 of the Prospectus.

- Substantial uncertainties exist with respect to the PRC foreign investment legal regime and how it may impact the viability of our current corporate structure, corporate governance and business operations;

- if the PRC government finds that the Contractual Arrangements that establish the structure for operating certain of our businesses in China do not comply with applicable PRC governmental restrictions on foreign investment in these businesses, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations;

- we rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders for certain of our business operations in China, which may not be as effective in providing operational control or enabling us to derive economic benefits as through ownership of controlling equity interest;

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. Contractual Arrangements (Continued)

Risks relating to the Contractual Arrangements (Continued)

- the shareholders of our Consolidated Affiliated Entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition;

- Contractual Arrangements with our Consolidated Affiliated Entities and our principal shareholders may be subject to scrutiny by the PRC tax authorities and may result in a finding that we and our Consolidated Affiliated Entities owe additional taxes or are ineligible for tax exemption, or both, which could substantially increase our taxes owed and thereby reduce our net income;

- the Contractual Arrangements may be considered by PRC tax authorities to require transfer pricing adjustments;

- if we were required to obtain the prior approval of MOFCOM for or in connection with our corporate restructuring, our failure to do so may have a material adverse effect on our business;

- we conduct our business operation in China through our Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws and our ability to enforce the Contractual Arrangements between us and the variable interest entity's shareholders may be subject to limitations based on PRC laws and regulations; and

- our ability to acquire the entire equity interest of our Consolidated Affiliated Entities is subject to restrictions.

Contractual Arrangements in Place

The Contractual Arrangements that were in place during the year ended December 31, 2021 are as follows:

Existing Contractual Arrangements

(a) amended and restated exclusive call option agreements dated April 25, 2018 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Dazi Huashi pursuant to which Mr. Du and Mr. Wang agreed to grant Huagan Shanghai an exclusive option to purchase (or through its designated person(s) to purchase) from them all or part of their equity interests in Dazi Huashi;

(b) second amended and restated exclusive call option agreements dated January 31, 2019 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Shanghai Quanyuan pursuant to which Mr. Du and Mr. Wang agreed to grant Huagan Shanghai an exclusive option to purchase (or through its designated person(s) to purchase) from them all or part of their equity interests in Shanghai Quanyuan;

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

Contractual Arrangements in Place (Continued)

Existing Contractual Arrangements (Continued)

(c) second amended and restated exclusive call option agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Huafeng, pursuant to which Ms. Xin and Ms. Zheng agreed to grant Huagan Shanghai an exclusive option to purchase (or through its designated person(s) to purchase) from them all or part of their equity interests in Dazi Huafeng;

(d) amended and restated exclusive business cooperation agreements dated April 25, 2018 entered into between Huagan Shanghai and each of the Consolidated Affiliated Entities, pursuant to which each of the Consolidated Affiliated Entities agreed to engage Huagan Shanghai as the exclusive service provider to provide each of the Consolidated Affiliated Entities with investment consultancy, financial consultancy, commercial consultancy, marketing information consultancy, technology consultancy and other services in return for service fees;

(e) amended and restated equity pledge agreements dated April 25, 2018 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Dazi Huashi, pursuant to which Mr. Du and Mr. Wang agreed to pledge all of their existing and future equity interests in Dazi Huashi to Huagan Shanghai;

(f) second amended and restated equity pledge agreements dated January 31, 2019 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Shanghai Quanyuan, pursuant to which Mr. Du and Mr. Wang agreed to pledge all of their existing and future equity interests in Shanghai Quanyuan to Huagan Shanghai;

(g) second amended and restated equity pledge agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Huafeng, pursuant to which Ms. Xin and Ms. Zheng agreed to pledge all of their existing and future equity interests in Dazi Huafeng to Huagan Shanghai;

(h) amended and restated proxy agreements dated April 25, 2018 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Dazi Huashi, pursuant to which Mr. Du and Mr. Wang agreed to, among other things, irrevocably authorize Huagan Shanghai or its designated person(s) to exercise all of their rights as shareholders of Dazi Huashi;

(i) second amended and restated proxy agreements dated January 31, 2019 entered into between Huagan Shanghai, Mr. Du, Mr. Wang and Shanghai Quanyuan, pursuant to which Mr. Du and Mr. Wang agreed to, among other things, irrevocably authorize Huagan Shanghai or its designated person(s) to exercise all of their rights as shareholders of Shanghai Quanyuan;

(j) second amended and restated proxy agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Huafeng, pursuant to which Mr. Xin and Ms. Zheng agreed to, among other things, irrevocably authorize Huagan Shanghai or its designated person(s) to exercise all of their rights as shareholders of Dazi Huafeng;

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

Contractual Arrangements in Place (Continued)

Existing Contractual Arrangements (Continued)

(k) powers of attorney dated April 25, 2018 made by each of Mr. Du and Mr. Wang, pursuant to which each of Mr. Du and Mr. Wang agreed to, among other things, authorize Huagan Shanghai or its designee(s) to represent each of them respectively to exercise all of their rights as shareholder of Dazi Huashi;

(l) powers of attorney dated January 31, 2019 made by each of Mr. Du and Mr. Wang, pursuant to which each of Mr. Du and Mr. Wang agreed to, among other things, authorize Huagan Shanghai or its designee(s) to represent each of them respectively to exercise all of their rights as shareholder of Shanghai Quanyuan;

(m) powers of attorney dated June 15, 2020 made by each of Ms. Xin, Ms. Zheng, pursuant to which each of Ms. Xin, Ms. Zheng agreed to, among other things, authorize Huagan Shanghai or its designee(s) to represent each of them respectively to exercise all of their rights as shareholders of Dazi Huafeng;

(n) spouse undertakings dated April 25, 2018 made by the spouses of Mr. Du and Mr. Wang, pursuant to which they each, among other things, irrevocably undertook to refrain from claiming any interests or rights in the equity interests of Mr. Du and Mr. Wang in Dazi Huashi respectively;

(o) spouse undertakings dated January 31, 2019 made by the spouses of Mr. Du and Mr. Wang, pursuant to which they each, among other things, irrevocably undertook to refrain from claiming any interests or rights in the equity interests of each of Mr. Du and Mr. Wang in Shanghai Quanyuan respectively; and

(p) spouse undertaking dated June 15, 2020 entered into by the spouse of Ms. Xin pursuant to which the spouse of Ms. Xin, among other things, irrevocably undertook to refrain from claiming any interests or rights in the equity interests of Ms. Xin in Dazi Huafeng.

2021 Terminated Contractual Arrangements (terminated on December 23, 2021)

(a) second amended and restated exclusive call option agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Ms. Xin and Ms. Zheng agreed to grant Huagan Shanghai an exclusive option to purchase (or through its designated person(s) to purchase) from them all or part of their equity interests in Dazi Hualing;

(b) second amended and restated proxy agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Mr. Xin and Ms. Zheng agreed to, among other things, irrevocably authorize Huagan Shanghai or its designated person(s) to exercise all of their rights as shareholders of Dazi Hualing;

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

   2021 Terminated Contractual Arrangements (terminated on December 23, 2021) (Continued)

   (c) second amended and restated equity pledge agreements dated June 15, 2020 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Ms. Xin and Ms. Zheng agreed to pledge all of their existing and future equity interests in Dazi Hualiing to Huagan Shanghai;

   (d) powers of attorney dated June 15, 2020 made by each of Ms. Xin, Ms. Zheng, pursuant to which each of Ms. Xin, Ms. Zheng agreed to, among other things, authorize Huagan Shanghai or its designee(s) to represent each of them respectively to exercise all of their rights as shareholders of Dazi Hualing; and

   (e) spouse undertaking dated June 15, 2020 entered into by the spouse of Ms. Xin pursuant to which the spouse of Ms. Xin, among other things, irrevocably undertook to refrain from claiming any interests or rights in the equity interests of Ms. Xin in Dazi Hualing.

   2021 New Contractual Arrangements

   (a) third amended and restated exclusive call option agreement dated December 23, 2021 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Ms. Xin and Ms. Zheng agreed to grant Huagan Shanghai an exclusive option to purchase (or through its designated person(s) to purchase) from them all or part of their equity interests in Dazi Hualing;

   (b) third amended and restated proxy agreement dated December 23, 2021 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Mr. Xin and Ms. Zheng agreed to, among other things, irrevocably authorize Huagan Shanghai or its designated person(s) to exercise all of their rights as shareholders of Dazi Hualing;

   (c) third amended and restated equity pledge agreement dated December 23, 2021 entered into between Huagan Shanghai, Ms. Xin, Ms. Zheng and Dazi Hualing, pursuant to which Ms. Xin and Ms. Zheng agreed to pledge all of their existing and future equity interests in Dazi Hualiing to Huagan Shanghai;

   (d) powers of attorney dated December 23, 2021 made by each of Ms. Xin, Ms. Zheng, pursuant to which each of Ms. Xin, Ms. Zheng agreed to, among other things, authorize Huagan Shanghai or its designee(s) to represent each of them respectively to exercise all of their rights as shareholders of Dazi Hualing; and

   (e) spouse undertaking dated December 23, 2021 entered into by the spouse of Ms. Xin pursuant to which the spouse of Ms. Xin, among other things, irrevocably undertook to refrain from claiming any interests or rights in the equity interests of Ms. Xin in Dazi Hualing.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

2021 New Contractual Arrangements (Continued)

Apart from the above, there were no other new Contractual Arrangements entered into, renewed or reproduced during the financial year ended December 31, 2021. Save as disclosed above, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2021.

The Board has reviewed the overall performance of the Contractual Arrangements and confirmed the strict compliance with relevant requirements under the Listing Rules and the waiver granted by the Stock Exchange upon the listing of the Company.

For the year ended December 31, 2021, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

The total revenue and net assets of the Consolidated Affiliated Entities that are subject to the Contractual Arrangements amounted to approximately RMB3.6 million for the year ended 31 December 31, 2021 and approximately RMB533.2 million as at 31 December 2021, respectively.

The Company has been advised by its PRC Legal Adviser that the Contractual Arrangements do not violate the currently effective and applicable PRC regulations.

Mitigation actions taken by the Company

The Company's management works closely with its external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 207 to 212 of the Prospectus.

Listing Rule Implications and Waiver

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the Contractual Arrangements are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, the Stock Exchange has granted the Company a waiver from strict compliance with: (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting an annual cap for the Contractual Arrangements; and (iii) limiting the term of the Contractual Arrangements.

CONNECTED TRANSACTIONS (CONTINUED)

Continuing connected transactions (Continued)

Non-exempt continuing connected transactions (Continued)

2. *Contractual Arrangements (Continued)*

   The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction (Continued)

   Confirmation from independent non-executive Directors

   The Company's independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that: (i) the transactions carried out during year ended December 31, 2021 have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2021; (iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2021 other than the ones disclosed above; (iv) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group; (v) the Contractual Arrangements have been entered into on normal commercial terms or better; and (vi) the Contractual Arrangements have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

   Conclusions from the Company's independent Auditor

   The Auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid Contractual Arrangements entered into in the year ended December 31, 2021:

   (a) nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

   (b) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the Auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

   (c) nothing has come to their attention that causes the Auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

   (d) with respect to the Contractual Arrangements, nothing has come to their attention that causes the Auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap (if any) as set by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

Our major clients include (i) emerging startup and high-growth China-based companies with respect to our private placement and M&A advisory services, (ii) mature China-based companies, institutional secondary equity investors, and high-net-worth individuals with respect to our equity underwriting, sales, trading, brokerage, and research services, (iii) international and domestic institutional clients and high-net-worth individuals with respect to our private equity operations; and (iv) private equity funds managed by our Group.

For the year ended December 31, 2021, the revenue amounts from the Group's five largest customers accounted for 29.8% (2020: 26.6%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 13.5% (2020: 6.5%) of the Group's total revenue.

Among our five largest customers for the year ended December 31, 2021, three of them are private equity funds managed by the subsidiaries of our Group, and the subsidiaries of our Group have interest in these funds as general partner (approximately 1.75%, 1% and 3.35%). Mr. Bao is indirectly interested in one of the three funds which are among our five largest customers by virtue of his approximately 5% indirect interest in the general partner of such fund and approximately 0.83% indirect interest in such fund. The other one of the five largest customers of the Company for the year ended 31 December 2021 is an investment banking client of the Group, in which Mr. Bao indirectly holds no more than 0.0355% financial interest through his minority interest in Mega Glory Investment Limited.

Save as disclosed above and except Mr. Liu Xing and Ms. Yao Jue[(1)], none of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, own more than 5% of the Company's issued capital, had any interest in any of the Group's five largest customers during the Reporting Period.

Note:

(1) Each of Mr. Bao Fan, Mr. Liu Xing and Ms. Yao Jue has declared to the Company their minority interests in the listed securities of one of the Group's five largest customers. The declared interests are not considered to affect Ms. Yao Jue's independence as an independent non-executive director of the Company under Rule 3.13 of the Listing Rules.

The Group has no major suppliers due to the nature of our business. For the year ended December 31, 2021, purchases from the Group's five largest suppliers accounted for approximately 22.5% (2020: 24.4%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended December 31, 2021 accounted for approximately 8.7% (2020: 9.2%) of the Group's total purchase amount for the same year.

Save as disclosed above, none of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, own more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

During the year ended December 31, 2021, the Group did not experience any significant disputes with its customers or suppliers.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out in the table below. This summary does not form part of the audited consolidated financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the years ended December 31,				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(restated)	(restated)	(restated)
Total revenue	**1,744,483**	1,589,274	1,304,050	1,398,825	939,969
Total revenue and net investment gains	**2,504,011**	2,731,446	1,621,737	1,577,846	1,003,704
Total operating expenses	**(1,641,207)**	(1,606,064)	(1,183,722)	(1,209,310)	(988,801)
Operating profit	**862,804**	1,125,382	438,015	368,536	14,903
Profit (loss) for the year	**1,645,385**	1,024,257	310,255	(1,651,487)	(91,057)
Profit (loss) for the year attributable to owners of the Company	**1,624,362**	1,037,752	246,778	(1,619,391)	221
Subtotal before adjustments relating to carried interest	**842,895**	1,085,917	322,374	319,010	232,405
Non-IFRS Measure: Adjusted net profit attributable to owners of the Company (unaudited)	**585,902**	2,176,128	463,302	446,451	391,752

Condensed Consolidated Statement of Financial Position

	As at December 31,				
	2021	2020	2019	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**7,708,905**	8,528,536	6,789,658	5,495,738	3,740,439
Current liabilities	**4,457,356**	5,012,755	2,740,376	895,533	557,653
Net current assets	**3,251,549**	3,515,781	4,049,282	4,600,205	3,182,786
Non-current assets	**6,455,261**	4,008,793	2,720,772	1,820,019	1,116,856
Non-current liabilities	**1,799,295**	142,596	97,909	26,483	2,728,239
NET ASSETS	**7,907,515**	7,381,978	6,672,145	6,393,741	1,571,403
Equity attributable to the owners of the Company	**6,826,032**	5,895,842	5,159,105	4,938,841	75,015
Non-controlling interest	**1,081,483**	1,486,136	1,513,040	1,454,900	1,496,388
CAPITAL AND RESERVES	**7,907,515**	7,381,978	6,672,145	6,393,741	1,571,403

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their respective holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 50 to the consolidated financial statements.

FURNITURE AND EQUIPMENT

Details of movements in the furniture and equipment of the Company and the Group during the year ended December 31, 2021 are set out in Note 18 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2021 and details of the Shares issued during the year ended December 31, 2021 are set out in the section headed "Other Information — Purchase, Sale or Redemption of the Company's Listed Securities" of this Annual Report and in Note 40 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this Annual Report, the Company has maintained the public float as required under the Listing Rules.

DONATION

During the year ended December 31 2021, the Group made charitable donations of approximately RMB0.7 million (2020: RMB5.2 million).

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2021.

EQUITY-LINKED AGREEMENTS

Save for share option schemes as set out in this Annual Report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2021.

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, 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.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2021. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended December 31, 2021 are set out in the section of consolidated statement of changes in equity on page 125 and Note 52 in the consolidated financial statements respectively. The distributable reserves of the Company as at December 31, 2021 were RMB3,213.8 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2021 are set out in the section headed "Management Discussion and Analysis" in this Annual Report and Note 36 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Bao and Mr. Xie Yi Jing, as the executive Directors of the Company, has entered into a service contract with the Company for an initial term of three years with effect from the date of their respective appointment or until the third annual general meeting of the Company since the Listing Date (whichever is sooner). Mr. Wang Lixing, as the executive Director of the Company, has entered into a service contract with the Company for an initial term of three years with effect from August 22, 2020 or until the third annual general meeting of the Company since August 22, 2020 (whichever is sooner). Subject to re-election as and when required under the Articles of Association, and the terms and conditions specified in the service contracts, their appointment under the service contracts shall be automatically renewed for successive periods of three years.

DIRECTORS' SERVICE CONTRACTS (CONTINUED)

Mr. Li Eric Xun, as the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years after or until the third annual general meeting of the Company after the Listing Date (whichever is sooner). On June 15, 2021, Mr. Li Eric Xun has signed an extension letter with the Company pursuant to which the term of his appointment has been renewed for a further three years from June 15, 2021. Mr. Liu Xing, as the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years with effect from June 11, 2020 or until the third annual general meeting of the Company since June 11, 2020 (whichever is sooner). Mr. Lin Ning David, as the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years with effect from August 24, 2021.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years from September 14, 2018 or until the third annual general meeting of the Company since the Listing Date (whichever is sooner). In June 2021, each of the independent non-executive Directors signed an extension letter with the Company pursuant to which the term of their appointment has been renewed for a further period of three years from June 30, 2021.

None of the Directors proposed for re-election at the annual general meeting has a service contract with members of the Group that is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Report of Directors" above and "Other Information" below of this Annual Report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2021.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

A Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of directors and the five highest paid individuals are set out in Note 15 to the consolidated financial statements.

Except Mr. Ye Junying who voluntarily agreed to waive his director's fee entitlement as independent non-executive Director effective on April 1, 2021, none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save for the disclosure under the section headed "Connected Transactions" in the Prospectus and this Annual Report, no contract of significance (including for the provision of services to the Group) has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended December 31, 2021.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2021.

AUDITOR

The Shares were listed on the Stock Exchange on September 27, 2018, and there has been no change in auditor since the Listing Date. The consolidated financial statements for the year ended December 31, 2021 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, who are proposed for reappointment at the forthcoming annual general meeting.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO LISTING RULES

On May 26, 2021, the Company as borrower entered into a facility agreement (the "**Facility Agreement**") with Bank of Communications (Hong Kong) Limited as mandated lead arranger and bookrunner, a syndicate of banks as lenders including but not limited to China CITIC Bank International Limited, China Merchants Bank Co., Ltd., Hong Kong Branch, Bank of China Limited Macau Branch, Hua Xia Bank Co., Limited Hong Kong Branch, Nanyang Commercial Bank, Limited, Luso International Banking Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, among others, for a syndicated term loan in the total principal amount of up to US$300,000,000 (the "**Facilities**"). The Facilities have a final repayment date falling 36 months from the first drawdown date.

As provided in the Facility Agreement, it is one of the events allowing the majority lenders to cancel their commitments and require immediate mandatory prepayment of all the outstanding loans under the Facilities if Mr. Bao Fan, the Chief Executive Officer, Chairman of the Board and our controlling shareholder, ceases to (i) remain as the single largest shareholder (directly or indirectly) of the Company; or (ii) remain as the Chairman of the Board.

The above undertakings contain covenants relating to specific performance of the controlling shareholders of the Company which are subject to disclosure under Rule 13.21 of the Listing Rules. For details, please refer to the Company's announcement dated May 26, 2021.

Save as disclosed above, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On behalf of the Board
Bao Fan
Chairman

Hong Kong
March 30, 2022

DIRECTORS AND SENIOR MANAGEMENT

The Board consists of three executive Directors, three non-executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. Bao Fan (包凡), aged 51, is our Founder. He is also an executive Director of our Company, and the Chief Executive Officer and Chairman of our Group. Mr. Bao is responsible for our Group's overall strategic planning and business direction. He has been the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from September 14, 2018. He is also currently the chairman of the Executive Committee of the Company. Prior to founding our Group in December 2005, Mr. Bao was the chief strategy officer of AsiaInfo Holdings, Inc., a Chinese IT and software service provider previously listed on Nasdaq with stock code ASIA, from October 2000 to October 2004. Prior to that, Mr. Bao was an investment banker, having served first as an analyst, then as an associate at Morgan Stanley[(1)] and Credit Suisse[(2)] between July 1994 and May 2000.

Mr. Bao attended Fudan University studying English literature from September 1989 to August 1990, and thereafter went abroad to pursue further studies. He received his master's degree in business and economics from the BI Norwegian School of Management in June 1995. Mr. Bao also obtained the PRC securities company director chairman professional qualification (證券公司董事長類人員任職資格) issued by the Shanghai Bureau of the CSRC in September 2016.

Mr. Bao is a director of certain subsidiaries of our Company. He was an independent director of KE Holdings Inc. (NYSE Ticker: BEKE) from December 2018 to March 2021. He was also a director of Hero Entertainment Co., Ltd ("英雄互娛科技股份有限公司"), whose shares are listed on the PRC National Equities Exchange on Quotations with stock code 430127 from February 2018 to February 2021.

Mr. Xie Yi Jing (謝屹璟), aged 51, is a Founder of our Group, an executive Director of our Company, the managing director, co-head of investment banking division and head of healthcare division of our Group. Since joining our Group in December 2005, Mr. Xie has held various senior positions, including the managing director of the financial sponsor team. Since March 2015, he serves as the head of healthcare, responsible for overseeing the financial advisory business of the healthcare sector of the Group. Prior to founding our Group, Mr. Xie worked at Credit Suisse[(2)] from January 1998 to July 2005, with his last position serving as vice president of its investment banking division. Mr. Xie is currently the chairman of the Environmental, Social and Governance Committee and a member of the Executive Committee of the Company.

Mr. Xie received his bachelor's degree with honors in economics from the University of Sydney in April 1998. Mr. Xie is a director of certain subsidiaries of our Company. During the past three years, Mr. Xie has not been a director of any other listed companies.

Mr. Wang Lixing (王力行), aged 41, is an executive Director of our Company and the managing director, co-head of investment banking division of our Group. Mr. Wang started his investment banking career with the Group in July 2007. From July 2007 to December 2015, he served as analyst, associate, vice president of the TME Group division, director of the corporate finance group division, managing director of the corporate finance group division. From January 2016 to December 2018, he served as head of advisory of our Group, before serving as his current role since January 2019. Mr. Wang is currently a member of the Executive Committee of the Company.

Mr. Wang received his bachelor's degree in automotive engineering in July 2002 and his master's degree in information and communication engineering in July 2007, both from Tsinghua University. During the past three years, Mr. Wang has not been a director of any other listed companies.

DIRECTORS (CONTINUED)

Non-executive Directors

Mr. Li Eric Xun (李世默), aged 53, is a non-executive Director of our Company, responsible for providing professional opinion and judgment to our Board. He is the founding and managing partner of Chengwei Capital, a venture capital firm established in 2000 that focuses on investments in a variety of business sectors including TMT, software, education, consumer and manufacturing, healthcare and media.

Mr. Li received his bachelor of arts degree from the University of California at Berkeley in August 1990 and his master of business administration degree from The Leland Stanford Junior University in June 1995. During the past three years, Mr. Li has not been a director of any other listed companies.

Mr. Liu Xing (劉星), aged 50, is a non-executive director of the Company, responsible for providing professional opinion and judgment to the Board. He is a partner of Sequoia Capital China, which he joined in May 2007.

Mr. Liu received an MBA degree from The Wharton School of the University of Pennsylvania in May 2004, a master's degree in computer engineering from Syracuse University in December 1995, and a bachelor's degree in management information systems from Fudan University in July 1992.

Mr. Liu has been a non-executive director of ZTO Express (Cayman) Inc. (NYSE Ticker: ZTO; SEHK stock code: 2057) since May 2013 and an independent non-executive director of Vipshop Holdings Limited (NYSE Ticker: VIPS) since January 2011.

Mr. LIN Ning David (林寧), aged 52, has been appointed as a non-executive director of the Company with effect from August 24, 2021. He is a partner of Trustbridge Partners, which he joined in June 2008. Prior to joining Trustbridge, Mr. Lin was a partner with Orrick, Herrington & Sutcliffe based in Hong Kong. Previously, Mr. Lin practiced law at O'Melveny & Myers, Debevoise & Plimpton and Skadden Arps.

Mr. Lin receives a bachelor's degree in Mathematics and Electrical Engineering from the University of Minnesota in 1992, a master's degree in Electrical Engineering from Stanford University in 1995 and a juris doctor degree from New York University School of Law in 1999. During the past three years, Mr. Lin has not been a director of any other listed companies.

DIRECTORS (CONTINUED)

Independent non-executive Directors

Ms. Yao Jue (姚 珏), aged 48, was appointed as an independent non-executive Director, chairman of the Audit Committee and member of the Nomination Committee of our Company with effect from September 14, 2018. Ms. Yao has had over 20 years of experience in accounting and corporate finance matters. She was the chief financial officer of Qihoo 360 Technology Co., Ltd. from 2012 and subsequently served as the chief financial officer of 360 Security Technology Inc. (三六零安全科技股份有限公司) to April 2018, having previously held various positions in the company since May 2006, including as its financial director, vice president of finance and its co-chief financial officer.

Ms. Yao is our Director with appropriate professional accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules through her experiences listed above. In addition, she is a qualified accountant of the Chinese Institute of Certified Public Accountants since 2000. Ms. Yao received her bachelor's degree in accounting from the University of International Business and Economics in China in June 1996.

Since September 2018, Ms. Yao is an independent director of CooTek (Cayman) Inc., whose American depositary shares are listed on the New York Stock Exchange with stock code CTK.

Mr. Ye Junying (葉俊英), aged 58, was appointed as an independent non-executive Director, chairman of the Remuneration Committee and member of the Audit Committee of our Company with effect from September 14, 2018. Mr. Ye served as the chairman of the board at Gortune Investment Co., Ltd (廣東民營投資股份有限公司) since September 2016. Previously, he was the president and then the chairman of the board at E Fund Management Co., Ltd. (易方達基金管理有限公司) from November 2000 to April 2016, and the general manager of the investment banking department and then the vice president at GF Securities Co., Ltd. (廣發證券股份有限公司), whose shares are listed on the Shenzhen Stock Exchange with stock code 000776 and the Hong Kong Stock Exchange with stock code 1776, from March 1993 to October 2000.

Mr. Ye received his bachelor of law degree in economics law from Peking University in July 1985, his master of law degree in international economics law from Wuhan University in July 1988, and his doctor of economics degree in national economics from Southwestern University of Finance and Economics in June 2005. During the past three years, Mr. Ye has not been a director of any other listed companies.

Mr. Zhao Yue (肇越), aged 55, was appointed as an independent non-executive Director and member of the Audit Committee, Remuneration Committee and Nomination Committee of our Company with effect from September 14, 2018. Mr. Zhao serves as the chief economist of Chief Group since 2012. Previously, he was a senior manager of China Investment Corporation from May 2008 to January 2012.

Mr. Zhao received his bachelor of science degree in physics from Peking University in July 1988 and his doctor's degree in finance from the Financial Research Institute of People's Bank of China in October 2005. During the past three years, Mr. Zhao has not been a director of any other listed companies.

SENIOR MANAGEMENT

Mr. Cong Lin (叢林), aged 57, is the President of the Group, and also as the Chairman of CRSHK and member of the Executive Committee of the Company, in charge of the development and management of our Group's investment banking business.

Mr. Cong has over 30 years of experience in the banking and finance industry. Prior to joining the Group, he served at the Industrial and Commercial Bank of China Group ("**ICBC Group**") since 1990. Mr. Cong served in a variety of senior executive roles during his tenure with ICBC Group, including Chairman of the board of directors and Chief Executive Officer of ICBC International Holdings Limited, Executive Director and President of ICBC Financial Leasing Co., Ltd., and Chief Representative of the Beijing Office and Vice President of ICEA Finance Holdings Limited.

Mr. Cong holds a Bachelor's degree in Economics (major in Finance) from Renmin University of China, School of Finance in 1987, a Master's degree in Economics from the Graduate School of the People's Bank of China Research Institute of Finance in 1990, and a Master of Business Administration from Cheung Kong Graduate School of Business in 2006. During the past three years, Mr. Cong has not been a director of any listed companies.

Mr. Cui Qiang (崔強), aged 48, is our Chief Financial Officer, primarily responsible for overseeing the overall financial management of the Group. He has served in his current role since March 1, 2019. He joined our Group in September 2016 as the chief financial officer of CR Securities, a subsidiary and domestic securities platform of the Group with multiple licences, and he has also served as a member on its Management Committee, Risk Management Committee, Equity Commitment Committee, Operation Committee and Asset and Liability Management Committee. Prior to joining the Group, Mr. Cui worked at Zhong De Securities Company Limited as the chief financial officer and executive director from December 2011 to September 2016, and as the financial controller and director from July 2009 to November 2011. Previously, Mr. Cui was the business controller and vice president at Deutsche Bank Hong Kong Branch from July 2007 to July 2009, and the business controller and assistant vice president at Deutsche Bank Beijing Branch from November 2004 to July 2007. Prior to that, Mr. Cui was a senior counsel at PricewaterhouseCoopers Consulting Co. Ltd. from August 2002 to October 2004, and he also held the position of assistant financial controller at Thakral Information Technology Co. Ltd. from January 1998 to August 2000. From February 1996 to January 1998, he was an auditor at Reanda Certified Public Accountants LLP.

Mr. Cui received his bachelor's degree of corporate management from the University of International Business and Economics in 1996 and his master's degree in management and accounting from the University of Toronto in 2002. Mr. Cui is currently a member of the Chinese Institute of Certified Public Accountants. He has obtained qualifications from the Securities Association of China to act as a securities practitioner and the China Securities Regulatory Commission to hold senior management position in securities firms. During the past three years, Mr. Cui has not been a director of any listed companies.

SENIOR MANAGEMENT (CONTINUED)

Mr. Lam Ka Cheong Jason (林家昌), aged 47, is the president of China Renaissance International, responsible for, overseeing all business units and operational functions of our international business ("**CR International**"). Mr. Lam has over 20 years of investment banking, corporate finance and capital markets experience in Greater China and Asia, with a focus in the technology sector. He joined our Group in March 2013 as the managing director and head of equity capital markets, then as our managing director and co-head of investment banking from October 2015 to February 2016, and as president of CRSHK from March 2016 to February 2017, before serving in his current role as president of CR International since March 2017. Prior to joining our Group, Mr. Lam was an investment banker at Credit Suisse(2), where he was managing director, co-head of technology coverage in Asia and the deputy head of corporate finance in Greater China from March 2007 to February 2013. Mr. Lam also previously held various investment banking positions at UBS(3), ABN AMRO Bank N.V. and Credit Suisse(2) from August 1997 to March 2007.

Mr. Lam received his bachelor of science degree from Cornell University in May 1996 and his master's degree in engineering economics system and operation research from Stanford University in June 1997.

Mr. Lam is a director of certain subsidiaries of our Company. During the past three years, Mr. Lam has not been a director of any listed companies.

Ms. Chen Yang (陳楊), aged 35, is the managing director of the Group, responsible for Human Resources Department and Legal Department. Since joining our Group, Ms. Chen has been working as a core member, taking part in multiple key projects, strategic planning and operation management of the Group. Ms. Chen also built up the legal team of the Group from scratch, and led the team winning the honor of 2020 ALB China Top 15 New Economy In-House Teams Award.

Prior to joining our Group, Ms. Chen worked at Han Kun Law Offices, with main practice areas in PE and VC investment, during which Ms. Chen accumulated rich project experience in the fields including Foreign Direct Investment, Mergers & Acquisitions, Venture Capital & Private Equity Investment and overseas Listings.

Ms. Chen holds a master's degree in law from Vanderbilt University, and a bachelor's degree in law from China University of Political Science and Law. During the past three years, Ms. Chen has not been a director of any listed companies.

Mr. Liu Wei (劉威), aged 52, is the Chief Strategy Officer of the Group, responsible for exploration, strategic development, and strategy formulation of the Group's new business, as well as in-depth research of macro policies.

Since 2017, Mr. Liu has served as General Manager of CR Securities, responsible for the Group's A-share market investment banking business. Prior to joining our Group, Mr. Liu worked in CITIC Securities Co., Ltd. and China COSCO Holdings Co., Ltd. Mr. Liu has worked in CITIC Securities Co., Ltd. for nearly 20 years and has successively served as a member of IB Committee, head of the Financial Market Committee, Executive Committee member of CITIC Securities Co., Ltd.

Mr. Liu holds a Bachelor's degree in Law from China University of Political Science and Law. During the past three years, Mr. Liu has not been a director of any listed companies.

COMPANY SECRETARY

Mr. Yee, Ming Cheung Lawrence (余名章) is currently the Chief Compliance Officer of the Group, and also a director of CRSHK. He joined our Group in August 2016 as managing director, head of legal and compliance of CRSHK and took on the additional role of chief operating officer of CRSHK from July 2017 to July 2018. Prior to joining our Group, Mr. Yee served as the Asia head of investment banking and research compliance, Asia control room and Asia conflicts of J.P. Morgan Chase Bank, N.A. from May 2010 to August 2016. Previously, he held various positions, including as director of global markets compliance, at HSBC Markets (Asia) Ltd. from February 2006 to May 2010, legal counsel at The Hongkong and Shanghai Hotels Limited from June 2003 to January 2006, and a solicitor at Richards Butler (now known as Reed Smith Richards Butler) from April 2000 to June 2003.

Mr. Yee received his bachelor's degree in law from the School of Oriental and African Studies, University of London in August 1996 and was awarded the postgraduate certificate in laws from the University of Hong Kong in June 1997. He was admitted as a practicing solicitor in Hong Kong as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) in December 1999.

In compliance with Rule 3.29 of the Listing Rules, Mr. Yee undertook not less than 15 hours of relevant professional training to update his skills and knowledge during the year ended December 31, 2021.

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 Annual Report, 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.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save as disclosed below, each of our Directors confirms that during the year ended December 31, 2021, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, which requires disclosure under Rule 8.10 of the Listing Rules.

Mr. Li Eric Xun is the founding and managing partner of Chengwei Capital. Mr. Liu Xing is the partner of Sequoia Capital China. Mr. Lin Ning David is the partner of Trustbridge Partners. Each of Chengwei Capital, Sequoia Capital China and Trustbridge Partners invests in a wide variety of growing business sectors in China, in which our investment funds may also invest from time to time. Notwithstanding the foregoing, the day-to-day operations and investment decision-making functions of our investment funds are generally independent from and do not require reporting to or prior approval by our Board. In the event that any investment presents a potential conflicts of interest, the advisory committee constituted by members from the limited partners of the funds will first decide on whether the investment shall proceed and make recommendation to the investment committee, then the investment committee will make the final decision. Unless otherwise required by laws and regulations (including the Listing Rules), our Board generally has no participation in or influence on the decision making process of these investments of our investment funds. We have implemented policies to the effect that information relating to specific projects or client of our investment banking business or portfolio companies of our investment management business is not shared with Mr. Li Eric Xun, Mr. Liu Xing or Mr. Lin Ning David unless otherwise required by laws and regulations (including the Listing Rules). These Directors are also subject to confidentiality obligations in respect of such information that they receive as directors of our Company.

Should under any circumstance an investment to be made by our investment funds require prior approval by our Board, and conflicts of interest arise due to Mr. Li Eric Xun's position with Chengwei Capital (or any of its underlying investment vehicles or investees), Mr. Liu Xing's position with Sequoia Capital China (or any of its underlying investment vehicles or investees) and/or Mr. Lin Ning David's position with Trustbridge Partners (or any of its underlying investment vehicles or investees), Mr. Li Eric Xun, Mr. Liu Xing and/or Mr. Lin Ning David will not vote on the relevant board resolution for the investment and will not be counted towards the quorum (if applicable) as required by the Articles of Association or any of the applicable laws and regulations. In any event, our Board will have sufficient number of Directors to constitute a quorum for board meetings and will be able to resolve any conflicts of interest that arise under such circumstances.

Notes:

(1) "Morgan Stanley" refers to Morgan Stanley Asia Limited, Morgan Stanley International Inc., Morgan Stanley Huaxin Securities or their affiliates

(2) "Credit Suisse" refers to Credit Suisse (Hong Kong) Limited (previously known as Credit Suisse First Boston (Hong Kong) Limited), Credit Suisse Management (Australia) Pty Limited (previously known as Credit Suisse First Boston Australia Management Pty Limited), or their affiliates

(3) "UBS" refers to UBS AG, UBS Investment Bank or their affiliates

The Board of Directors is pleased to present the corporate governance report for the Company for the year ended December 31, 2021.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company 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.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

Save for code provision C.2.1 and as disclosed in this Annual Report, for the year ended December 31, 2021, the Company has complied with all applicable code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 to all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended December 31, 2021.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, three non-executive Directors and three independent non-executive Directors.

As at the date of this Annual Report, the composition of the Board is as followings:

Executive Directors

Mr. Bao Fan *(Chairman)*
Mr. Xie Yi Jing
Mr. Wang Lixing

Non-executive Directors

Mr. Li Eric Xun
Mr. Liu Xing
Mr. Lin Ning David

Independent non-executive Directors

Ms. Yao Jue
Mr. Ye Junying
Mr. Zhao Yue

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 54 to 59 of this Annual Report.

None of the members of the Board is related to one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

Mr. Bao Fan is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Bao 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.

BOARD MEETINGS AND COMMITTEE MEETINGS

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

During the year ended December 31, 2021, five Board meetings were held. The main resolutions considered and approved in these meetings include (i) the Company's profit update in respect of the 2020 annual reporting; (ii) the Company's 2020 annual reporting; (iii) the Company's profit update in respect of the 2021 interim reporting; (iv) the Company's 2021 interim reporting; (v) the proposed appointment of a non-executive Director; (vi) the terms of reference of the Environmental, Social and Governance Committee; (vii) the connected transaction in relation to purchase of existing shares and grant of RSUs pursuant to the RSU Plan; (viii) a facility agreement to be entered into by the Company and a syndicate of banks; and (ix) the acquisition of equity interest in CR Securities. The Company expects to continue to convene at least four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

BOARD MEETINGS AND COMMITTEE MEETINGS (CONTINUED)

A summary of the attendance record of the Directors at general meeting, Board meetings and Board committees meetings during the year ended December 31, 2021 is set out in the following table below:

	Number of meeting(s) attended/ number of meeting(s) held during the year ended December 31, 2021						
Name of Director	Annual General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Executive Committee Meeting	Environmental, Social and Governance Committee Meeting
Executive Directors:							
Mr. Bao Fan	1/1	5/5	N./A.	1/1	1/1	3	N./A.
Mr. Xie Yi Jing	1/1	5/5	N./A.	N./A.	N./A.	3	2/2
Mr. Wang Lixing	1/1	5/5	N./A.	N./A.	N./A.	3	N./A.
Non-executive Directors:							
Mr. Li Shujun*	0/1	2/5	N./A.	N./A.	N./A.	N./A.	N./A.
Mr. Li Eric Xun	0/1	2/5	N./A.	N./A.	N./A.	N./A.	N./A.
Mr. Liu Xing	1/1	4/5	N./A.	N./A.	N./A.	N./A.	N./A.
Mr. Lin Ning David**	0/0	1/1	N./A.	N./A.	N./A.	N./A.	N./A.
Independent non-executive Directors:							
Ms. Yao Jue	1/1	3/5	3/3	N./A.	1/1	N./A.	N./A.
Mr. Ye Junying	1/1	3/5	2/3	0/1	N./A.	N./A.	N./A.
Mr. Zhao Yue	1/1	4/5	3/3	1/1	1/1	N./A.	N./A.

* Mr. Li Shujun has resigned as a non-executive director of the Company with effect from August 24, 2021;

** Mr. Lin Ning David was appointed as a non-executive director of the Company with effect from August 24, 2021.

NON-EXECUTIVE DIRECTORS

Mr. Li Eric Xun, as the non-executive Director, has signed a letter of appointment with the Company for an initial term of three years after or until the third annual general meeting of the Company since the Listing Date (whichever is sooner). On June 15, 2021, Mr. Li Eric Xun has signed an extension letter with the Company pursuant to which the term of his appointment has been renewed for a further three years from June 15, 2021. Mr. Liu Xing, as the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years with effect from June 11, 2020 or until the third annual general meeting of the Company since June 11, 2020 (whichever is sooner). Mr. Lin Ning David, as the non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years with effect from August 24, 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors a written annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years with effect from September 14, 2018 or until the third annual general meeting of the Company since the Listing Date (whichever is sooner). In June 2021, each of the independent non-executive Directors signed an extension letter with the Company pursuant to which the term of their appointment has been renewed for a further period of three years from June 30, 2021.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the Directors are subject to retirement by rotation and re-election at annual general meeting. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision-making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Executive Committee and the Environmental, Social and Governance Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, review and approve connected transactions and to advise the Board.

BOARD COMMITTEES (CONTINUED)

Audit Committee (Continued)

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.

During the year ended December 31, 2021, three Audit Committee meetings were held. The main resolutions considered and approved in these meetings include: (i) the Company's 2020 annual reporting; (ii) the Company's 2021 interim reporting and (iii) audit planning meeting for the 2021 annual report.

Remuneration Committee

The Company established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management.

The Remuneration Committee comprises one executive Director, namely Mr. Bao Fan, and two independent non-executive Directors, namely Mr. Ye Junying and Mr. Zhao Yue. Mr. Ye Junying is the chairman of the Remuneration Committee.

The Remuneration Committee has adopted the second model described in code provision E.1.2(c) under Appendix 14 to the Listing Rules (i.e. make recommendation to the Board on the remuneration packages of individual executive Directors and senior management members).

During the year ended December 31, 2021, one Remuneration Committee meeting was held. The main resolution considered and approved in the meeting include: (i) the remuneration package of the Directors and senior management for the year ended December 31, 2020; (ii) the Company's policy and structure for the remuneration of the Directors and senior management for the year ended December 31, 2021; (iii) internal promotion and remuneration package of members of the Designated Business Unit (as defined in the Prospectus) and (iv) the remuneration package of Ms. Yao Jue and Mr.Ye Junying.

Details of the remuneration paid or payable to each Director of the Company for the year ended December 31, 2021 are set out in Note 15 to the financial statements.

The remuneration of the members of senior management who are neither a Director nor chief executive of the Company by band for the year ended December 31, 2021 is set out below:

Remuneration Bands (HKD)	Number of Persons
10,000,001 or more	3
0–10,000,000	2
Total	5

BOARD COMMITTEES (CONTINUED)

Nomination Committee

The Company has established a Nomination Committee in compliance with the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

The Nomination Committee comprises one executive Director, namely Mr. Bao Fan, and two independent non-executive Directors, namely Ms. Yao Jue and Mr. Zhao Yue. Mr. Bao Fan is the chairman of the Nomination Committee.

During the year ended December 31, 2021, one Nomination Committee meeting was held. The main resolutions considered and approved by the Nomination Committee include: (i) Re-election of the Directors retiring by rotation at the annual general meeting; (ii) the independence of independent non-executive Directors; (iii) the board diversity policy (the "**Diversity Policy**") and the structure, size and composition of the board; and (iv) the proposed appointment of Mr. Lin Ning David; and (v) the relevant director nomination policy.

Executive Committee

The Company has established an Executive Committee as the highest power and decision-making body of the Group at the level of operation and management. The primary duties of the Executive Committee are (i) to hear reports of significant events from various departments and functional units, (ii) to formulate and implement significant strategies and policies as well as make significant decisions for the Group, including but not limited to structure planning, significant investment and performance targets of the Group, and (iii) to authorize a member or members to exercise specific and decision-making events of Group's operation and management.

The Executive Committee comprises three executive Directors, namely Mr. Bao Fan, Mr. Xie Yi Jing, Mr. Wang Lixing, and five additional members of senior management of the Company, namely Mr. Cong Lin, Mr. Cui Qiang, Mr. Lam Ka Cheong, Ms. Chen Yang and Mr. Liu Wei. Mr. Bao Fan is the chairman of the Executive Committee.

During the year ended December 31, 2021, three Executive Committee meetings were held. The main resolution considered and approved in the meetings include (i) making significant strategies for the Group, and (ii) hearing to reports of significant events from various departments and functional units.

Environmental, Social and Governance Committee

The Company has established an Environmental, Social and Governance Committee in compliance with the CG Code and Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules. The primary duties of the Environmental, Social and Governance Committee are to assist the Board in guiding and supervising the development and implementation of environmental, social and governance works of the Company and its subsidiaries.

The Environmental, Social and Governance Committee comprises one executive Director, namely Mr. Xie Yi Jing, and four additional members, namely Mr. Yee Ming Cheung Lawrence, Ms. Chen Yang, Ms. Xin Xin and Ms. Zhao Yuping. Mr. Xie Yi Jing is the chairman of the Environmental, Social and Governance Committee.

BOARD COMMITTEES (CONTINUED)

Environmental, Social and Governance Committee (Continued)

During the year ended December 31, 2021, two Environmental, Social and Governance Committee meeting was held. The main resolutions considered and approved in the meeting include (i) the environmental, social and governance report of year 2020; (ii) work summary of environmental, social and governance of year 2021; and (iii) the environmental, social and governance working plan of year 2022.

Board Diversity Policy

The Company has adopted the diversity policy which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

In identifying and selecting suitable candidates to serve as a director of the Company, the Nomination Committee would consider the criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

During the year ended December 31, 2021, the Board has incorporated gender, age, culture and educational background, professional qualifications, knowledge and industry experience as measurable objectives in the Diversity Policy. The Board will review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will continue review the Diversity Policy, as appropriate, and recommend revision to the Board for considering and approval to ensure its effectiveness. The Nomination Committee has reviewed the Board Diversity Policy during the year ended December 31, 2021.

Dividend Policy

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

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

The Board will continue to review and amend the Dividend Policy as appropriate from time to time.

BOARD COMMITTEES (CONTINUED)

Nomination Policy

The Company has adopted a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and procedures to nominate board candidates. The Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after accessing a number of factors of a proposed candidate, including, but not limited to, reputation, professional skills, independence of proposed independent non-executive Directors and diversity in all aspect. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

During the year ended December 31, 2021, the nomination made by the Nomination Committee was made in accordance with the Nomination Policy. These include, among others, the candidates' market knowledge and experience, reputation for integrity, and the diversity aspects (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out in the Diversity Policy.

The Nomination Committee will continue to review the Nomination Policy, as appropriate, and recommend revision to the Board for consideration and approval. The Nomination Committee has reviewed the Nomination Policy during the year ended December 31, 2021.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2021.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Company acknowledges the importance of directors participating in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant internally-facilitated briefings for directors have been arranged and reading material on relevant topics would be issued to directors where appropriate. They are encouraged to attend relevant training course at the Company's expenses.

During the year ended December 31, 2021, the Company arranged regular trainings to provide Directors (namely Mr. Bao Fan, Mr. Xie Yi Jing, Mr. Wang Lixing, Mr. Li Shujun, Mr. Li Eric Xun, Mr. Liu Xing, Mr. Lin Ning David, Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue) with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. Each of the Directors was also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong ("**Deloitte**") as the external auditor for the year ended December 31, 2021. A statement by Deloitte about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 115 to 120.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Deloitte for the year ended December 31, 2021 are set out in the table below:

Services rendered for the Company	Fees paid/payable RMB'000
Audit services:	
Audit services	7,050
Non-audit services:	
Tax advisory services	90
TOTAL	7,140

RISK MANAGEMENT AND INTERNAL CONTROLS

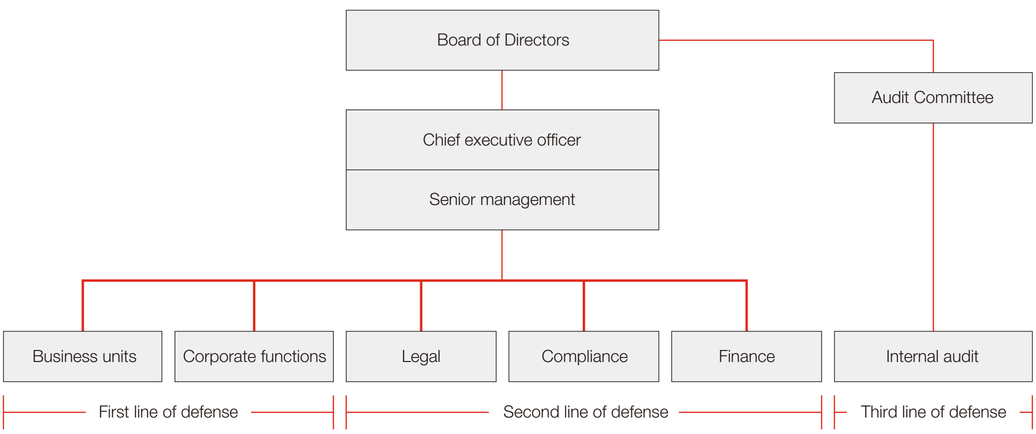
The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board had conducted an annual review of the effectiveness of the risk management internal control system of the Company in respect of the year ended December 31, 2021 and considered the system effective and adequate.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

We have established a corporate governance structure with the Board at the top of our risk management hierarchy being responsible for overall risk management and oversees the risk management functions. Audit Committee provides an independent oversight on our Company. Our senior management is responsible for risk management through their regular managerial responsibilities. Our Chief Executive Officer and Chairman of the Board and members of our senior management hold regular executive committee meetings to review, among others, risks that may have reputational implications, cross-business or cross-jurisdictional impacts on us.

To further enhance our controls on significant risks, an operating committee was set up on December 31, 2018. The operating committee is chaired by the Chief Executive Officer and comprises of the heads of relevant risk and control functions. It is responsible for determining daily operational matters, enhancing our operational infrastructure, formulating internal policies and procedures, allocating resources, leading major internal projects and IT infrastructure development. The operating committee reports directly to the executive committee on matters with a significant impact on our business.

In the course of our business operations, we have a clear reporting procedure to make sure that risk issues of different nature and significance can be escalated and resolved by appropriate responsible persons. All of our front office business units and corporate departments assume risk management responsibilities and implement relevant risk management policies and procedures. They are our first line of defense. In support of them, we have dedicated legal, compliance, and finance departments, acting as the second line of defense, to maintain the systematic risk management framework addressing risks in relation to legal, regulatory and compliance, and finance (including but not limited to market risk, liquidity risk, and credit risk). Independently we have an internal audit department that reports directly to the Audit Committee, which serves as the third line of defense to provide check and balance. The following diagram illustrates our risk management framework:



RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

If any risks are identified by our front office business units or corporate functions, they will first escalate within the chain of command in the unit or function, ultimately reaching the head of the unit or function. If the head, upon consultation with the relevant risk and control function, considers that the issue may have broader implications, such as reputational risks to us, or may have impact on other departments of the Company, he/she may escalate the issue to the operating committee and then executive committee. Our risk control departments, including legal, compliance and finance departments, support and advise our business units and corporate functions, as well as the Executive Committee, on the management and resolution of the risks and issues identified.

The corporate governance structure for our internal control is similar to that for our risk management. Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Supported by various other internal departments, our senior management is responsible for implementing internal control measures in our daily operations. To assess the effectiveness of our internal control measures in preparation for our Listing, we engaged an independent internal control consultant to conduct an annual review of our internal control system. The consultant conducted review procedures on our internal control system in certain aspects, including revenue, purchase, fixed assets management, human resources, financial management and information technology, and immediately before the Listing, there were no material internal control findings on the Company.

The Board considers there being no material changes to the Company's risk management and internal control systems since the Listing and is of the view that the systems are effective and adequate throughout the year ended December 31, 2021.

Regarding inside information concerning the Company itself, the Company has adopted its Inside Information Disclosure Policy which sets out the statutory obligations of disclosure of inside information, guidance on protection of inside information, procedures and formats of disclosures, and relevant roles and responsibilities. Additionally, an Information Barrier Policy is also adopted for our employees to follow. Information barrier is a form of segregation or barrier to ensure that the sharing of confidential information is properly controlled such that the two or multiple business units or project teams can operate independently without compromising the interests of their respective clients. Our employee handbook and our Code of Business Ethics and Conduct also require our employees to keep client information confidential. We conduct regular training to our employees on information barrier.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

SHAREHOLDERS' RIGHTS (CONTINUED)

Convening of Extraordinary General Meetings by Shareholders (Continued)

General meetings may also be convened on the written requisition of a Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Units 8107–08, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Telephone:	+852 2287 1600
Fax:	+852 2287 1609
Email:	ir@chinarenaissance.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2021, the Company did not make any significant changes to its constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

This report has been prepared in accordance with the "ESG Reporting Guide" as set out in Appendix 27 to the Listing Rules on the Hong Kong Stock Exchange to present the 2021 Environmental, Social and Governance performance of the Company from January 1, 2021 to December 31, 2021. This report selects the principal operating points of the Company as its disclosure coverage. Unless otherwise stated, the scope of this report only covers the Company. This report should be read in conjunction with the section headed "Corporate Governance Report" in the 2021 Annual Report of the Company to better understand the ESG performance of the Company.

This report has been complied under the reporting principles of materiality, quantitative, balance and consistency.

Materiality: China Renaissance carries out the materiality assessment work in compliance with the ESG Reporting Guide. The work process of the Company includes: i) identifying the related ESG topics, ii) assessing the importance of the issues, iii) reviewing and confirming the assessment process and results by the Board. The Company reports the ESG-related matters based on the results of the materiality assessment.

Quantitative: This report follows the ESG Reporting Guide, refers to the applicable quantification standards and practices, and adopts the quantification methods to measure and disclose the applicable key performance indicators. The quantification standards, methodologies, assumptions and/or calculation tools for key performance indicators and source of conversion factors used in this report have been explained in the corresponding places (where applicable).

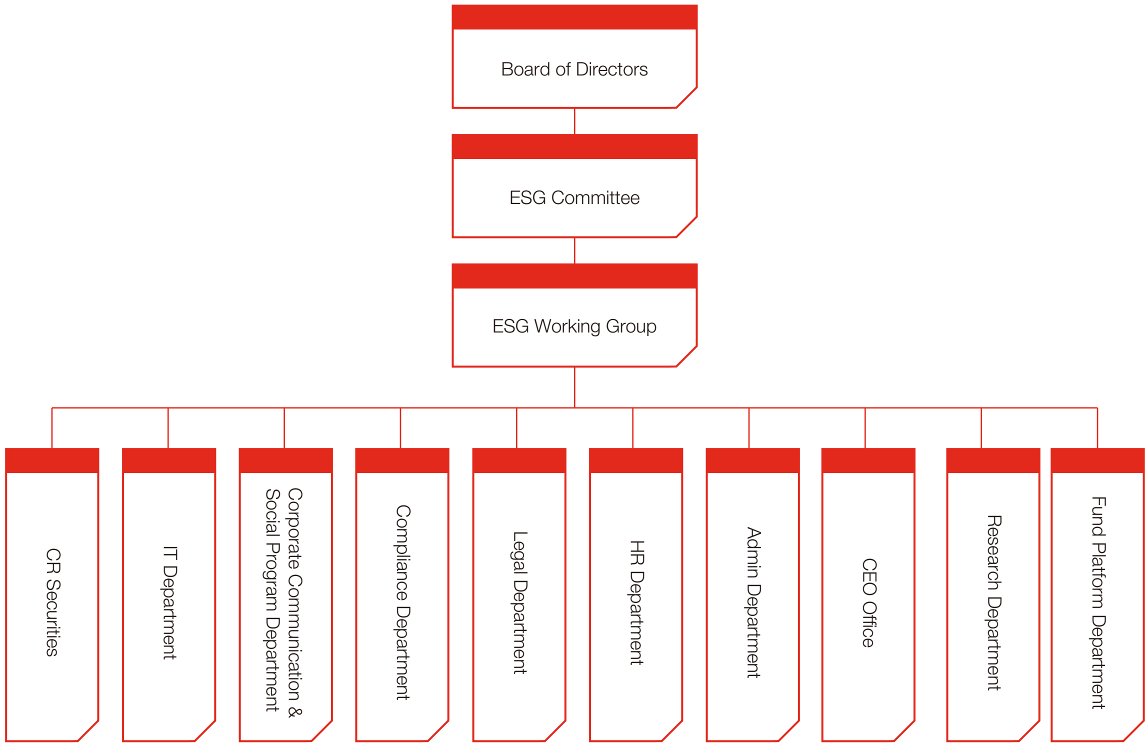
Balance: This report gives an objective picture of the positive and negative information to ensure that the contents herein will present the ESG performance of the Company during the reporting period on an impartial basis.

Consistency: The key performance indicators and statistics methods disclosed in the ESG report for the current year are consistent with that in the report for the last year. Any changes that may affect its meaningful comparison with the previous reports have been explained in the corresponding places.

2. STATEMENT OF THE BOARD OF DIRECTORS

The Board of China Renaissance is responsible for comprehensively monitoring the ESG management and disclosure of the Company and holds at least one ESG communication meeting to discuss the ESG materiality matters. To effectively manage and undertake the ESG responsibilities, the Company has constantly improved the ESG management system. The Company's Board of Directors has established the ESG Committee, which is responsible for assisting the Board in guiding and supervising the development and the implementation of the ESG work of the Company and subsidiaries. For the detailed contents of the duties and responsibilities of the ESG Committee, please refer to the terms of reference of the ESG

Committee of the Company. In addition, several functional departments are formed as an ESG working group to be responsible for carrying out the specific ESG tasks.

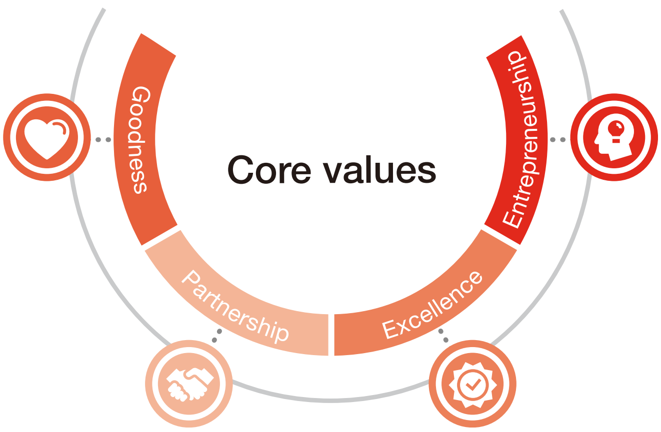


The Company confirms the ESG issues of significance to the corporate development and assesses the materiality of the issues. The Board of the Company regularly reviews the materiality assessment results, discusses the key areas and main opportunities in the ESG risk control, and includes the ESG-related issues in the management guideline and strategy of the Company. The Company has included the climate change risk and other ESG risks in its risk management system and set the environmental goals according to the factual operating conditions of the Company, and the Board regularly reviews the action plan and completion status of the goals.

This report has disclosed the ESG work progress of the Company for 2021 in detail and has been reviewed and approved by the Board on March 30, 2022.

3. ESG CONCEPT AND GOVERNANCE

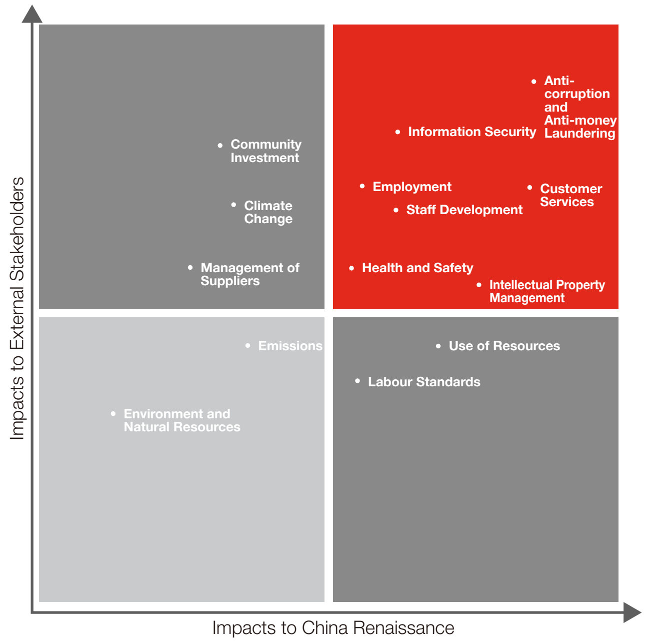
China Renaissance was established in 2005, and has been committed to exploring and working with the greatest enterprise over 16 years. The Company has been committed to establishing its in-house corporate ethics and upholding goodness and integrity. While creating economic values for the shareholders and society, the Company actively takes social responsibilities. The Company firmly believes that a good corporate culture is the cornerstone of fulfilling its mission and realizing its vision. The Company adheres to high standards of corporate governance, integrates environmental, social and governance concepts into corporate culture, promotes sustainable development, creates values for stakeholders, and contributes to the social development.



The Company has identified key stakeholders based on its actual business and management operation features, understood their main concerns through various communication channels, and actively listened and responded to their concerns. The key stakeholders identified by us, their main ESG issues of concern and the respective communication channels are listed in the table below:

Main stakeholders	Main ESG issues of concern	Main communication channels
Shareholders and investors	Anti-corruption and anti-money laundering, customer services, information security, employment, climate change	Shareholders' meetings, regular announcements, official website and non-deal road-show
Government and regulators	Anti-corruption and anti-money laundering, information security, employment, community investment, climate change	Policy consultations, incident reporting, information disclosure and participation in meetings of government agency
Clients	Anti-corruption and anti-money laundering, customer services, information security, intellectual property management, employment	Customer visits, social media and information disclosures
Employees	Customer services, staff development, employment, health and safety, labour standards	Employee activities, employee training, communication meetings and social media
Suppliers	Anti-corruption and anti-money laundering, information security, management of suppliers, use of resources, emissions	Supplier inspections and communication meetings
News media	Customer services, information security, employment, intellectual property management, use of resources	Social media, official website, press conferences and communication meetings
Community and the public	Community investment, use of resources, climate change, emissions, environment and natural resources	Charity activities, community interaction, social media and community investment-related projects

In 2021, in light of the strategy of the Company and its operating features, the Company conducted a materiality analysis of the 14 ESG issues identified in the 12 levels involved in the ESG Reporting Guide as reference for its actions and reporting through on-going communication with its stakeholders.



The important issues the Company identified include "Anti-corruption and Anti-money Laundering", "Customer Services", "Information Security", "Staff Development", "Employment", "Intellectual Property Management", and "Health and Safety"; related issues include "Community Investment", "Use of Resources", "Climate Change", "Labour Standards", "Management of Suppliers", "Emissions", and "Environment and Natural Resources".

The Company will discuss each of these aspects in this report.

4. OPTIMIZE SERVICE AND PURSUE EXCELLENCE

The Company adheres to its "customer-centric" concept, strives to continuously create real value for customers, provides the world's best-in-class capital for excellent businesses globally, and effectively supports the development of the innovative economy and the real economy. The Company has established an excellent service concept and a strict compliance operation mechanism to provide customers with high quality and innovative services and create a good and long-term cooperative relationship with customers. The Company has the capability and a mature system to provide one-stop financial services in mainland China, Hong Kong, and the United States for entrepreneurs and investors of the innovative economy. China Renaissance takes its reputation as top priority, and always abided by strict regulations, systems and ethics to become a leading company in the industry and strived to establish a world-class brand.

4.1 Quality Service Guarantee

China Renaissance always adheres to the core business principle of “creating value for clients” and the cultural values of “pursuing excellence”, and undertakes to provide high-quality financial services. China Renaissance gradually developed multi-dimensional and all-round businesses, and realized coverage of private financing, mergers and acquisitions, securities underwriting and issuance, securities research, securities sales and trading, private equity investment and brokerage asset management. In the process of continuous business expansion and deepening, the Company still focused on identifying the market positioning of clients, provided targeted and detailed services to clients in different sub-markets with rich cross-sector service experience and the innovative economy market base, and always served the interests of clients with the aim of ensuring service quality.

In 2021, China Renaissance continued to increase investment in technology and ecosystems, and actively leveraged the innovative economy platform, data-driven sustainability platform and the expertise in the field of the innovative economy to help analyze, efficiently and accurately identify outstanding entrepreneurs and projects, and improve the efficiency and success rate of capital matching; meanwhile, the Company built a consultant team to continuously provide professional and detailed services in different stages of clients’ business development cycle. The platform system established by the Company combined the risk appetite and business needs of investors to provide a good opportunity for resource matching on a global scale. In the future, the Company will continue to develop its IT platform to enhance its ability to identify and price resources, improve its competitiveness, and provide better services to clients.

During the year, the Company continued to maintain its leading position in private placement consulting, built a bridge between innovative economy companies and the market, and provided quality services to more cooperative clients to facilitate their development. Besides, this year, the Company completed a number of milestone transactions in the fields of healthcare and technology, intelligence properties, hard technologies, etc.; continued to strengthen asset allocation, focused on enhancing key capabilities in such aspects as product design, channel, investment and research, expanded the scale of investment management business, effectively promoted the scale construction in asset management and enhance the scale economies effect.

As one of a few Chinese financial institutions approved to provide sponsorship and underwriting services in Mainland China and Hong Kong, and underwriting services in the United States, China Renaissance provided a variety of sponsorship and underwriting solutions to clients based on its solid foundation in the innovative economy and industry experience, and strived to promote the development of the innovative economy market and continuously identify quality investment targets for the market. The Company attached importance to the quality and development potential of clients and aimed to build long-term relationships and provide clients with a perfect service system covering the life cycle of their business development. The Company and entrepreneurs as clients, opinion leaders and investors identified and continuously explored in-depth matchmaking and participated in value creation and established close relationships with entrepreneurs and startups. Through information feedback, the Company formed an effective network of mutual referrals to ensure the project reserve base and service quality, and continued to create value and wealth for its clients, earning us reputation and recognition.

China Renaissance Holdings Limited's Key Awards Received in 2021

Awarded by	Name of Award
36Kr	"2021 China's Top 10 Private Equities Voted by Limited Partners" "2021 China's Top 10 Private Equities Voted by Entrepreneurs" "2021 China's Top 100 Investors Voted by Entrepreneurs" — Fan BAO, Chairman of China Renaissance Top 1 on the "2021 Most Influential Innovative Investment Banks" The "2021 Innovative Investment Banks with Sustainable Development"
China Securities Journal Golden Bull Award Series	The "2021 Best Equity Investment Banks in China" The "2021 Superior Institutions in Private Equity Investment"
"2020-2021 China Industry Investment List" of Chinese Venture	Top 20 on the "Best Investment Institutions in Big Consumption in China" Top 20 on the "Best Investment Institutions in Sustainability Related Investment in China" Top 20 on the "Best Investment Institutions in Healthcare in China"
Mergermarket China M&A Awards 2021	"Mid-Market M&A Financial Adviser of the Year, 50-300 Million USD Award"
GURUCLUB Global Investment Carnival 2021	The "GURUCLUB Greater China Best Listed Company Awards 2021"
FOFWEEKLY	Top 20 Dual Currency Private Equities Voted by Limited Partners"
"2021 List of Enterprises" by Snowball	Top 100 on the "2021 Listed Companies with Growth Potential"
NewFortune Best PE/VC Rankings	The "Institutions with Great Potential"
zhitongcaijing.com	The "2021 Best Financial Stock Companies"

4.2 Compliant Business Operations

The Company has business offices in mainland China, Hong Kong, and the United States, and as the Company continues to grow, it adheres to ethical guidelines and actively identifies and strictly abides by relevant local laws and regulations. In Mainland China, the Company strictly abides by laws and regulations including the *Securities Investment Fund Law of the People's Republic of China*, the *Securities Law of the People's Republic of China and the Guidelines for the Internal Controls of the Investment Banking Business of Securities Companies*, and industry regulatory rules such as *Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies* of China Securities Regulatory Commission, *Interim Measures for the Supervision and Administration of Private Investment Funds, Measures for the Administration of Fundraising Activities of Private Equity Funds* of the Asset Management Association of China, and *Implementation Rules for Clean Practice of the Fund Operating Agencies and their Working Staff*. In Hong Kong and the United States, the Company has established such policies as the *Code of Business Conduct and Ethics, the Policies for Anti-Money Laundering and Counter-Terrorist Financing*, and the *Information Barrier Procedures* with reference to the *Securities and Futures Ordinance, Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, Fit and Proper Guidelines and Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations)* of Hong Kong and rules of U.S. Securities and Exchange Commission and self-governance regulations of the U.S. Financial Industry Regulatory Agency and other local laws and regulations. All local compliance teams have also developed their own compliance policies, procedures or guidelines, based on their specific business scope and contents, in accordance with the Company's group policy and local laws and regulations.

Pursuant to the requirements of regulators including China Securities Regulatory Commission and Securities Association of China and self-regulatory organizations, CR Securities has formulated its own compliance management system based on the *Compliance Management System of China Renaissance Securities (China) Co., Ltd.* and supported by the systems such as the *Compliance Inspection Management Measures* and the *Compliance Accountability Management Measures*, which stipulate the requirements on organization structure for compliance management and responsibilities thereof, and compliance review, inspection, reporting and assessment and other procedures. Meanwhile, it conducts compliance effectiveness assessments every year and submits compliance management reports to regulators on a regular basis.

In 2021, the Company continued to promote the construction of information technologies for business compliance, computerized most of the compliance process online to effectively enhance the efficiency of the approval process, and realized the overall control of the compliant businesses by connecting all local compliance management systems. In addition, the Company released 27 issues of compliance information and held 33 compliance training sessions during the Reporting Period to enhance employees' awareness of compliance in an all-round way.

4.3 Information Security and Protection

In strict compliance with the *Cyber-security Law of the People's Republic of China, the Rules for Governance of Securities Companies* and other relevant laws and regulations and relevant regulatory requirements and in light of its business features, the Company has implemented the *Information Technology Security Management Rules*, the *Internet Security Access Management Measures* and other management rules. Adhering to the information security management strategy of "focusing on prevention and continuously enhance", the Company identifies and controls the risk of information leakage; to strengthen employees' confidentiality consciousness and ensure their safe-keeping of customer information, the Company has also developed internal rules and regulations, such as the *Code of Business Conduct and Ethics*, which clearly stipulate that employees shall not provide customer information to any entity or individual, and set out punishment and accountability measures for violation of confidentiality requirements and illegal disclosure of customer information to keep improving the system for managing customer privacy information and data confidentiality.

On top of following the corporate system, CR Securities has supplemented and formulated the internal systems such as the *Measures for the Management of Securities Brokerage Business, the Measures for the Management of Branches and Sub-branches* and the *Compliance Manual for Employees (trial)*, which specify relevant internal control procedures for employees' authorization to the system and the retrieval of customer files and explicitly require employees to keep confidential customer information, data and files. In 2021, CR Securities revised the *Information Technology Security Management System*, the *Measures for Implementation of Data Security Management*, the *Measure for Implementation of Emergency Management of Network Security Events* and other management systems in light of the latest and effective *Data Security Law of the Peoples' Republic of China*, the *Personal Information Protection Law of the Peoples' Republic of China*, the *Measures for Reporting and Investigating and Handling the Network Security Issues in Securities and Futures Industries*, and other laws, rules and regulations, further improving the information security and information security and protection system of CR Securities.

In the daily operation, the Company has gradually enhanced the information protection awareness at all levels, reasonably set departments and functions, promoted the IT monitoring measures, and established a comprehensive division system. The agreements between it and its customers, investors, partners and staff all cover confidentiality-related terms. During the course of business involving customers' information, the Company will communicate with them as required by laws and rules for confirmation, and pay attention to the use of customers' information being in compliance with the requirements of laws and rules. In order to effectively enhance the staff's awareness for protecting the information security, the Company will include information security as a key training part in the new staff training every quarter. Meanwhile, the Company conducts the information security publicity activity covering all of its staff, and has added the phishing email simulation drilling and provided compulsory training for the staff who clicked phishing emails.

Technically, the Company adopts a data leakage prevention system to protect the core information covering the entire life cycle. The Company protects the core data assets of China Renaissance by means of strong management and control methods through pre-interception, mid-event audit, and post-event tracing. In addition, through docking of the teleconference system and the corporate Single Sign-On identity authentication system, the Company strives to ensure as much as possible the validity of the identities of the participants, enhances a higher level of identity verification capabilities of the teleconference system and guarantees the information security of the attendees. In 2021, the Company has completed the construction of the comprehensive operation, management and control platform featuring multi-functions such as operation and maintenance, identity verification, account monitoring and control, system operation and auditing, which has in turn effectively improved the security and compliance capabilities of the Company in all technical work.

In light of the business strategy and deployment, CR Securities has proactively launched the new retail business application during the year in accordance with the standards for the finance industry such as the *Technical Specifications for the Protection of Personal Financial Information* and the *Regulations for the Security Management of Applications and Software for Mobile Finance Users*, and emphasized the security and protection work for the application information in the full life cycle.

- In the course of research and development of applications, CR Securities has formulated the *User Service Agreement* and the *Privacy Strategy* designed for this application in accordance with laws and rules, such as the *Personal Information Protection Law of the People's Republic of China*, to meet the requirements of the regulators for the storage, treatment and use of customers' information;

- In the course of designing, developing and testing the application, CR Securities has necessarily isolated the development, testing and production environments in accordance with the regulatory requirements of the *Measures for Management of the Information Technologies of Securities and Fund Operating Agencies* and the *Basic Requirements for the Grade-based Security Protection of the Information Systems of Securities and Futures Industries*, desensitized the information to be tested, and conducted the code security checks before launching to prevent the leakage of customers' information to the greatest extent;

- Before the launching of the application production environment, CR Securities has conducted the vulnerabilities scanning and penetration testing on the application server as well as the security enhancement at the end of application users, so as to prevent the application from being attacked, decoded and decompiled and other risks.

4.4 Customer Complaint Management

To ensure solving customer complaints quickly and properly through standard procedures and specifications and to enable customers to have greater confidence in the products and services provided by the Company, in the spirit of serving customers first, the Company has worked out the customer complaint management system. In dealing with customer complaints, the Company proactively accepts customer supervision, actively identifies and corrects deficiencies in the work, and continuously improves its ability to serve customers through mutual evaluation among projects.

China Renaissance has established clear channels of customer communication for securities business in its places of operations, so as to collect and receive various complaints, suggestions and feedbacks from external customers. CR Securities has formulated the *Measures for Management of Customer Complaints,* the *Measures for Management of Compliance Complaints and Reports* and other internal management measures, improved customer complaint management mechanism, making clear the classification of complaints, complaint acceptance, complaint handling and tracking, training and assessment, documentation, rectification, etc. During the year, CR Securities, CRSHK or China Renaissance Securities (US) did not receive any direct complaints from customers via hotlines. The scope of the Company's business does not involve the assurance or recall of physical products.

4.5 Protection of Intellectual Property Rights

China Renaissance strictly follows relevant laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China,* the *Patent Law of the People's Republic of China,* the *Advertisement Law of the People's Republic of China,* and the *Trademark Law of the People's Republic of China*, and has formulated the *Measures for the Administration of Trademarks* to regulate the use and external promotion of brand image and protect its own legitimate rights and interests. The Company continued to carry out new applications and maintenance for its trademarks and other intellectual property rights after classifying and integrating its existing intellectual property rights so as to further improve the intellectual property structure of the Company. In the course of business cooperation, the Company strictly reviews the relevant terms of trademarks and brands, and stringently controls the use of its trademarks and brands. The Company continued to regularly conduct the work for protecting its trademarks and brands, proactively monitored the market, and promptly identified and handled any infringement of trademarks or other intellectual property rights to provide comprehensive and accentuated protection for the legitimate rights and interests regarding trademarks and brands. For any act of infringement, the Company will report them in accordance with relevant laws and regulations and provide evidence to safeguard intellectual property rights and brand image.

5. ACHIEVE MUTUAL DEVELOPMENT WITH EMPLOYEES

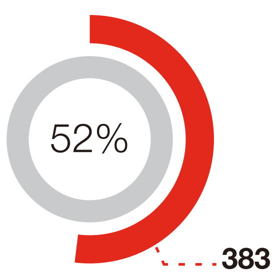
China Renaissance regards its employees as the core competitiveness and valuable assets for the development of the Company. It is committed to providing a platform of fast growth for outstanding talents who have aspirations and insightful views and is passionate for challenges and innovation economy. The Company is dedicated to maximizing the trust and loyalty between employees and the Company to strengthen cohesion. The Company has taken earnest measures to safeguard the legitimate rights and benefits of the employees, attached importance to talent cultivation and stepped up efforts to grow together with employees toward mutual achievements.

5.1 Work in China Renaissance

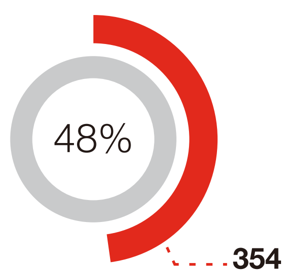
The Company strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour*, the *Regulation on Work-Related Injury Insurance* and the *Special Rules on the Labour Protection of Female Employees*, the *Employment Ordinance* of Hong Kong and other relevant laws and regulations, and has developed a series of its own rules for employee management such as the *Recruitment Management Rules*, and the *Employee Manual*, which provide procedures on matters such as employment and dismissal, working time, vacation management, compensation and benefits, and promotion and development, whereby effectively protecting the legitimate interests of the staff.

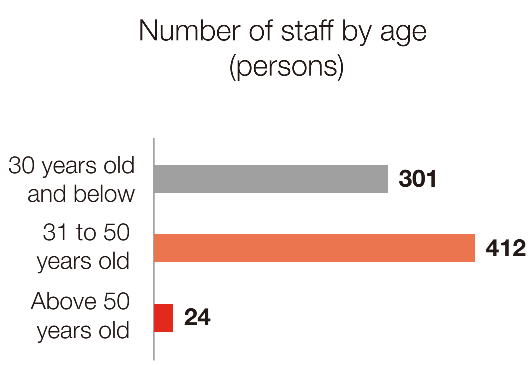
China Renaissance is committed to establishing a legal, compliant, equal and harmonious labour relationship with its employees by adhering to the principle of fairness and mutual respect. It treats all candidates without discrimination based on gender, race, religion or any other aspect in strict accordance with its recruitment process and relevant provisions, and values the staff diversity. In the recruitment process, the Company strictly verifies candidates' information and completes employment formalities according to regulations and rules to prevent the employment of child labour or forced labour. If a child and compulsory labour is spotted, firstly the Company will suspend his or her work, check his or her identity information, conduct physical examination and escort him or her back to his or her residence. Meanwhile, the Company will carry out internal investigation and punish the non-compliances. In addition, the Company will develop rectification measures, improve the relevant internal system and workflow, and intensify the training for relevant personnel. In 2021, there was no child or forced labour event occurred within the Company. As of the end of Reporting Period, there were a total of 737 full-time employees and no part-time employees in the Company.

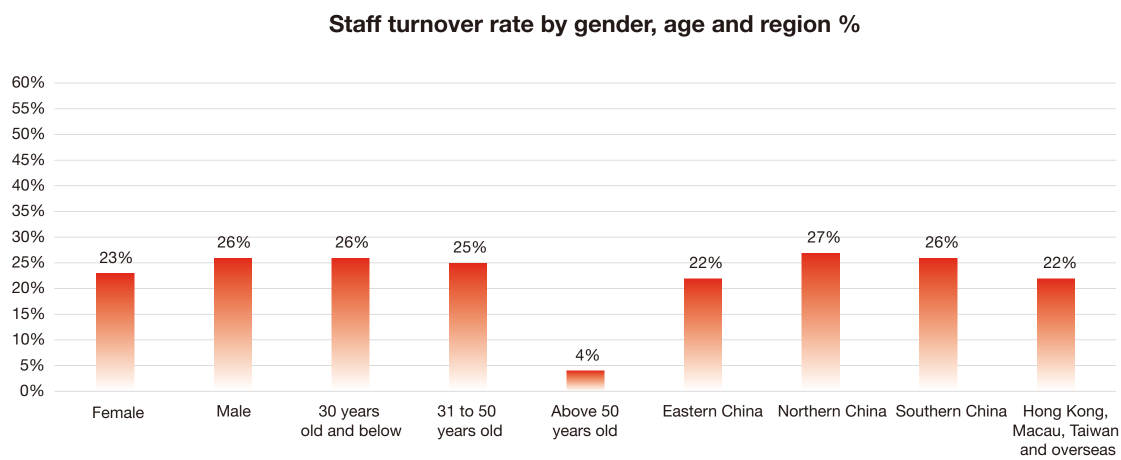
Number and percentage of female staff



Number and percentage of male staff







Note:

1 The number of staff and staff turnover rate information coveres China Renaissance and CR Securities.

2 The statistical caliber of staff turnover rate was the voluntary turnover rate of staff.

Case: CR Journey Program Offeree Celebration

China Renaissance focuses on the selection and cultivation of young talents. In December 2021, the Company held two offeree activities in Beijing and Shanghai, and invited students who won offers with outstanding performance in the campus recruitment. In these two activities, more than ten leaders of the Company officially granted offers to, and shared their job experience with, the new members who will soon join the Company. By holding this face-to-face exchange activity between students and the leaders, the Company has greatly shown its respect and attention to talents, and in turn enabled its young students to understand its stories and culture from the aspect of its development history, business direction, person growth and development, etc.

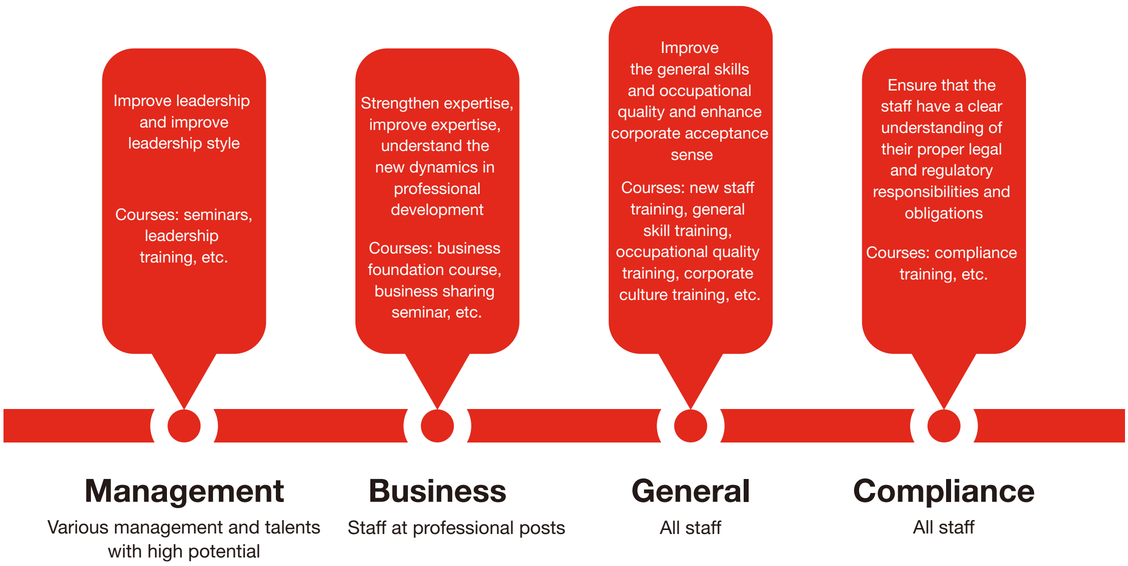
Picture: CR Journey Program Offeree Celebration

5.2 Growth in China Renaissance

China Renaissance has always emphasized long-term development and sustainable cultivation of its employees. With the corporate vision and strategic development goals in mind, while focusing on taking advantage of its staff's knowledge, skills and talents, the Company has been creating growth and learning opportunities for employees in an effective, pertinent and co-creative manner following the people-oriented and business-based principle featuring common growth of the Company and employees.

China Renaissance has formulated *Measures for Position Management* and other management systems and built a clear position system and development ladder, and is committed to enhancing the value of the employees and helping them develop a clear development direction. By constantly optimizing the post rank system and the competency system, the Company provides its staff with a smooth career development pathway and fair occupational development opportunities. The Company has developed clear and differential development requirements based on the work nature of the different business lines, and provides broad platform and ample opportunities for the occupational development of its staff.

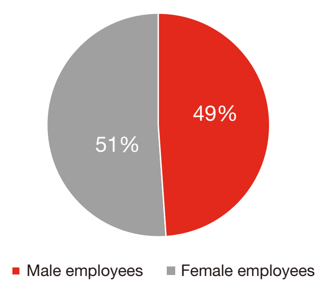
The Company has formulated the *Training Management System*, established an all-round and multi-angle training system — an all-round training management system covering training body management, trainee management, training course management and training implementation management, and provided the staff with diverse and pragmatic training courses. It encourages the staff to try innovation and continuously enrich themselves, and continues to improve their practice levels.



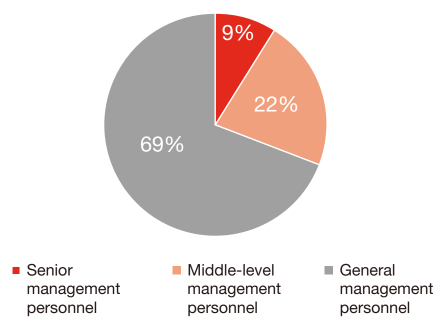
To meet training needs, the Company has developed an online learning platform covering such modules as competitions in mission completion, content co-creation and knowledge sharing, so that employees can access new knowledge anytime and anywhere. Furthermore, the Company has designed various activities for training purposes such as "Fueling Station", "Masters' Talk", "Big Lecture", "Journey of Elite Qualities+", "Journey of Fit In for New Employees", "Journey of Leadership" and "China Renaissance Youth Leader Training Camp", and established a scenario-based, game-like, socially-networked and systematic learning model centering on users to ensure the diversity of training.

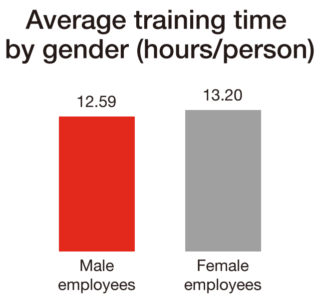
The Company also actively organized courses on regulatory trends, completed the follow-up education and training required by the Securities Association of China and the Asset Management Association of China on time yearly and actively participated in the business and compliance trainings organized by such industrial associations, various regulators and peer companies. In addition, to help employees better understand the Company's business, strengthen communication and exchange among various departments, and expand the employees' business knowledge boundaries, the Company has held special exchange activities to have multiple business departments share information on their respective key tasks and discuss about future business and cooperation model.

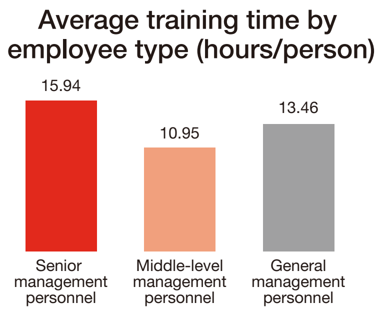
Percentage of employees receiving training by gender(%)



Percentage of employees receiving training by employee type (%)







Note: The staff training information covered China Renaissance and CR Securities.

Case: China Renaissance Youth Leader Training Camp

In 2021, China Renaissance conducted the China Renaissance Youth Leader Training Camp activity. Through experiencing the team-based mountain hiking and completing the wonderful challenges and tasks such as logo jigsaw, this activity has enhanced the communication and exchange between the management and core backbone members of the Company, which helped establish an interlink among different teams and functions.

Picture: China Renaissance Youth Leader Training Camp in 2021

Case: CR Securities — "CR Cloud Plan" for Online Training

In July 2021, the "CR Cloud Plan" for Online Training of CR Securities was officially launched. The courses of the "CR Cloud Plan" cover three types, namely self-management, team management, and business management, which are designed to provide the staff with premium and pragmatic training courses so as to meet the different needs of the staff at different positions with different professional backgrounds. The launch of the "CR Cloud Plan" has filled in the blank of CR Securities in the online training field, broken the regional constraints in the past trainings, and improved the training efficiency while creating diverse and flexible training experience for the staff.

**Picture: The Online Training of "CR Cloud Plan"
of CR Securities in 2021**

5.3 Health in China Renaissance

Caring for the physical and mental health and safety of employees, China Renaissance strictly abides by the *Labour Law of the People's Republic of China*, the *Regulation on Work-Related Injury Insurance*, the *Fire Protection Law of the People's Republic of China* and other relevant laws and regulations and industrial standards, and has established the *Rules on the Fire Safety Management* and other internal regulations and rules according to relevant laws and regulations to establish a comprehensive health and safety management system and effectively ensure the health and safety of employees.

The Company has been committed to providing a safe workplace for employees by inspecting fire equipment on a regular basis and enhancing safety protection measures; arranging experts from the fire protection company to offer fire control knowledge and safety training to all employees every year; actively involving employees to take part in fire drills organized by the property company and enhancing employees' capabilities to respond to emergencies. Meanwhile, the Company has been committed to providing a healthy and comfortable work environment for employees by using safe and healthy environment-friendly materials for decoration and maintenance of offices; taking air cleaning and insecticidal treatment measures in the office area on a regular basis; and cleaning the air conditioners and other equipment irregularly.

Every year, the Company provides free annual physical examination and supplementary medical insurance, on top of basic social insurance for all employees. The Company has equipped the office with a medical emergency kit and actively educated employees about first-aid knowledge to improve their ability to respond to sudden personal injuries and accidents. The Company has introduced the special “CR Welfare” zone to provide the staff with TCM diagnosis and treatment service and thus to solve their health woes. In addition, the Company has conducted health-related seminars from time to time to enrich the health knowledge of employees.

2021 Employee Health and Safety-related Performance Indicators

Name of Indicator	**2021**	2020	2019
Number of work-related fatalities (persons)	**0**	0	0
Ratio of work-related fatalities (%)	**0**	0	0
Lost days due to work-related injuries (days)	**0**	0	0

Note: The staff health and safety information covers China Renaissance and CR Securities.

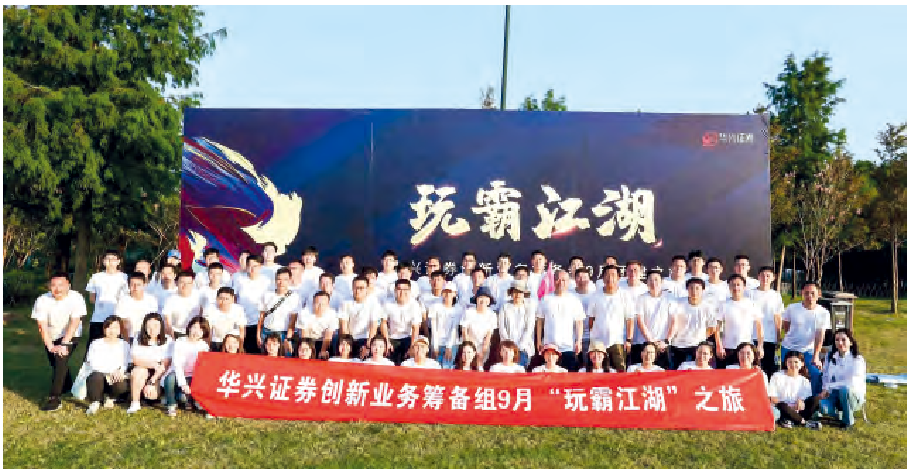
5.4 Happiness in China Renaissance

The Company pays attention to achieving a work-life balance for employees by organizing many employee care activities to jointly create a harmonious and happy working and living atmosphere, enhance collective cohesion, and make employees feel the warmth from the big family of China Renaissance.

Moreover, the Company has provided employees with a variety of heart-warming services and other basic facilities caring from details of their daily work and life. For example, employees are supplied with fruits every day as afternoon tea, ice creams in hot summer, overtime snacks, etc. and baby care rooms are specially equipped to provide working mothers with a favorable environment.

Case: CR Securities — 2021 Staff Team-building Activity

In September 2021, the innovative business planning group (currently the retail division and the intelligent research and development division) of CR Securities held the team-building activity integrating quality development and meeting of minds, and effectively enhanced the mutual understanding among workmates and increased the cohesion of all departments through multiple links such as the foot orienteering PK of the “Wanba Jianghu” team, the the “Qicaishuo” themed debates, the “Candlelight Sharing”, etc.



Picture: CR Securities — 2021 Staff Team-building Activity

6. INTEGRITY AND SELF-DISCIPLINE AND ADHERING TO MORAL PRINCIPLES

The Company insists on standard operation, strengthens anti-money laundering and anticorruption, promotes information disclosure, and takes the initiative to create a clean and fair corporate culture.

6.1 Preventing Money Laundering Risk

The Company proactively fulfils its anti-money laundering responsibilities as a financial institution by identifying and strictly complying with the laws and regulations of various operation places including Mainland China, Hong Kong and the US, such as the *Anti-Money Laundering Law of the People's Republic of China*, the *Guidelines on Risk Self-assessment of Money Laundering and Terrorism Financing of Corporate Financial Institutions*, the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance*, the *Bank Secrecy Act and the USA Patriot Act of the United States* as well as the *Anti-Money Laundering Regulations (2019 Revision)* and the relevant laws and regulations. In addition, the Company formulated the *Policies for Anti-Money Laundering and Counter-Terrorist Financing*, the *Management Measures on Anti-Money Laundering and Counter-Terrorist Financing for RMB Private Investment Funds*, *USD Cayman Islands Funds — Anti-Money Laundering Compliance Manual, Anti-Money Laundering Manual* and other anti-money laundering regulations and rules, refined the anti-money laundering policies by constantly revising relevant policies, procedures or guidelines, and put them into practice.

As an important work in compliance management and comprehensive risk management, CR Securities values the prevention of money laundering risks, and has established the internal control system for anti-money laundering, including the *Money Laundering Risk Management Measures* and the *Management Rules for Anti-money Laundering Work*. While continuously improving the systems, CR Securities has achieved the unified management and supervision of the brokerage and non-brokerage customers through the launch of the anti-money laundering system (version 4.0), and satisfied the requirements of the new regulations for self-assessment of money laundering risks, confidentiality of anti-money laundering information, regulation of customers' career information, etc.

In order to enable its employees to have a full picture of the latest anti-money laundering policies and to enhance their concern on and improving their skills for anti-money laundering in a comprehensive way, the Company held a number of anti-money laundering training for each business line. In 2021, the Company invited Hong Kong Independent Commission Against Corruption to provide its staff with the training themed anti-fraud and anti-corruption. Besides, the Company held the annual anti-money laundering training for all directors and employees, and organized anti-money laundering tests; held the annual anti-money laundering training for fund business; and carried out six basic compliance trainings with contents related to anti-money laundering for new employees. CR Securities held 10 anti-money laundering publicity works via official website, official WeChat account, on site at branches, etc., organized 19 internal anti-money laundering-related trainings, and attended seven external anti-money laundering-related trainings. China Renaissance Securities (US) held the annual compliance meeting for all employees, including an anti-money laundering training.

In order to enhance the awareness of the whole society towards anti-money laundering work, to create a sound anti-money laundering social atmosphere, and to play the role of the finance institutions in attacking money laundering, CR Securities has also opened the special anti-money laundering topic on the official website – investors, publishes the relevant information such as anti-money laundering laws and rules, regulatory dynamics, and typical money laundering cases from time to time to spread the anti-money laundering-related knowledge to the public and customers. Meanwhile, CR Securities has also publicized anti-money laundering through channels such as its official WeChat account, and the LED screens at the offices of its branches.

6.2 Sticking to the Moral Bottom Line

China Renaissance attaches great importance to integrity. Strictly abiding by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Prohibiting Commercial Bribery* and other laws and regulations, the Company prohibits any form of bribery, acceptance of bribes and other commercial offences as well as any form of commercial fraud. The Company has formulated the *Commercial Integrity and Code of Ethics, Administrative Measures for Financial Reimbursement*, the *Clean Practice System for Funds* and other systems to prevent its employees from involvement in any commercial bribery and unfair competition in business, bidding or procurement. The *Employee Manual* clearly required all the employees to know and always abide by the Company's business behaviors and code of ethics and observe anti-commercial bribery provisions, and explicitly provided the procedures for handling misconduct of its employees. The Company also formulated rules and regulations such as the *Measures for Reporting Management* to specify the reporting channels, reporting investigation and duties and whistle-blower protection, etc.

In addition, in order to ensure that there is no potential conflict of interests and material non-public information in personal transactions of any employees, the Company formulated the *Policies for Investment of Personal Accounts*, *Policies for Interests of External Businesses* and *Information Barrier Procedures*, which provided its employees with the guidelines and standards for handling personal transactions involving material non-public information, ensured the confidentiality of relevant information and lowered the risks of corruption committed by its employees by virtue of the non-public material information.

All employees are required to sign the *Employment Declaration and Guarantee* and abide by the provisions on integrity and self-discipline. For integrity related issues identified in daily work, employees can report them on site, or via letters, phones, emails or the "feedback zone" on portal site. The Company will keep the clues of reporting confidential and take necessary measures to protect whistle-blowers, and prohibit retaliating or instigating others to retaliate against real-name whistle-blowers. If a reported issue is proved to be true, the Company will require the relevant party to take rectification measures after seeking the approval of the CEO or the Executive Committee, and if a crime is committed, the issue shall be referred to the judicial authorities immediately.

On top of following the corporate system, CR Securities has supplemented and formulated the systems and measures such as the *Clean Practice System*, the *Implementation Rules for Clean Practice*, and the *Management Measure for Operating Expenses*. On pre-event end, it guides the staff for training, strengthens the concept of clean practice, and emphasizes the disciplines of the exhibition industry; on mid-event monitoring and control end, it defines the service standards for all business activities and restrains improper acts; and on post-event investigation end, it formulates the inspection system for the honesty-related fields to reduce fraud risks.

In addition, the Company conducts publicity events and trainings on anti-fraud and anticorruption from time to time to raise employees' awareness of integrity. In 2021, the Company included reimbursement for reasonable and compliant expenses and prohibition of corruption, bribery, malpractice and related matters in the financial training and compliance training regularly held for its employees. In 2021, CR Securities conducted six trainings themed anti-corruption including the themed training for all staff, the training for new staff, the email communication for all staff and the face-to-face training for board members.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Company or its employees.

7. IMPLEMENTATION OF LOW-CARBON AND GREEN OPERATION

The impacts of the business of the Company on the environment mainly arise from the consumption of water resources, electricity and office supplies during its office operations. In strict compliance with laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, China Renaissance has formulated the internal management systems such as the *Rules for Use of Office*, and effectuates energy-saving and emission reduction by various means during its daily operation to reduce adverse impacts on the environment and gradually enhance employees' awareness of environmental protection.

7.1 Advocating Green Office

China Renaissance strives to explore and use green office system to practice the concept of sustainable development. In the selection of workplace, the Company prioritises buildings with authoritative green building certification, adopts scientific and reasonable power consumption management systems and measures in office areas, sets the air-conditioning temperature in office areas at a fixed reasonable value, establishes the application system of air-conditioning usage in non-working hours, and reminds employees to turn off lights when they leave after work. The Company arranges meeting service personnel and security personnel to patrol the offices in the working and non-working hours and timely turn off air-conditioners and unnecessary lights. The Company sets automatic switch time for air purifiers so as to enable them to be turned off and to reduce consumption of power.

China Renaissance advocates paperless and systematic office procedure. To save paper and reduce the use of stamping ink, the Company sets printers to print in black and white on both sides by default, and advocates paper recycling. The Company has adjusted the paper express model for its offices in Beijing, Shanghai and Hong Kong and places multiple documents to be sent to the same office into the special envelops of the Company, which will be collected by a designated person in one express envelop, thus reducing consumption of resources.

China Renaissance also places high importance on greenness and environmental protection in equipment procurement so as to reduce the consumption of resources from the source. The Company selectively purchases water saving instruments such as sensor faucets and temperature-controlled equipment such as water-cooled non-fluorine air conditioners as well as high-density super-converged servers, power saving and environmentally-friendly lamps and other power saving and consumption-reduced infrastructures. Based on the statistics available to us, the power saving and environmentally-friendly lamps currently used in the offices of the Company can save approximately one-third electricity than general lighting lamps. In 2021, China Renaissance reduced approximately 199.85 tons of greenhouse gas emissions by using power saving and environmentally-friendly lamps.

In order to fulfill the low-carbon and green operation, China Renaissance has set the environmental goal and taken corresponding initiatives and measures.

Classification of environmental goal	Environmental goal and initiatives and measures
Goal of energy use/goal of emission volume	The lighting equipment in the current offices and the future newly-leased offices of the Company are all power saving and environmentally-friendly lamps, which can reduce the emission of greenhouse gases by reducing power electricity.
Goal of waste reduction	Non-hazardous wastes: The Company's offices in Beijing and Shanghai comprehensively implement waste classification and recycling. From 2022, the Company's offices have comprehensively used biodegradable garbage bags to replace plastic garbage bags. Hazardous wastes: The hazardous wastes produced from IT operation are 100% delivered by the Company to product suppliers or qualified recyclers for recycling and treatment.
Goal of water use efficiency	The water facilities and volume for the offices and toilets of the Company are supplied and managed by property management companies. As the water volume is insignificant to the Company, the Company has no difficulty in sourcing water. As such, the Company has not set the goal of water use efficiency. Despite this, it is committed to advocating the water saving in daily operation.

7.2 Tackling Climate Change

China Renaissance highly values the climate change-related matters. In 2021, the Company included the climate change risks in the *Risk Management System* which provides for the identification and analysis of, and the response to, climate change risks, etc. The Company rated and sorted the climate change risks identified, and formulated a list of material risks, based on the impact of the climate change risks on the Company, the possibility of occurrence, the adoptive capability and the restorability of the Company and other factors; it then submitted the relevant analysis results to the management and the Board for step-to-step review; the Board will review the relevant environmental goals in response to the climate change risks with reference to the analysis results of the climate change risks, and make decisions on the relevant solution, which will be used for guiding the Company in conducting relevant work to withstand the climate change risks.

As the Company is well aware of the potential impact that climate change may have on the Company's services and operations, and further on financial performance, in order to proactively tackle the climate change, the Company has made an initial identification of risks and opportunities related to climate change and considered developing relevant countermeasures.

Identification of risks and opportunities related to climate change		Potential financial impact	Countermeasures
Transition risks	Requirements related to replacement of existing products and services with low-emission options	Fixed assets, IT equipment, etc. need to be repurchased/renewed, resulting in increased procurement costs	Try to choose products with low energy consumption and low emissions at the time of first purchase
	Stakeholders' growing concern over issues related to climate change	The Company's customers, especially potential fund LPs, are increasingly concerned about climate change issues, which may have a certain impact on developing customers and fund raising, etc.	Make an active response to stakeholders' concern about climate change issues, reply to limited partners of funds as to the ESG-related issues in the course of due diligence by them, and develop an ESG system for the funds
	Failure to effectively identify climate change risks of invested enterprises in investment business	Potential investment loss due to climate change risks of invested enterprises	Integrate climate change risks into the risk evaluation process at the management level of China Renaissance Group
Physical risks	Changes in average temperature and frequent extreme weather	Increased energy consumption in workplace and damaged fixed assets lead to higher daily office costs	Use energy- and water-saving equipment to control daily electricity and water consumption; raise employees' awareness of energy conservation; and preferably choose energy-saving and environmentally friendly buildings in selecting the workplace

Identification of risks and opportunities related to climate change		Potential financial impact	Countermeasures
Opportunities	Develop new products and markets	Increase operating income	Pay close attention to the opportunities in investment banks/ investment projects in the clean energy industry, selectively launch ESG/ green securities index, green bonds, etc., increase the ESG scores of the listed companies in the research reports, and set up a special team to research and develop ESG-related products
	Falling within innovation economy and healthcare industry, most of the Company's invested enterprises are less affected by climate change, have a greater competitive advantage than traditional enterprises and may achieve better performance	Improve investment return	Consider the potential impact and risks on the invested enterprises from climate change in making decisions on fund investment

7.3 Environmental Performance Indicators

Emissions

Name of Indicator	Data for 2021
Total GHG emissions (tons)	**558.37**
Total GHG emissions per floor area (tons per square meter)	0.041
Hazardous waste (tons)	**0.05**
Hazardous waste per employee (tons per employee)	0.0001
Non-hazardous waste (tons)	**0.40**
Non-hazardous waste per employee (tons per employee)	0.0005

Notes:

1. The scope of environmental data in the table includes: Beijing Office, Shanghai Office and Hong Kong Office of China Renaissance as well as Beijing Office, Shanghai Office and Shenzhen Office of CR Securities.

2. Based on the operational features, the Company maintains a small number of vehicles, thus the emission of nitrogen oxides, oxysulfides and direct greenhouse gases (scope 1) produced by us is insignificant. Under the materiality principle, the Company did not include the information of the above emissions in its statistics.

3. Due to its business nature, the major GHG emissions of the Company arise from the use of electricity (i.e. indirect GHG emissions (Scope 2). Calculation for GHG mainly includes carbon dioxide, methane and nitrous oxide. GHG is presented in carbon dioxide equivalence and calculated based on the *2019 Baseline Emission Factors for Regional Power Grids in China* issued by Ministry of Ecology and Environment of the People's Republic of China, and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Edition)* issued by the IPCC.

4. Hazardous wastes arising from the operation of the Company mainly include used toner cartridges, ink boxes, etc. All waste toner cartridges, ink boxes and other hazardous waste are recycled by product suppliers or qualified suppliers.

5. Non-hazardous waste arising from operation of the Company mainly includes displaced electronic equipment. The displaced electronic equipment is recycled by qualified recyclers upon approval for disposal.

Energy and Resource Consumption

Name of Indicator	Data for 2021
Total energy consumption (MWh)	**842.69**
Energy consumption per floor area (MWh per square meter)	0.061
Paper consumption (tons)	**5.51**
Paper consumption per employee (tons per employee)	0.0062
Municipal water consumption (tons)	**943.00**
Municipal water consumption per employee (tons per employee)	1.94

Notes:

1 The scope of environmental data in the table includes: Beijing Office, Shanghai Office and Hong Kong Office of China Renaissance as well as Beijing Office, Shanghai Office and Shenzhen Office of CR Securities.

2 Due to its business nature, the major energy consumption of the Company arises from the use of electricity.

3 The Company has no problems in seeking suitable water sources. The municipal water consumption arises from water consumed by offices in Beijing. As water fees incurred in other areas are included in the property fees, the corresponding water consumption cannot be separately calculated. Such water consumption will be calculated timely based on the actual situation in future.

4 The packaging data is not applicable to the Company.

8. PRACTICE OF RESPONSIBLE SUPPLY MANAGEMENT

The Company's procurement mainly includes IT software and hardware, office supplies and services from suppliers with lower environmental and social risks. Following the procurement, principle of "fair, just and open", China Renaissance has formulated the *Measures for Bidding Management,* the *Measures for Procurement Management,* the *Measures for Supplier Management* and other relevant regulations to regulate the Company's supplier management, ensure procurement quality, improve procurement efficiency and reduce costs.

8.1 Admission and Review Management

The Company has established the procurement principle of "Application before Execution" based on the *Measures for Procurement Management* and the *Measures for Bidding Management*, defined the organizations related to the procurement and their duties and responsibilities, clarified the classification of and special provisions on procurement methods, and realized the regulated management of the procurement application, invitation for bids, assessment of tenders, contracts, inspection and acceptation, payment, etc.; at the same time, the Company has revised the *Measures for Supplier Management*, made clear the definition and scope of application of suppliers and updated and refined the qualification requirements for supplier admission and specific procedures for supplier admission management, whereby achieving the refined full-cycle management from supplier admission, change and exit.

China Renaissance conducts ongoing monitor, tracking and screening to the suppliers via quality tests and annual assessments during transactions, etc. In 2021, the Company carried out annual review evaluation for suppliers whose procurement amount accounted for more than 50% or whose number of procurements accounted for more than 50% in each department of the Company. In order to fulfill the ESG green development concept together with its suppliers, the Company added the ESG-related assessment item when conducting annual audit and assessment on suppliers under the *Supplier Management Measures*, and gave full marks for such indicator for suppliers who are the first to construct an ESG system, have proactively fulfilled the ESG green development concept to achieve their own sustainable development and have no negative ESG-related remarks; meanwhile, suppliers who hold ESG-related qualifications are given extra marks to encourage them to proactively respond to the ESG policy; in addition, the Company also focus on investing the punishments or negative news of its suppliers in environmental protection and safety aspects. If any of suppliers of the Company is identified having relevant negative news, the Company will lower the ranking or terminate its cooperation according to the specific circumstances and remove such supplier from its supplier information database.

In addition, the Company has developed its own procurement application platform and supplier management platform, realizing such functions as localized data storage and multi-language support for the enterprise system, supporting Hong Kong branch in meeting the requirements of Hong Kong regulators and improving procurement efficiency and reducing costs. The Hong Kong and overseas offices put the supplier management system into operation, which sets up different requirements for application materials and examination and approval lines according to the division of domestic and overseas enterprises to ensure more scientific and rationalized workflow.

Number of suppliers by region in 2021

Name of Indicator	Number
Total number of suppliers	994
Number of domestic suppliers	637
Number of Hong Kong and overseas suppliers	357

8.2 Environmental and Social Responsibility

The Company took into consideration the environmental and social factors in the selection of suppliers and procurement. For procurement projects involving environmental protection, such as procurement of servers, computers and decoration materials, the Company included green procurement standards in its supplier selection criteria and gave priority to the procurement of environmentally friendly products and projects.

In addition, the Company strictly controlled procurement integrity risks by establishing a strict approver system, clarifying relevant responsibilities, and implementing post-based execution and review; the internal audit department regularly conducted independent supervision and inspection of procurement activities according to the system; the Company provided integrity procurement-related training to persons in charge of procurement in each department to strengthen the integrity awareness of procurement personnel.

9. CONTRIBUTING TO THE COMMUNITY BY PRACTICING PUBLIC WELFARE

As a leading financial institution serving the innovative economy in China, China Renaissance practices the concept of social responsibility and is committed to bringing the positive effect to the society. The Company has formulated and implemented the *Community Involvement System*. While striving to develop its own business and creating economic value for the society, the Company has proactively shared its own expertise and resources with the society, participated in community charity construction, maintained good and close relationships with neighboring communities, and transmitted a kind and upright corporate culture by maintaining continuous communication and exchange.

9.1 Creating Social Values

In 2021, China Renaissance actively leveraged its resources and advantages in the capital market to introduce quality investments and complete early stage financing for startups with high social value, and helped enterprises develop extensively in the fields such as food safety, medicine and life science, and industry upgrade by investing funds, so as to create social values.

In March 2021, as an exclusive financial adviser, China Renaissance assisted XAG in completing the Series C++ financing of over RMB300 million. With the mission of "improving the agricultural production efficiency globally", XAG's six major product lines run through all links of the agricultural production, with a hope to construct an agricultural ecosystem that can meet human's development needs for the next 100 years and help the people from around the world acquire sufficient, rich and safe food.

The development of medical care and life science and technology is conducive to benefiting all human beings. However, such enterprises face huge challenges in the development such as long research and development and approval cycle and demand for a large amount of funds. As an investment bank representative in medical care and life science and technology, China Renaissance has long been focusing on and extensively exploring the medical care and life science and technology field. Leveraging on the in-depth understanding of the industry and the experience in the capital market, the Company has accelerated our interconnection of resources and increased our cross-border presence. In 2021, the Company witnessed the significant milestones of many growth-stage enterprises in the field, including acting as the exclusive financial advisers in Weigao Intervention's Series A financing, Sinopharm Dental's Series A financing, and Triastek's Series B and B+ financing.

In July 2021, SVOLT Energy announced the completion of the Series B financing, where the New Economy Fund of China Renaissance was involved in investment. SVOLT Energy is a global high-tech enterprise in the power battery industry and has created an energy closed-loop for carbon neutrality with the lithium battery system as core. Its unique high-speed lamination process, high safety cobalt-free battery, long life solid state battery, automotive grading AI manufacturing, etc. are taking the lead globally.

9.2 Concerning About Rural Education

To revitalize rural education is the top priority of rural revitalization. China Renaissance concerns about the basic education in the developing regions in China, and hopes to promote education equality and sustainable development through its own efforts.

In 2021, China Renaissance fulfilled the concept of "making the best use of everything, promoting frugality and advocating low carbon and environmental protection", organized the second-hand idle item trading activity called "China Renaissance Happiness Marketplace", and specially opened the public donation area to encourage its staff to donate books and other items to the children in the poverty-ridden mountainous regions. In addition, China Renaissance cooperated with Green & Shine Foundation in conducting the Green & Shine Library Public Charity Project, and established a mountainous school library named "China Renaissance" with an aim to indicate that those rural children lacking of information and reading sources need to cultivate their reading interest and motivate their learning abilities. The Company hopes that such flowers of the motherland can broaden their horizons and be inspired in the reading and change their own future through self-motivation.

Picture: The "China Renaissance Happiness Marketplace" Activity and the Donation Ceremony of the Green & Shine Library Public Charity Project

9.3 Providing Assistance in Supporting Communities

The Company provides assistance in supporting communities using numerous methods. With the expansion and development of the Company, the Company focuses on establishing close connection with neighboring communities and poverty-ridden regions, and proactively gives feedback to community support, which has demonstrated its social responsibilities as an enterprise.

CR Securities has proactively undertaken its social responsibilities as an enterprise. As the cooperation unit of the "double-new" party organization in Shanyi Community, Sichuan Beilu Street, Hongkou District, Shanghai, it has participated in the "Pass on Love to Warm Community" supporting activity in Shanyi Community in pairs and delivered warm and blessing to the poor families by means of donating the special purchase for the Spring Festival, the pandemic prevention supplies, etc.

Picture: CR Securities Visiting a Poor Family in Shanyi Community

In addition, Wenshan State of Yunnan Province was a poverty-alleviation supporting region for CR Securities. In recent years, with CR Securities having procured local special agricultural by-products from Wenshan State, it has indicated that Wenshan State of Yunnan Province has accelerated the pace of alleviating poverty and helped revitalize the rural areas.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2021, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

(i) Interest in Shares and underlying Shares

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]
Mr. Bao[2]	Interest in a controlled corporation	230,367,332	41.86%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	31,745,507	5.77%
	Beneficial owner	5,052,600	0.92%
	Beneficiary of a trust	1,861,296	0.34%
	Other	2,657,312	0.48%
Mr. Xie Yi Jing[3]	Beneficial owner	400,000	0.07%
	Beneficiary of a trust	428,060	0.08%
Mr. Wang Lixing[4]	Beneficial owner	2,721,092	0.49%
	Beneficiary of a trust	1,535,756	0.28%
Mr. Liu Xing	Beneficial owner	506,504	0.09%
	Interest of spouse	4,851	0.0009%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

(i) Interest in Shares and underlying Shares (Continued)

Notes:

1. The calculation is based on the total number of 550,364,776 Shares in issue as at December 31, 2021.

2. FBH Partners owns 81.73% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 218,127,332 Shares held by CR Partners. In addition, Mr. Bao owns 100% equity interest in Best Fellowship Limited. Under the SFO, Mr. Bao is deemed to be interested in the 12,240,000 Shares held by Best Fellowship Limited. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 31,745,507 Shares held through Sky Allies for the trust. Under the SFO, Mr. Bao is also deemed to be interested in the 31,745,507 Shares held by Sky Allies. Separately, Mr. Bao directly holds 892,600 Shares and is entitled to receive 4,160,000 Shares pursuant to the exercise of his options granted under the ESOP. Accordingly, Mr. Bao is the beneficial owner of an aggregate of 5,052,600 Shares. Additionally, pursuant to the RSU Plan of the Company, Mr. Bao is a beneficiary of 1,861,296 Shares held by Go Perfect Development Limited, a trust under the RSU Plan. Separately, Mr. Bao is entitled to use the voting rights in respect of 2,657,312 Shares held by Go Perfect Development Limited in according with the terms of the RSU Plan.

3. Mr. Xie Yi Jing is entitled to receive 400,000 Shares pursuant to the exercise of his options granted under the ESOP of the Company. Separately, pursuant to the RSU Plan of the Company, Mr. Xie Yijing is a beneficiary of 428,060 Shares held by Go Perfect Development Limited, a trust under the RSU Plan.

4. Mr. Wang Lixing is entitled to receive 2,721,092 Shares pursuant to the exercise of his options granted under the ESOP and 1,025,756 Shares pursuant to restricted shares granted to him under the RSU Plan. Separately, Mr. Wang Lixing also has an indirect interest in a long position of 510,000 Shares.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS (CONTINUED)

(ii) Interest in associated corporations

Name of Shareholder	Name of member of the Group	Capacity/ Nature of interest	Amount of registered capital (RMB)	Approximate percentage of holding
Mr. Bao	Tianjin Huahuang	Interests held as a limited partner	1,000,000	6.67%
	Huaxing Associates, L.P.	Interests held as a limited partner through controlled corporation(1)	Not applicable	Not applicable
	Huaxing Associates II, L.P.	Interests held as a limited partner through controlled corporation(1)	Not applicable	Not applicable
	Huaxing Associates III, L.P.	Interests held as a limited partner through controlled corporation(1)	Not applicable(2)	Not applicable(2)

Notes:

1. Mr. Bao holds limited partnership interest through FBH Partners, a special purpose vehicle controlled by Mr. Bao.

2. In Huaxing Associates III, L.P., the capital commitment of FBH Partners (being a special purpose vehicle controlled by Mr. Bao) is US$1,000,000, which accounts 4.96% of the total capital commitment of partners of Huaxing Associates III, L.P.

Save as disclosed above, as at December 31, 2021, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2021, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interest in our Company

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of holding[1]
CR Partners[2]	Beneficial owner	218,127,332	39.63%
FBH Partners[2]	Interest in a controlled corporation	218,127,332	39.63%
Mr. Bao[2]	Interest in a controlled corporation	230,367,332	41.86%
	Settlor of a trust who can influence how the trustee exercises the voting power of its shares	31,745,507	5.77%
	Beneficial owner	5,052,600	0.92%
	Beneficiary of a trust	1,861,296	0.34%
	Other	2,657,312	0.48%
Renaissance Greenhouse HK Limited[3]	Beneficial owner	38,000,484	6.90%
CW Renaissance Holdings Limited[3]	Interest in a controlled corporation	38,000,484	6.90%
Chengwei Capital HK Limited[3]	Interest in a controlled corporation	38,000,484	6.90%
Chengwei Evergreen Capital, LP[3]	Interest in a controlled corporation	38,000,484	6.90%
Chengwei Evergreen Management, LLC[3]	Interest in a controlled corporation	38,000,484	6.90%
Mr. Li Shujun[4]	Interest in a controlled corporation	35,652,172	6.48%
Sky Allies Development Limited[5]	Nominee for another person (other than a trustee)	31,745,507	5.77%
Infiniti Trust (Hong Kong) Limited[5]	Trustee	31,745,507	5.77%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Interest in our Company (Continued)

Notes:

1. The calculation is based on the total number of 550,364,776 Shares in issue as at December 31, 2021.

2. FBH Partners owns 81.73% equity interest in CR Partners. Mr. Bao owns 79% of the equity interest in FBH Partners, and as a result of a voting proxy granted by Ms. Hui Yin Ching, Mr. Bao's spouse, the 21% owner of FBH Partners, over all her equity interests in FBH Partners, Mr. Bao controls 100% of the voting power at the general meetings of FBH Partners. Under the SFO, Mr. Bao is deemed to be interested in the 218,127,332 Shares held by CR Partners. In addition, Mr. Bao owns 100% equity interest in Best Fellowship Limited. Under the SFO, Mr. Bao is deemed to be interested in the 12,240,000 Shares held by Best Fellowship Limited. Separately, as Mr. Bao is the settlor of Sky Allies Trust Scheme who can influence how Infiniti Trust (Hong Kong) Limited exercises the voting of its 31,745,507 Shares held through Sky Allies for the trust. Under the SFO, Mr. Bao is also deemed to be interested in the 31,745,507 Shares held by Sky Allies. Separately, Mr. Bao directly holds 892,600 Shares and is entitled to receive 4,160,000 Shares pursuant to the exercise of his options granted under the ESOP of the Company. Accordingly, Mr. Bao is the beneficial owner of an aggregate of 5,052,600 Shares. Additionally, pursuant to the RSU Plan of the Company, Mr. Bao is a beneficiary of 1,861,296 Shares held by Go Perfect Development Limited, a trust under the RSU Plan. Separately, Mr. Bao is entitled to exercise the voting rights in respect of 2,657,312 Shares held by Go Perfect Development Limited in accordance with the terms of the RSU Plan.

3. Renaissance Greenhouse HK Limited is wholly-owned by CW Renaissance Holdings Limited, which is in turn wholly-owned by Chengwei Capital HK Limited. Chengwei Capital HK Limited is wholly-owned by Chengwei Evergreen Capital, LP, which is controlled by Chengwei Evergreen Management, LLC. Under the SFO, each of CW Renaissance Holdings Limited, Chengwei Capital HK Limited, Chengwei Evergreen Capital LP and Chengwei Evergreen Management, LLC is interested in the 38,000,484 Shares held by Renaissance Greenhouse HK Limited.

4. Greenhouse CR Holdings Co., Ltd. is wholly-owned by Trustbridge Partners IV L.P., whose general partner is TB Partners GP4, L.P. The general partner of TB Partners GP4, L.P. is TB Partners GP Limited, whose sole shareholder is Mr. Li Shujun. Greenhouse CR Holdings II Co., Ltd. is wholly-owned by Trustbridge Partners V L.P., whose general partner is TB Partners GP5, L.P.. The general partner of TB Partners GP5, L.P. is TB Partners GP5 Limited, whose sole shareholder is Mr. Li Shujun. Under the SFO, Mr. Li Shujun is deemed to be interested in the 20,000,000 Shares held by Greenhouse CR Holdings Co., Ltd. and the 15,652,172 Shares held by Greenhouse CR Holdings II Co., Ltd. in the capacity of holders of interests in controlled corporations as opposed to beneficial owners.

5. The entire share capital of Sky Allies is held by Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme for the benefit of selected employees. Sky Allies holds the subject shares in our Company as nominee in trust for Infiniti Trust (Hong Kong) Limited as trustee of Sky Allies Trust Scheme.

Save as disclosed above, as at December 31, 2021, no other persons (other than our Directors or chief executives of our Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

1. Employee's Share Option Plan

The purpose of the ESOP is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by issuing them Shares or by permitting them to purchase Shares.

As at December 31, 2021, (a) our Directors were holding unexercised options under the ESOP to subscribe for a total of 7,281,092 Shares, representing 1.32% of the issued share capital of our Company, and (b) other grantees were holding unexercised options under the ESOP to subscribe for a total of 16,878,688 Shares, representing approximately 3.07% of the issued share capital of our Company, details of which are as follows:

					Number of options			
Name or category of grantee	Date of grant	Vesting period	The period during which options are exercisable	Exercise price	Outstanding as at December 31,2020	Exercised during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31,2021
	Director							
Bao Fan	April 1, 2017	5 years from the date of grant	10 years from the date of grant	US$0.625	10,000,000	6,000,000	–	4,000,000
	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US$0.75	400,000	240,000	–	160,000
Xie Yi Jing	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US$0.75	400,000	–	–	400,000
Wang Lixing	January 1, 2015	5 years from the date of grant	10 years from the date of grant	US$0.25	521,092	171,092	–	350,000
	January 1, 2016	5 years from the date of grant	10 years from the date of grant	US$0.625	1,000,000	228,908	–	771,092
	April 1, 2017	5 years from the date of grant	10 years from the date of grant	US$0.625	1,000,000	300,000	–	700,000
	April 1, 2018	5 years from the date of grant	10 years from the date of grant	US$0.75	1,200,000	300,000	–	900,000
	Other grantees							
In aggregate	Between Nov 5, 2012 and April 1, 2018	Up to 5 years from the date of grant or specific date	10 years from the date of grant	Between US$0.25 and US$0.75	25,243,500	6,122,812	2,242,000	16,878,688
Total					39,764,592	13,362,812	2,242,000	24,159,780

SHARE OPTION SCHEMES (CONTINUED)

1. Employee's Share Option Plan (Continued)

Details of the movements during the year ended December 31, 2021 of the options granted under the ESOP (apart from two directors of the Company) are as follows:

	Number of share options						
Date of grant	As at December 31, 2020	Granted during the Reporting Period	Exercised during the year ended December 31, 2021	Lapsed during the Reporting Period	As at December 31, 2021	Exercise price	Exercise period
11/5/2012	536,000	–	50,000	–	486,000	US$0.25	2021
1/1/2013	600,000	–	300,000	–	300,000	US$0.375	2021
1/1/2014	1,280,000	–	489,000	–	791,000	US$0.25	2021
1/1/2015	8,971,092	–	3,120,092	244,000	5,607,000	US$0.25	2021
10/1/2015	112,500	–	50,000	–	62,500	US$0.25	2021
1/1/2016	2,750,500	–	883,408	400,000	1,467,092	US$0.625	2021
1/1/2016	287,500	–	87,500	–	200,000	US$0.25	2021
7/1/2016	570,000	–	100,000	–	470,000	US$0.625	2021
1/1/2017	100,000	–	50,000	–	50,000	US$0.625	2021
4/1/2017	14,572,000	–	6,813,000	267,000	7,492,000	US$0.625	2021
4/1/2018	9,365,000	–	1,419,812	1,331,000	6,614,188	US$0.75	2021

No options under the ESOP were granted in the year ended December 31, 2021. 2,242,000 options under the ESOP were cancelled in the year ended December 31, 2021.

2. RSU Plan

The RSU Plan was approved by the Board on June 15, 2018.

The purpose of the RSU Plan is to enable the officers, employees or directors of, and consultants to, the Group to share in the success of the Company, in order to assure a closer identification of the interests of such persons with those of the Group and stimulate the efforts of such persons on the Group's behalf.

During the year ended December 31, 2021, the Company granted an aggregate of 4,376,663 RSUs to 90 grantees, among whom 13 grantees are connected persons of the Company, in accordance with the terms of the RSU Plan.

SHARE OPTION SCHEMES (CONTINUED)

2. RSU Plan (Continued)

Details of RSUs granted and vested pursuant to the RSU Plan to our Directors are set out below:

		Number of Shares underlying the RSUs			
Name of Director	Date of grant	Granted on the relevant grant date	Vested during the Reporting Period	Forfeited during the Reporting Period	Vesting Period
Bao Fan	April 1, 2019	762,435	127,073	—	April 1, 2019–July 1, 2023
	April 1, 2020	511,898	174,045	—	April 1, 2020–April 1, 2023
	April 1, 2021	900,787	—	—	April 1, 2021–April 1, 2024
Xie Yi Jing	April 1, 2019	182,983	30,497	—	April 1, 2019–July 1, 2023
	April 1, 2020	136,506	46,412	—	April 1, 2020–April 1, 2023
	April 1, 2021	142,116	—	—	April 1, 2021–April 1, 2024
Wang Lixing	April 1, 2019	466,380	77,730	—	April 1, 2019–July 1, 2023
	April 1, 2020	267,397	90,914	—	April 1, 2020–April 1, 2023
	April 1, 2021	323,071	—	—	April 1, 2021–April 1, 2024

Movements in the number of RSUs outstanding are as follows:

	Number of RSUs
As of January 1, 2021	9,293,297
Granted	4,376,663
Forfeited	(780,649)
Vested	(2,703,735)
Outstanding balance as of December 31, 2021	10,185,576

Further details of the ESOP and the RSU Plan are set out in the section headed "Statutory and General Information" on Appendix IV of the Prospectus and Note 42 to the consolidated financial statements for the year ended December 31, 2021.

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

During the year ended December 31, 2021, 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 repurchases were 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 year ended December 31, 2021 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
	1,950,700			41,761.1

Save as disclosed above, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2021.

USE OF NET PROCEEDS FROM LISTING

On September 27, 2018, the Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the initial public offering were approximately HK$2,517.6 million after deducting underwriting commissions and other expenses paid and payable by us in the initial public offering. 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 initial public offering as of December 31, 2021.

USE OF NET PROCEEDS FROM LISTING (CONTINUED)

	% of use of proceeds	Net proceeds from the initial public offering HK$ million	Actual usage up to December 31, 2020 HK$ million	Actual usage for the year ended December 31, 2021 HK$ million	Unutilized amount as at December 31, 2021 HK$ million	Expected timeline of full utilization of the balance
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		**2,517.6**	**2,054.9**	**368.8**	**93.9**	

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the 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.

The Annual Report of the Group for the year ended December 31, 2021 has been reviewed by the Audit Committee.

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.

IMPORTANT EVENTS AFTER THE REPORTING DATE

No important events affecting the Company occurred since December 31, 2021 and up to the date of this Annual Report.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the Shareholders of China Renaissance Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Renaissance Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 121 to 258, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value of level 3 financial assets	
As at December 31, 2021, the carrying amount of the Group's financial assets measured at fair value that are classified as level 3 totaled RMB3,538 million. Among the level 3 financial assets, approximately RMB3,020 million are unlisted investment funds at fair value, unlisted debt security investments, unlisted equity security investments and investments in fund accounted for as associates measured at fair value while the remaining RMB518 million are derivatives. Details are included in note 48.7 to the consolidated financial statements. The valuation of these financial assets is based on a combination of valuation techniques and key unobservable inputs. Estimates of unobservable inputs that need to be developed can involve significant management and external valuation specialist's judgment. We identified assessing the fair value of level 3 financial assets as a key audit matter because of the degree of complexity involved in valuing these financial assets and because of the significant degree of judgment exercised by management and external valuation specialist in determining the valuation techniques and inputs used.	Our audit procedures in relation to assessing the fair value of level 3 financial assets included the following: • understanding the process of monitoring and reviewing the fair value of these level 3 financial assets implemented by management; • reading the agreements for these financial assets entered into during the current year to understand the relevant terms and evaluate any conditions that might affect the valuation of these financial assets; • engaging internal valuation specialists to review and challenging the appropriateness of valuation model and key inputs used by the Group for its unlisted debt security investments, unlisted equity security investments and derivatives on a sample basis; • reviewing the Group's valuation of its level 3 financial assets other than unlisted debt security investments, unlisted equity security investments and derivatives on a sample basis; comparing the valuation with our knowledge of current and emerging practice; testing the inputs used and checking the fair value calculations on a sample basis; • reviewing and checking the sensitivity analysis on the key inputs used in the valuation; ensuring proper disclosures of these sensitivity analysis; and • assessing the disclosure in the consolidated financial statements in relation to the fair value of level 3 financial assets with reference to the requirements of the prevailing accounting standards.

Key audit matter	How our audit addressed the key audit matter

Consolidation of structured entities managed by the Group

The Group acquires or retains an ownership interest in, or act as a general partner or manager of, structured entities. Structured entities are generally created to achieve narrow and well-defined objectives with restrictions around their ongoing activities.

As at December 31, 2021, the aggregated net assets of structured entities that were consolidated totaled RMB2,501 million. Details of the structured entities are included in note 46 to the consolidated financial statements.

In determining whether a structured entity should be consolidated by the Group, management is required to consider the power that the Group is able to exercise over the entity, the Group's exposures to variable returns from its involvement with the entity and its ability to affect those returns through its power over the entity. In making these assessments, management needs to consider both qualitative and quantitative factors.

We identified the consolidation of structured entities managed by the Group as a key audit matter as it involves significant management judgment in determining whether these entities should be consolidated and the impact of consolidating these entities could be significant.

Our audit procedures in relation to assessing the consolidation of structured entities managed by the Group included the following:

- understanding and assessing management process relating to the consolidation of structured entities;
- inspecting documents prepared by management relating to the judgment process over whether a structured entity should be consolidated or not;
- selecting significant structured entities and performing the following procedures for each entity selected:
  - inspecting the related contracts and establishment documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and assessing management's judgment over whether the Group has the ability to exercise power over the structured entity;
  - reviewing the risk and reward structure of the structured entity and assessing management's judgment as to the exposure or rights to the variable returns from the Group's involvement in such entity;
  - reviewing management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with the Group's economic interests in the structured entity and assessing management's judgment over the Group's ability to influence its own returns from the structured entity; and
  - evaluating management's judgment over whether the structured entity should be consolidated or not;
- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ip Yat Hung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 30, 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Notes	Year ended December 31, 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
Total revenue	5	**1,744,483**	1,589,274
Net investment gains	6	**759,528**	1,142,172
Total revenue and net investment gains		**2,504,011**	2,731,446
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	7	**(371,659)**	(353,125)
Finance costs	8	**(112,481)**	(12,755)
Impairment losses under expected credit loss model, net of reversal	9	**(46,400)**	(15,865)
Total operating expenses		**(1,641,207)**	(1,606,064)
Operating profit		**862,804**	1,125,382
Other income, gains or losses	10	**27,751**	27,172
Investment income (loss) arising from certain incidental and ancillary investments	11	**135,585**	(9,327)
Share of results of associates	21	**(7,712)**	(93)
Share of results of a joint venture	22	**(6,694)**	(2,525)
Change in fair value of call option	23	**844,170**	19,801
Profit before tax		**1,855,904**	1,160,410
Income tax expense	12	**(210,519)**	(136,153)
Profit for the year	13	**1,645,385**	1,024,257

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended December 31, 2021

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000
Other comprehensive (expense) income	14		
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**(194,273)**	(487,205)
Items that may be reclassified subsequently to profit or loss:			
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		**1,576,793**	847,787
Profit (loss) for the year attributable to:			
— Owners of the Company		**1,624,362**	1,037,752
— Non-controlling interests		**21,023**	(13,495)
		1,645,385	1,024,257
Total comprehensive income (expense) attributable to:			
— Owners of the Company		**1,555,417**	862,064
— Non-controlling interests		**21,376**	(14,277)
		1,576,793	847,787
EARNINGS PER SHARE			
Basic	16	**RMB 3.27**	RMB 2.11
Diluted	16	**RMB 3.09**	RMB 1.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	Notes	As at December 31, 2021 RMB'000	2020 RMB'000 (restated)
Non-current assets			
Property and equipment	18	**178,243**	125,659
Intangible assets	19	**88,953**	71,095
Deferred tax assets	20	**168,536**	233,280
Investments in associates	21	**1,615,923**	1,829,220
Investment in a joint venture	22	**43,306**	3,124
Financial assets at fair value through profit or loss	23	**3,981,583**	1,342,697
Financial assets at fair value through other comprehensive income	24	**359,610**	252,696
Rental deposits		**19,107**	20,406
Other financial assets		**—**	130,616
		6,455,261	4,008,793
Current assets			
Accounts and other receivables	25	**760,118**	2,598,131
Financial assets purchased under resale agreements	26	**109,005**	279,595
Loans to third parties	27	**4,579**	630,507
Amounts due from related parties	45	**64,682**	47,394
Financial assets at fair value through profit or loss	23	**2,894,129**	3,692,171
Financial assets at fair value through other comprehensive income	24	**50,600**	—
Term deposits	28	**208,778**	168,473
Pledged bank deposits	29	**21,054**	—
Cash held on behalf of brokerage clients	29	**1,211,127**	460,747
Cash and cash equivalents	29	**2,381,646**	646,756
Other financial assets		**3,187**	—
		7,708,905	8,523,774
Asset classified as held for sale	21	**—**	4,762
		7,708,905	8,528,536
TOTAL ASSETS		**14,164,166**	12,537,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At December 31, 2021

	Notes	As at December 31, 2021 RMB'000	2020 RMB'000 (restated)
Current liabilities			
Accounts and other payables	30	**1,036,061**	2,462,867
Financial assets sold under repurchase agreements	31	**760,022**	1,030,215
Short-term debt instrument issued	32	**160,954**	—
Payable to brokerage clients	33	**1,211,127**	460,742
Payables to interest holders of consolidated structured entities	34	**390,299**	424,984
Amounts due to related parties	45	**13,185**	600
Contract liabilities	35	**59,713**	38,199
Bank borrowings	36	**587,596**	112,262
Lease liabilities	37	**57,423**	45,464
Income tax payables		**180,976**	161,604
Financial liabilities at fair value through profit or loss	38	**—**	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	37	**94,638**	56,439
Bank borrowings	36	**1,625,804**	—
Contract liabilities	35	**6,671**	15,774
Deferred tax liabilities	20	**72,182**	70,383
		1,799,295	142,596
NET ASSETS		**7,907,515**	7,381,978
Capital and reserves			
Share capital	40	**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	41	**1,081,483**	1,486,136
		7,907,515	7,381,978

The consolidated financial statements on pages 121 to 258 were approved and authorized for issue by the board of directors on March 30, 2022 and are signed on its behalf by:

Bao Fan
Chairman and Chief Executive Officer

Xie Yi Jing
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

	Notes	Attributable to owners of the Company									
		Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Other reserves RMB'000 (note)	Surplus reserve RMB'000	(Accumulated losses) retained profits RMB'000	Reserves Sub-total RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2021		87	(6)	6,316,235	100,076	29,734	(550,284)	5,895,755	5,895,842	1,486,136	7,381,978
Profit for the year		–	–	–	–	–	1,624,362	1,624,362	1,624,362	21,023	1,645,385
Other comprehensive (expense) income for the year		–	–	–	(68,945)	–	–	(68,945)	(68,945)	353	(68,592)
Total comprehensive (expense) income for the year		–	–	–	(68,945)	–	1,624,362	1,555,417	1,555,417	21,376	1,576,793
Appropriation to statutory surplus reserve		–	–	–	–	737	(737)	–	–	–	–
Acquisition of additional equity interest from non-controlling shareholders	51	–	–	–	(436,190)	–	–	(436,190)	(436,190)	(409,571)	(845,761)
Recognition of equity-settled share-based payment expense	42	–	–	–	62,703	–	–	62,703	62,703	–	62,703
Share options exercised		2	–	109,075	(63,716)	–	–	45,359	45,361	–	45,361
Purchase of shares held under share award scheme	42	–	–	–	(65,056)	–	–	(65,056)	(65,056)	–	(65,056)
Restricted shares units vested		–	1	18,007	(18,008)	–	–	–	–	–	–
Shares issued to the Trusts	40	1	(1)	–	–	–	–	(1)	–	–	–
Dividends to shareholders	17	–	–	(197,319)	–	–	–	(197,319)	(197,319)	–	(197,319)
Dividends to non-controlling shareholders		–	–	–	–	–	–	–	–	(16,458)	(16,458)
Shares repurchased and cancelled	40	–	–	(34,738)	12	–	–	(34,726)	(34,726)	–	(34,726)
At December 31, 2021		90	(6)	6,211,260	(489,124)	30,471	1,073,341	6,825,942	6,826,032	1,081,483	7,907,515

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended December 31, 2021

		Attributable to owners of the Company									
	Notes	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Other reserves RMB'000 (note)	Surplus reserve RMB'000	Accumulated losses RMB'000	Reserves Sub-total RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2020		89	(7)	6,454,704	262,621	21,538	(1,579,840)	5,159,016	5,159,105	1,513,040	6,672,145
Profit (loss) for the year		–	–	–	–	–	1,037,752	1,037,752	1,037,752	(13,495)	1,024,257
Other comprehensive expense for the year		–	–	–	(175,688)	–	–	(175,688)	(175,688)	(782)	(176,470)
Total comprehensive (expense) income for the year		–	–	–	(175,688)	–	1,037,752	862,064	862,064	(14,277)	847,787
Appropriation to statutory surplus reserve		–	–	–	–	8,196	(8,196)	–	–	–	–
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	495	495
Recognition of equity-settled share-based payment expense	42	–	–	–	67,966	–	–	67,966	67,966	–	67,966
Share options exercised		–	1	79,294	(44,827)	–	–	34,468	34,468	–	34,468
Restricted shares units vested		–	–	10,104	(10,104)	–	–	–	–	–	–
Dividends to shareholders	17	–	–	(79,896)	–	–	–	(79,896)	(79,896)	–	(79,896)
Dividends to non-controlling shareholders		–	–	–	–	–	–	–	–	(13,122)	(13,122)
Shares repurchased but not yet cancelled	40	–	–	–	(13)	–	–	(13)	(13)	–	(13)
Shares repurchased and cancelled	40	(2)	–	(147,971)	121	–	–	(147,850)	(147,852)	–	(147,852)
At December 31, 2020		87	(6)	6,316,235	100,076	29,734	(550,284)	5,895,755	5,895,842	1,486,136	7,381,978

Note: Other reserves include (1) translation reserve; (2) investment revaluation reserve and expected credit losses for financial assets at fair value through other comprehensive income; (3) equity-settled share-based payment reserve; (4) share repurchase reserve; and (5) reserve of acquisition of equity interest from non-controlling shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	Year ended December 31, 2021 RMB'000	2020 RMB'000 (restated)
Cash flows from operating activities		
Profit before tax	**1,855,904**	1,160,410
Adjustments for:		
Depreciation of property and equipment	**77,908**	69,403
Amortization of intangible assets	**12,771**	11,133
Losses on disposal of property and equipment	**44**	191
Interest income	**(75,030)**	(81,662)
Finance costs	**112,481**	12,755
Change in fair value of call option	**(844,170)**	(19,801)
Net investment gains	**(759,528)**	(1,142,172)
Investment gains attributable to interest holders of consolidated structured entities	**17,573**	111,427
Investment (income) loss arising from certain incidental and ancillary investments	**(135,585)**	9,327
Gains on disposal of associates	**(2,239)**	—
Impairment losses under expected credit loss model, net of reversal	**46,400**	15,865
Impairment loss on investment in a joint venture	**3,124**	—
Share of results of associates	**7,712**	93
Share of results of a joint venture	**6,694**	2,525
Share-based payment expense	**62,703**	67,966
Operating cash flows before movements in working capital	**386,762**	217,460
Decrease (increase) in accounts and other receivables	**1,830,745**	(1,756,636)
Decrease (increase) in financial assets purchased under resale agreements	**170,590**	(279,595)
Increase in amounts due from related parties	**(4,630)**	(1,463)
Increase (decrease) in amounts due to related parties	**12,585**	(321)
(Increase) decrease in cash held on behalf of brokerage clients	**(750,380)**	225,095
Decrease (increase) in financial assets at fair value through profit or loss	**1,111,082**	(274,064)
(Decrease) increase in financial assets sold under repurchase agreements	**(270,193)**	1,030,215
(Decrease) increase in accounts and other payables	**(1,463,922)**	1,415,742
Increase (decrease) in payable to brokerage clients	**750,385**	(225,100)
Increase in contract liabilities	**12,411**	18,612
Cash generated from operations	**1,785,435**	369,945
Interest received	**37,763**	52,588
Income taxes paid	**(125,407)**	(82,384)
Net cash generated from operating activities	**1,697,791**	340,149

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31, 2021

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
		(restated)
Cash flows from investing activities		
Interest received	**72,525**	15,579
Purchases of property and equipment	**(26,677)**	(7,756)
Proceeds from disposal of property and equipment	**17**	82
Payments for rental deposits	**(3,647)**	(4,991)
Refund of rental deposits	**4,782**	366
Disposal of subsidiaries	**—**	(47,308)
Purchases of intangible assets	**(30,654)**	(31,075)
Purchases of financial assets at fair value through profit or loss	**(2,269,062)**	(310,938)
Proceeds from disposal of financial assets at fair value through profit or loss	**635,198**	34,788
Purchases of financial assets at fair value through other comprehensive income	**(555,661)**	(248,127)
Proceeds from disposal of financial assets at fair value through other comprehensive income	**399,474**	—
Acquisition of investments in associates	**(220,685)**	(134,091)
Investment returns received from associates	**405,108**	49,074
Disposal of investments in associates	**8,000**	—
Acquisition of investments in a joint venture	**(50,000)**	—
Advance to related parties	**(14,120)**	(13,850)
Repayment from related parties	**1**	9,049
Placement of term deposits	**(7,509,134)**	(8,881,073)
Proceeds from term deposits	**7,447,899**	9,197,790
Placement of pledged bank deposits	**(209,504)**	—
Proceeds of pledged bank deposits	**188,450**	248,188
Origination of loan receivables	**(65,227)**	(641,354)
Repayment of loan receivables	**640,229**	102,638
Proceeds from other financial assets	**124,454**	141,642
Net cash used in investing activities	**(1,028,234)**	(521,367)

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000 (restated)
Cash flows from financing activities			
Payment on repurchase of shares		**(34,726)**	(147,865)
Purchases of shares to be held under share award scheme		**(65,056)**	—
Proceeds from issuance of ordinary shares for share option exercised		**45,361**	34,468
Proceeds from bank borrowings	39	**2,629,914**	293,362
Repayment of bank borrowings	39	**(506,847)**	(310,668)
Interest paid	39	**(72,854)**	(10,503)
Repayments of lease liabilities	39	**(53,184)**	(51,998)
Proceeds from issuance of structured notes	39	**209,000**	—
Redemption of structured notes	39	**(50,000)**	—
Capital contribution from non-controlling shareholders		**—**	495
Distribution to non-controlling shareholders	39	**(12,507)**	(13,122)
Dividends paid to shareholders	39	**(197,319)**	(79,896)
Proceeds from financial liabilities at fair value through profit or loss	39	**—**	125,068
Repayments of financial liabilities at fair value through profit or loss	39	**(314,409)**	—
Cash injection by third-party holders to consolidated structured entities	39	**165,065**	176,022
Cash repayment to third-party holders to consolidated structured entities	39	**(215,608)**	(111,058)
Acquisition of additional equity interest from a non-controlling shareholder		**(409,571)**	—
Net cash generated from (used in) financing activities		**1,117,259**	(95,695)
Net increase (decrease) in cash and cash equivalents		**1,786,816**	(276,913)
Cash and cash equivalents at January 1		**646,756**	1,022,043
Effect of foreign exchange rate changes		**(51,926)**	(98,374)
Cash and cash equivalents at December 31		**2,381,646**	646,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. GENERAL INFORMATION

China Renaissance Holdings Limited (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 of Hong Kong Limited (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 are disclosed in the corporate information section to the annual report.

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

The principal activities of the Company and its subsidiaries (the "Group") are the provision of investment banking and investment management services.

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

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

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. Additional disclosures as required by IFRS 7 are set out in note 48.6.

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. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basic of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basic of preparation of consolidated financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;

- the rights held by other parties;

- the remuneration to which it is entitled in accordance with the remuneration agreements; and

- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributable to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group has invested in certain investment funds that it manages. As the fund manager, the Group may contribute capital in the funds that it manages. Where the Group has an interest in the funds that give the Group significant influence, but not control, the Group records such investments as investments in associates. The Group has applied the measurement exemption within IAS 28 "*Investments in Associates and Joint Ventures*", when an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the entity elects to measure investments in those associates at fair value since the Company decides such funds have the following characteristics of a venture capital organization:

- The investments are held for the short- to medium-term rather than for the long-term;
- the most appropriate point for exit is actively monitored; and
- investments form part of a portfolio, which is monitored and managed without distinguishing between investments that qualify as associates and those that do not.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures other than those held through venture capital organization are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognize revenue on the basis of direct measurement of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Principal versus agent (continued)

In particular, revenue is recognized as follows:

(a) Transaction and advisory fees

Transaction and advisory revenue represents underwriting fees and financial advisory fees associated with private placement transactions, public capital raising transactions and mergers and acquisitions. Such transaction revenues are recognized at a point in time when the services for the transactions are completed under the terms of each engagement and the revenue can be measured reliably, since only by that time the Group has a present right to payment from the customers for the service performed.

(b) Management fee

(i) Management service for the funds

Management fee represents fees associated with the management services for the funds at a fixed percentage of commitment under management. Management fee is recognized over time (i.e. the fund life) based on contractual terms specified in the underlying investment management agreements, since the customer (i.e. the managed fund) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs and the fee rate and the capital contribution of the fund which are used to determine the management fee can be reliably measured.

(ii) Wealth management services

Management fee represents 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. Management fee is recognized over time based on contractual terms specified in the wealth management service agreements, since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs and the fee rate and the assets under each investment management account which are used to determine the management fee can be reliably measured.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Principal versus agent (continued)

In particular, revenue is recognized as follows: (continued)

(c) Income from Carried Interest

Income from carried interest earned based on the performance of the managed funds ("Carried Interest") is a form of variable consideration in their contracts with customers to provide investment management services. Carried Interest is earned based on fund performance during the period, subject to the achievement of minimum return levels, in accordance with the respective terms set out in each fund's governing agreements. Income from Carried Interest 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. Income from Carried Interest is typically recognized as revenue at the later stage of the fund life.

(d) Interest income

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

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

Right-of-use assets

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

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

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

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of other reserve. Balance attributable to the retranslation to the presentation currency accumulated in the other reserve are not reclassified to profit or loss subsequently.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income, gains or losses”.

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefits plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options and restricted shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 42.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserves.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

Share options and restricted shares granted to employees (continued)

When share options are exercised or restricted shares are vested, the amount previously recognized in other reserves will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in other reserves will continue to be held in other reserves.

Restricted shares granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the goods or services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Taxation (continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Pledged bank deposits

Pledged bank deposits represent amounts held by banks, which are not available for the Group's use, as security for bank borrowing. Upon maturity of all secured bank borrowings under the credit facilities, the deposits are released by the bank and become available for general use by the Group. Pledged bank deposits are reported within cash flows from investing activities in the consolidated statements of cash flows with reference to the purpose of making the pledge.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment other than construction in progress are as follows:

Category	Useful lives	Residual value rates	Annual depreciation rates
Furniture and fixtures	3–5 years	0%	20.00%–33.33%
Electronic equipment	3 years	0%	33.33%
Motor Vehicles	4 years	0%	25.00%
Leasehold improvements	shorter of lease term or expected useful life	0%	N/A
Leased properties	lease term	0%	N/A

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Property and equipment (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

The intangible assets with finite useful lives are amortized on a straight-line basis at the following rates per annum:

Domain name	10%
Office software	20%

The domain names registered by the Group are estimated to have a useful life of 10 years and expired in 2021. The management of the Group also estimated that the office software have a useful life of 5 years after considering the operating benefits provided by utilizing such office software and the upgrading and developing period in the market.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Intangible assets (continued)

Internally-generated intangible assets — research and development expenditure (continued)

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized when the asset is derecognized.

Impairment losses of property and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Impairment losses of property and equipment and intangible assets (continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in OCI and accumulated under the heading of other reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net investment gains" or "investment income (loss) arising from certain incidental and ancillary investments" line items.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including cash and cash equivalents, cash held on behalf of brokerage clients, pledged bank deposits, term deposits, accounts and other receivables, financial assets purchased under resale agreements, rental deposits, amounts due from related parties, loans to third parties, other financial assets and debt instruments at FVTOCI) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognizes lifetime ECL for accounts receivables and amounts due from related parties of trade nature.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on accounts receivables and amounts due from related parties of trade nature using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognized in OCI and accumulated in other reserves without reducing the carrying amount of these debt instruments.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in other reserves is reclassified to profit or loss.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. BASIC OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including bank borrowings, accounts and other payables, amounts due to related parties, financial assets sold under repurchase agreements, short-term debt instrument issued and payable to brokerage clients are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the key critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Consolidation of structured entities

Management needs to make significant judgment on whether a structured entity is under the Group's control and shall be consolidated. Such judgment may affect accounting methods as well as the financial position and operating results of the Group.

When assessing control, the Group considers: (a) power over the investee, (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns.

When judging the level of the control over the structured entities, the Group considers the following four elements:

(a) The decisions the Group applied when setting up the structured entities and the involvement in those entities;

(b) The related agreement arrangements;

(c) The Group will only take specific actions under certain conditions or incidents; and

(d) The commitments made by the Group to the structured entities.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgments in applying accounting policies (continued)

Consolidation of structured entities (continued)

When assessing whether there is control over the structured entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision making scope over the structured entities, substantive rights of third parties, rewards of the Group, and the risks of undertaking variable returns from owning other benefits of the structured entities.

The Group reassesses whether or not it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in note 3. The judgments the Group used in determining whether or not it has control over the structured entities are detailed in note 46.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Deferred taxation

As at December 31, 2021, a deferred tax asset of RMB45,865,000 (December 31, 2020: RMB96,666,000) in relation to unused tax losses has been recognized in the Group's consolidated statement of financial position. No deferred tax asset has been recognized on the tax losses of RMB975,550,000 (December 31, 2020: RMB530,577,000) due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary difference will be available in the future. In cases where the actual taxable profits generated are less or more than expected, or changes in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or future recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or future recognition takes place.

No deferred tax liability in connection with dividend was recognized since no distribution from operations in the PRC is expected by the management of the Group.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation process of financial instruments

Certain of the Group's financial assets, such as unlisted investment funds and associates, call option, unlisted debt and equity security investments and financial liabilities are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further disclosures are detailed in note 48.7.

Provision of ECL for accounts receivable and amounts due from related parties of trade nature

The Group uses provision matrix to calculate ECL for the accounts receivables and amounts due from related parties of trade nature. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts receivable with significant balances and credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's accounts receivable and amounts due from related parties of trade nature are disclosed in notes 25, 45 and 48.3.

5. 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.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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					
	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	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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

	Year ended December 31, 2021					
	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
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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

	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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

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

	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
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.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Note: (continued)

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 Year ended December 31,		Non-current assets (note) At December 31,	
	2021	2020	**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
	1,744,483	1,589,274	**361,204**	263,519

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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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
	1,669,453	1,507,612

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
	36,985	48,491

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**	—
	29,399	5,482

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	Year ended December 31, 2021				
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Total 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				
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	Total 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**	—

6. NET INVESTMENT GAINS

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
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 (note)	**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 (note 38)	**(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**	—
	759,528	1,142,172

Note: In 2021, the Group partially disposed interest in two subsidiaries which only hold FVTPL investments amounting to RMB267,404,000 to the fund managed by the Group, and hold the remaining interest in these FVTPL investment through two structured entities accounted for as investments in associates. Total consideration of the disposal was RMB280,815,000 and resulted in a gain of RMB13,411,000.

7. OTHER OPERATING EXPENSES

	Year ended December 31, 2021 RMB'000	2020 RMB'000
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
	371,659	353,125

8. FINANCE COSTS

	Year ended December 31, 2021 RMB'000	2020 RMB'000
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**	—
	112,481	12,755

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

	Year ended December 31, 2021 RMB'000	2020 RMB'000
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)
	46,400	15,865

Details of impairment assessment are set out in note 48.3.

10. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Government grants (a)	**42,002**	40,884
Net exchange gain (loss)	**4,255**	(467)
Gain on disposal of associates (note 21)	**2,239**	—
Impairment loss on investment in a joint venture (note 22)	**(3,124)**	—
Others (b)	**(17,621)**	(13,245)
	27,751	27,172

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).

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

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

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.

12. INCOME TAX EXPENSE

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Current tax:		
Mainland China	**125,378**	179,257
Hong Kong	**19,404**	16,838
	144,782	196,095
Deferred tax (note 20):		
Current year	**65,737**	(59,942)
Total income tax expense	**210,519**	136,153

Mainland China
The applicable tax rate of group entities incorporated in the mainland China is 25%. Certain group entities incorporated in Hainan Region are subject to a tax rate of 15%, according to the local preferential tax policy.

Hong Kong
Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars ("HK$") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

USA
The group entity incorporated in the USA is subject to the federal tax rate at 21% and state income tax rate at 6.5% for the both years.

Singapore
The group entity incorporated in Singapore is subject to a tax rate of 17% on taxable income.

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

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

12. INCOME TAX EXPENSE (CONTINUED)

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
	RMB'000	RMB'000
Profit before tax	**1,855,904**	1,160,410
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	**(75,580)**	(13,020)
Income tax expense	**210,519**	136,153

13. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Directors' remuneration:		
—Fees	**920**	1,263
—Salaries and other benefits	**8,546**	7,814
—Performance related bonus	**20,990**	21,812
—Retirement benefit scheme contributions	**269**	293
—Equity-settled share-based payments expenses	**19,213**	18,264
Other staff costs:		
—Salaries, bonus and other allowances	**984,291**	988,285
—Retirement benefit scheme contributions	**21,569**	11,345
—Equity-settled share-based payments expenses	**43,490**	49,702
Total staff costs	**1,099,288**	1,098,778
Depreciation of property and equipment	**77,908**	69,403
Amortization of intangible assets	**12,771**	11,133
Losses on disposal of property and equipment	**44**	191

14. OTHER COMPREHENSIVE EXPENSE

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Other comprehensive expense includes:		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements from functional currency to presentation currency	**(194,273)**	(487,205)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operation:		
Exchange gain arising during the year	**123,247**	309,827
	123,247	309,827
Debt instruments measured at FVTOCI		
Fair value gains during the year	**8,736**	1,150
Reclassification adjustments for gains included in profit or loss	**(5,526)**	—
Impairment loss for debt instruments at FVTOCI included in profit or loss	**35**	60
Income tax that may be reclassified subsequently to profit or loss	**(811)**	(302)
	2,434	908
Other comprehensive expense, net of income tax	**(68,592)**	(176,470)

14. OTHER COMPREHENSIVE EXPENSE (CONTINUED)

Income tax effect relating to other comprehensive (expense) income

	Year ended December 31, 2021			Year ended December 31, 2020		
	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-income tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000	Net-of-income tax amount RMB'000
Item that will not be reclassified to profit or loss:						
Exchange differences on translation of financial statements from functional currency to presentation currency	**(194,273)**	**—**	**(194,273)**	(487,205)	—	(487,205)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on Translation of foreign operations	**123,247**	**—**	**123,247**	309,827	—	309,827
Fair value gain on:						
— debt instruments measured at FVTOCI	**3,210**	**(803)**	**2,407**	1,150	(287)	863
Impairment loss for debt instruments at FVTOCI included in profit or loss	**35**	**(8)**	**27**	60	(15)	45
	(67,781)	**(811)**	**(68,592)**	(176,168)	(302)	(176,470)

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of remunerations paid to directors and the Chief Executive Officer of the Company are as follows:

For the year ended December 31, 2021:

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments expenses RMB'000	Total RMB'000
Executive directors						
Bao Fan (note 1)	–	3,042	13,130	144	12,845	29,161
Xie Yi Jing	–	3,046	4,630	125	1,829	9,630
Wang Lixing (note 2)	–	2,458	3,230	–	4,539	10,227
Sub-total	–	8,546	20,990	269	19,213	49,018
Non-executive directors						
Li Eric Xun	–	–	–	–	–	–
Li Shujun (note 3)	–	–	–	–	–	–
Liu Xing (note 4)	–	–	–	–	–	–
Lin Ning David (note 5)	–	–	–	–	–	–
Sub-total	–	–	–	–	–	–
Independent non-executive directors						
Yao Jue	409	–	–	–	–	409
Ye Junying	102	–	–	–	–	102
Zhao Yue	409	–	–	–	–	409
Sub-total	920	–	–	–	–	920
Total	920	8,546	20,990	269	19,213	49,938

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Details of remunerations paid to directors and the Chief Executive Officer of the Company are as follows: (continued)

For the year ended December 31, 2020:

	Fees RMB'000	Salaries and other allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments expenses RMB'000	Total RMB'000
Executive directors						
Bao Fan (note 1)	—	2,991	16,419	142	12,772	32,324
Xie Yi Jing	—	2,879	3,064	130	1,554	7,627
Du Yongbo (note 6)	—	1,134	239	21	2,231	3,625
Wang Lixing (note 2)	—	810	2,090	—	1,707	4,607
Sub-total	—	7,814	21,812	293	18,264	48,183
Non-executive directors						
Shen Neil Nanpeng (note 7)	—	—	—	—	—	—
Li Eric Xun	—	—	—	—	—	—
Li Shujun (note 3)	—	—	—	—	—	—
Liu Xing (note 4)	—	—	—	—	—	—
Sub-total	—	—	—	—	—	—
Independent non-executive directors						
Yao Jue	421	—	—	—	—	421
Ye Junying	421	—	—	—	—	421
Zhao Yue	421	—	—	—	—	421
Sub-total	1,263	—	—	—	—	1,263
Total	1,263	7,814	21,812	293	18,264	49,446

Note 1: Appointed as chairman of the board of directors on July 13, 2011, Mr. Bao Fan was also the Chief Executive Officer of the Company and his remunerations disclosed above include those for services rendered by him as the Chief Executive Officer.

Note 2: Appointed as executive director on August 22, 2020.

Note 3: Resigned as non-executive director on August 24, 2021.

Note 4: Appointed as non-executive director on June 11, 2020.

Note 5: Appointed as non-executive director on August 24, 2021.

Note 6: Resigned as executive director on August 22, 2020.

Note 7: Resigned as non-executive director on June 11, 2020.

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

The executive directors' remunerations disclosed above were for their services in connection with the management affairs of the Company and the Group.

The non-executive and independent non-executive directors' remunerations shown above were mainly for their services as directors of the Company.

During the year, certain directors were granted restricted shares, in respect of their services to the Group under the restricted share scheme of the Company. Details of the restricted share scheme are set out in note 42.

The five highest paid individuals of the Group during the year included three directors (2020: two director), details of whose remuneration are set out as above. Details of the remuneration for the year of the remaining two (2020: three) highest paid employees who are neither director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Salaries and other benefits	**5,868**	11,697
Performance related bonus	**17,765**	17,250
Equity-settled share-based payments expenses	**5,690**	5,865
Retirement benefit scheme contributions	**241**	322
	29,564	35,134

The number of the highest paid employees who are not directors nor chief executive of the Company whose remunerations fell within the following bands is as follows:

	Number of employees	
	2021	2020
HK$12,000,000 to HK$12,500,000	**—**	1
HK$12,500,001 to HK$13,000,000	**1**	1
HK$13,000,001 to HK$13,500,000	**—**	1
HK$22,500,001 to HK$23,000,000	**1**	—
	2	3

During the year, certain non-director and non-chief executive highest paid employees were granted restricted shares, in respect of their services to the Group under the restricted share scheme of the Company. Details of the restricted share scheme are set out in note 42.

No remuneration was paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any remuneration during the year ended December 31, 2020. Ye Junying, the independent non-executive director who was entitled to a cash compensation of HK$500,000 per annum, has waived any such cash compensation since April 1, 2021. The Group has accrued and paid remuneration of HK$1,273,000 to Ye Junying during the past years.

16. 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 (RMB'000)	**1,624,362**	1,037,752
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	**5,097,233**	3,585,991
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**526,414,917**	523,320,612
Basic earnings per share (RMB)	**3.27**	2.11
Diluted earnings per share (RMB)	**3.09**	1.98

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.

17. DIVIDENDS

	Year ended December 31, 2021 RMB'000	2020 RMB'000
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).

18. PROPERTY AND EQUIPMENT

	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Leased properties RMB'000	Motor Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At January 1, 2020	4,392	42,436	65,359	224,012	–	317	336,516
Additions	19	6,272	255	46,419	1,010	200	54,175
Disposal	(37)	(2,043)	–	–	–	–	(2,080)
Transfers from construction in progress	–	–	517	–	–	(517)	–
Exchange adjustments	(207)	(598)	(1,234)	(4,901)	–	–	(6,940)
At December 31, 2020	**4,167**	**46,067**	**64,897**	**265,530**	**1,010**	**–**	**381,671**
Additions	**912**	**8,400**	**10,506**	**104,910**	**77**	**6,782**	**131,587**
Disposal	**(2)**	**(812)**	**–**	**(24,200)**	**–**	**–**	**(25,014)**
Transfers from construction in progress	**–**	**–**	**6,782**	**–**	**–**	**(6,782)**	**–**
Exchange adjustments	**(80)**	**(274)**	**(515)**	**(2,326)**	**–**	**–**	**(3,195)**
At December 31, 2021	**4,997**	**53,381**	**81,670**	**343,914**	**1,087**	**–**	**485,049**
DEPRECIATION							
At January 1, 2020	(2,994)	(32,215)	(39,739)	(117,506)	–	–	(192,454)
Provided for the year	(524)	(5,768)	(12,811)	(50,280)	(20)	–	(69,403)
Eliminated on disposal	33	1,774	–	–	–	–	1,807
Exchange adjustments	175	489	652	2,722	–	–	4,038
At December 31, 2020	**(3,310)**	**(35,720)**	**(51,898)**	**(165,064)**	**(20)**	**–**	**(256,012)**
Provided for the year	**(605)**	**(5,253)**	**(13,464)**	**(58,324)**	**(262)**	**–**	**(77,908)**
Eliminated on disposal	**2**	**751**	**–**	**24,200**	**–**	**–**	**24,953**
Exchange adjustments	**73**	**227**	**354**	**1,507**	**–**	**–**	**2,161**
At December 31, 2021	**(3,840)**	**(39,995)**	**(65,008)**	**(197,681)**	**(282)**	**–**	**(306,806)**
NET BOOK VALUES							
At December 31, 2020	857	10,347	12,999	100,466	990	–	125,659
At December 31, 2021	**1,157**	**13,386**	**16,662**	**146,233**	**805**	**–**	**178,243**

The Group as lessee

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Expense relating to short-term leases with lease terms	**632**	877
Total cash outflow for leases	**58,275**	56,240

18. PROPERTY AND EQUIPMENT (CONTINUED)

The Group as lessee (continued)

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 7 years (2020: 2 months to 7 years).

The Group entered into short-term leases for offices. As at December 31, 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

19. INTANGIBLE ASSETS

	Domain name RMB'000	Office software RMB'000	Licenses RMB'000	Construction in progress RMB'000	Total RMB'000
COST					
At January 1, 2020	432	60,472	9,516	8,077	78,497
Additions	—	5,672	—	25,403	31,075
Transfers from construction in progress	—	26,797	—	(26,797)	—
Disposal	—	(11)	—	—	(11)
Exchange adjustments	—	(23)	(528)	(3)	(554)
At December 31, 2020	**432**	**92,907**	**8,988**	**6,680**	**109,007**
Additions	**—**	**636**	**—**	**30,018**	**30,654**
Transfers from construction in progress	**—**	**14,868**	**—**	**(14,868)**	**—**
Exchange adjustments	**—**	**(12)**	**(12)**	**(2)**	**(26)**
At December 31, 2021	**432**	**108,399**	**8,976**	**21,828**	**139,635**
ACCUMULATED AMORTIZATION					
At January 1, 2020	(371)	(26,419)	—	—	(26,790)
Provided for the year	(43)	(11,090)	—	—	(11,133)
Disposal	—	11	—	—	11
At December 31, 2020	**(414)**	**(37,498)**	**—**	**—**	**(37,912)**
Provided for the year	**(18)**	**(12,753)**	**—**	**—**	**(12,771)**
Exchange adjustments	**—**	**1**	**—**	**—**	**1**
At December 31, 2021	**(432)**	**(50,250)**	**—**	**—**	**(50,682)**
NET BOOK VALUES					
At December 31, 2020	18	55,409	8,988	6,680	71,095
At December 31, 2021	**—**	**58,149**	**8,976**	**21,828**	**88,953**

Licenses are the trading rights of the group entities. The Group assessed them with indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows to the Group. As a result, the licenses are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The license will not be amortized until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. During the years ended December 31, 2021 and 2020, there was no impairment of licenses recognized. Reasonably possible changes in key assumptions would not lead to impairment of licenses as of December 31, 2021 and 2020.

20. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Deferred tax assets	**168,536**	233,280
Deferred tax liabilities	**(72,182)**	(70,383)
	96,354	162,897

The following are the major deferred tax assets and liabilities recognized and movements thereon during the current and prior years:

	Impairment losses on assets RMB'000	Changes in fair value of financial instruments RMB'000	Tax loss RMB'000	Accrued bonus RMB'000	Temporary differences relating to right-of-use assets and lease liabilities RMB'000	Subtotal RMB'000	Changes in fair value of financial instruments RMB'000	Total RMB'000
At January 1, 2020	3,054	14,874	96,666	14,363	1,617	130,574	(27,286)	103,288
Credit/(charge) to profit or loss	3,966	–	–	99,183	(412)	102,737	(42,795)	59,942
Charge to other comprehensive income	–	–	–	–	–	–	(302)	(302)
Exchange adjustments	–	–	–	(5)	(26)	(31)	–	(31)
At December 31, 2020	**7,020**	**14,874**	**96,666**	**113,541**	**1,179**	**233,280**	**(70,383)**	**162,897**
Credit/(charge) to profit or loss	**(1,157)**	**(7,950)**	**(50,801)**	**(5,205)**	**364**	**(64,749)**	**(988)**	**(65,737)**
Charge to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(811)**	**(811)**
Exchange adjustments	**–**	**–**	**–**	**–**	**5**	**5**	**–**	**5**
At December 31, 2021	**5,863**	**6,924**	**45,865**	**108,336**	**1,548**	**168,536**	**(72,182)**	**96,354**

No deferred tax liability on withholding tax in connection with dividend was recognized since no distribution from operations in the PRC is expected by the management of the Group.

20. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

As at December 31, 2021, the Group had unused tax losses amounting to RMB1,159,010,000 (December 31, 2020: RMB917,241,000), available for offset against future profits. As at December 31, 2021, deferred tax assets have been recognized in respect of tax losses of RMB183,460,000 (December 31, 2020: RMB386,664,000). As at December 31, 2021, no deferred tax asset has been recognized for the remaining tax losses of RMB975,550,000 (December 31, 2020: RMB530,577,000), due to the unpredictability of future profit streams. Unrecognized tax losses of RMB516,821,000 (December 31, 2020: RMB154,522,000) will expire from 2022 to 2026, respectively, and the remaining tax losses will be carried forward indefinitely.

21. INVESTMENTS IN ASSOCIATES

	As at December 31, 2021 RMB'000	2020 RMB'000
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

(a) Investments in unlisted companies

Name of entity	Place of registration	Principal place of business	Proportion of ownership interest held by the Group At December 31, 2021	2020	Proportion of voting rights held by the Group At December 31, 2021	2020	Principal activity
Shanghai Genus Information Technology Limited ("Genus") (Note 1, Note 3)	Shanghai, PRC	PRC	**N/A**	3.00%	**N/A**	3.00%	Technology development
Fountainhead Partners Holding Company Limited ("Fountainhead") (Note 1)	Cayman Islands	Cayman Islands	**11.80%**	11.80%	**11.80%**	11.80%	Wealth management
Guangzhou Zhan Ze Investment Management Limited ("GZZZ") (Note 4)	Guangzhou, PRC	PRC	**N/A**	20.00%	**N/A**	20.00%	Investment management
Beijing Yuan Ji Hua Yi Sheng Wu Technology Co., Ltd ("HYSW") (Note 1)	Beijing, PRC	PRC	**14.93%**	13.64%	**14.93%**	13.64%	Technology development
Beijing Huarui Zhixun Technology Limited ("HRZX") (Note 2)	Beijing, PRC	PRC	**45.22%**	45.22%	**45.22%**	45.22%	Marketing and business information services

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Investments in unlisted companies (continued)

Notes:

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

2) As at December 31, 2019, the operation and development of HRZX has deteriorated significantly, the carrying amount of the investment in HRZX is tested for impairment in accordance with IAS 36 by comparing its recoverable amount with its carrying amount, and the investment in HRZX was fully impaired as at December 31, 2019. The operation of HRZX was not recovered during the year ended December 31, 2021.

3) On September 22, 2020, the Group entered into an agreement to dispose of its equity interest in Genus to a third party. During the year ended December 31, 2021, the transaction has been completed at a total consideration of RMB7,000,000 and resulted in the Group recognising a gain of RMB2,239,000 in other income, gains or losses.

4) During the year ended December 31, 2021, the Group disposed of its equity interest in GZZZ to a third party for cash proceeds of RMB1,000,000 without any gains or losses.

None of above associates is individually material to the Group.

Aggregate information of investments in unlisted companies that are not individually material

	As at December 31	
	2021	2020
	RMB'000	RMB'000
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

These unlisted associates of the Group operate in promising industries, including financing technology development, wealth management and investment management, and have experienced management teams in these industries. The management of the Group considered these unlisted associates were at the developing stage, there were no significant and adverse changes in the operation in these companies during the years ended December 31, 2021 and 2020, or in the technological, market, economic or legal environment in which these companies operate in the near future. Therefore, no impairment losses on investments in associates were recognized during the years ended December 31, 2021 and 2020.

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

(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 (note)	**760,222**	1,091,132
Exchange adjustments	**(34,290)**	(8,260)
	1,565,221	1,765,579

Note: The changes in fair value of funds of each period were recorded in net investment gains in the consolidated statement of profit or loss and other comprehensive income.

	Place of incorporation	Ownership interest held As at December 31, 2021	2020
Material Funds			
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership) ("HSLF")	Shanghai, PRC	**1.02%**	1.02%
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	Ningbo, PRC	**1.73%**	1.73%
Huaxing Capital Partners, L.P.	Cayman Islands	**9.13%**	9.13%
Huaxing Capital Partners, II L.P.	Cayman Islands	**3.17%**	3.17%
Huaxing Capital Partners, III L.P.	Cayman Islands	**3.45%**	3.45%
East Image Limited	BVI	**20.50%**	20.50%
Starwick Investment Limited	BVI	**2.85%**	2.85%
Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership) ("BJRZ")	Beijing, PRC	**7.76%**	7.76%
Tianjin Huajie Medical Equity Investment Partnership (Limited Partnership)	Tianjin, PRC	**0.94%**	0.94%

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

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Investments in funds (continued)

Summarized financial information of material fund investments

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Funds		
HSLF		
Net asset value	**9,688,948**	16,247,049
Total comprehensive (expense) income for the year	**(3,746,077)**	7,688,513
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)		
Net asset value	**6,894,372**	5,844,037
Total comprehensive income for the year	**1,471,998**	395,065
Huaxing Capital Partners, L.P.		
Net asset value	**306,134**	622,675
Total comprehensive expense for the year	**(281,001)**	(26,146)
Huaxing Capital Partners, II L.P.		
Net asset value	**1,316,246**	1,799,534
Total comprehensive income for the year	**83,116**	628,123
Huaxing Capital Partners, III L.P.		
Net asset value	**6,261,071**	4,930,622
Total comprehensive income for the year	**928,176**	2,157,569
East Image Limited		
Net asset value	**1,344,655**	2,846,658
Total comprehensive (expense) income for the year	**(223,408)**	2,143,938
Starwick Investment Limited		
Net asset value	**1,672,711**	3,392,888
Total comprehensive (expense) income for the year	**(336,916)**	2,638,295
BJRZ		
Net asset value	**2,490,395**	2,260,441
Total comprehensive income for the year	**96,954**	979,842
Tianjin Huajie Medical Equity Investment Partnership (Limited Partnership)		
Net asset value	**3,756,222**	3,486,804
Total comprehensive income for the year	**1,157,983**	1,976,556

21. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Investments in funds (continued)

Aggregate information of fund investments that are not individually material

	Year ended December 31, 2021 RMB'000	2020 RMB'000
The Group's share of fair value change in funds	**21,666**	47,298
Aggregated carrying amount of the Group's investments in funds	**334,620**	125,007

22. INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

	As at December 31 2021 RMB'000	2020 RMB'000
Cost of unlisted investments in a joint venture	**50,000**	7,000
Share of post-acquisition profit or loss and other comprehensive income	**(6,694)**	(3,864)
Exchange adjustments	**—**	(12)
	43,306	3,124

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of entity	Place of registration	Principal place of business	Proportion of ownership interest held by the Group At December 31, 2021	2020	Proportion of voting rights held by the Group At December 31, 2021	2020	Principal activity
Shanghai Huayou Business Consulting Limited ("Huayou") (Note 1)	Shanghai, PRC	PRC	**N/A**	35%	**N/A**	35%	Consulting services
Hainan Beiye Intelligent Technology Co., Ltd ("HBIT") (Note 2)	Hainan, PRC	PRC	**19%**	N/A	**19%**	N/A	Artificial Intelligence

22. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Notes:

1) In prior years, the Group held a 35% interest and jointly control on Huayou, accounting for investment in a joint venture. In 2021, the operation and development of Huayou has deteriorated significantly, the carrying amount of the investment in Huayou is tested for impairment in accordance with IAS 36 by comparing its recoverable amount with its carrying amount, and impairment loss amounting to RMB3,124,000 was recognized in other income, gains or losses during the year ended December 31, 2021.

   On July 8, 2021, the Group entered into an agreement to disposal 23.33% interest to a third party at a consideration of RMB1. After the transaction, the Group's equity interest was decreased to 11.67% and lost joint control on Huayou. The fair value of the remaining interest in Huayou at disposal date was zero, accounting for as financial assets at FVTPL.

2) In 2021, the Group and other three shareholders held 19%, 5%, 19% and 57% equity interests in HBIT, respectively. The Articles of Association specifies that at least two-third of the shareholding and the Group's approval is required to approve for decision on directing the relevant activities of HBIT. Based on the current shareholding structure, decisions about relevant activities require mutual consent of the Group, the shareholder held 5% equity interests in HBIT and the shareholder held 57% equity interests in HBIT, and hence the Group's interest in HBIT is accounted for as a joint venture.

23. 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 (Note i)	**170,728**	1,375,778
Money market funds (Note ii)	**591,839**	164,951
Listed financial bonds (Note iii)	**1,820,498**	1,533,669
Trust products (Note iv)	**101,029**	215,814
Listed equity security investments (Note v)	**181,344**	401,959
Convertible notes (Note vi)	**28,691**	—
	2,894,129	3,692,171

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Non-current		
Trust products (Note iv)	**14,746**	120,559
Listed equity security investments (Note v)	**80,200**	—
Unlisted investment funds at fair value (Note vii)	**1,104,043**	771,135
Unlisted debt security investments (Note viii)	**1,085,026**	319,714
Unlisted equity security investments (Note ix)	**1,179,488**	21,189
Call option for obtaining non-controlling interests (Note x)	**518,080**	110,100
	3,981,583	1,342,697

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

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 (note 51). 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.

24. 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)
	50,600	—

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.

25. 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	**760,118**	2,598,131

25. ACCOUNTS AND OTHER RECEIVABLES (CONTINUED)

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 RMB'000	2020 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
	76,743	293,505

Details of impairment assessment of accounts and other receivables for the year ended December 31, 2021 and 2020 are set out in note 48.3.

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.

26. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

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

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

27. 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

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.

27. LOANS TO THIRD PARTIES (CONTINUED)

Notes: (continued)

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.

Details of impairment assessment of loans to third parties for the year ended December 31, 2021 and 2020 are set out in note 48.3.

28. TERM DEPOSITS

Term deposits represent short-term bank deposits at effective interest rates ranging from 0.47% to 3.75% as at December 31, 2021 (from 1.76% to 2.60% as at December 31, 2020).

29. CASH AND CASH EQUIVALENTS, CASH HELD ON BEHALF OF BROKERAGE CLIENTS AND PLEDGED BANK DEPOSITS

Cash and cash equivalents comprise cash and bank balances held by the Group with original maturity within three months and accrued interest at prevailing market interest rates ranging from 0.30% to 0.64% (December 31, 2020: 0.30% to 1.43%) per annum as at December 31, 2021.

The Group maintains segregated deposit account to hold cash on behalf of brokerage clients arising from its brokerage business, amounting to RMB1,211,127,000 as at December 31, 2021 (December 31, 2020: RMB460,747,000). The Group has recognized the corresponding amount in payable to brokerage clients (notes 33).

Pledged bank deposits carry fixed interest rate from 0.24% to 0.33%, and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB21,054,000 (2020: nil) have been pledged to secure long-term borrowings and are therefore classified as current assets.

30. ACCOUNTS AND OTHER PAYABLES

	As at December 31, 2021 RMB'000	2020 RMB'000 (restated)
Salaries, bonus and other benefit payables	**712,435**	613,759
Open trade payable (note)	**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.

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at December 31, 2021 RMB'000	2020 RMB'000
Analysed by collateral type:		
— Debt securities	**760,000**	1,030,000
Add: Interest payable	**22**	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.

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

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
	RMB'000	RMB'000
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	**565,519**	445,669

32. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Structured notes	**160,954**	—

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

33. PAYABLE TO BROKERAGE CLIENTS

The majority of the payable balance is repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

Payable to brokerage clients mainly include cash held on behalf of clients at the banks and at the clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

As at December 31, 2021, the cash received from clients for securities lending and margin financing arrangement as collaterals, included in the Group's accounts payable to brokerage clients amounted to were approximately RMB1,211,127,000 (December 31 2020: RMB460,742,000).

34. PAYABLES TO INTEREST HOLDERS OF CONSOLIDATED STRUCTURED ENTITIES

Payables to interest holders of consolidated structured entities consist of third-party holders' interests in these consolidated structured entities which are recognized as a liability since the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

35. CONTRACT LIABILITIES

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Prepaid management fees	**22,371**	35,306
Advance from related parties (note 45)	**14,614**	13,185
Advance from customers	**29,399**	5,482
	66,384	53,973
Less: non-current portion	**(6,671)**	(15,774)
	59,713	38,199

The following table shows how much of the revenue recognized in the current year relates to carried-forward contract liabilities.

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**38,199**	21,614

36. BANK BORROWINGS

	As at December 31, 2021 RMB'000	2020 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**	—
Total	**2,213,400**	112,262

The carrying amounts of the above borrowings are repayable:

	As at December 31, 2021 RMB'000	2020 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**	—
	2,213,400	112,262
Less: Amounts due within one year shown under current liabilities	**(587,596)**	(112,262)
Amounts shown under non-current liabilities	**1,625,804**	—

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

37. 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
	152,061	101,903
Less: Amount due for settlement with 12 months shown under current liabilities	**(57,423)**	(45,464)
Amount due for settlement after 12 months shown under non-current liabilities	**94,638**	56,439

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

38. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Current		
Securities borrowing	**–**	275,818

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.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings RMB'000	Lease liabilities RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Dividend payable RMB'000	Structured Notes RMB'000	Payables to interest holders of consolidated structured entities RMB'000	Total RMB'000
As at January 1, 2021	112,262	101,903	275,818	–	–	424,984	914,967
Financing cash flows	2,054,809	(57,643)	(314,409)	(209,826)	158,863	(50,543)	1,581,251
Non-cash changes:							
Accrued interest expense	72,766	4,459	–	–	2,091	–	79,316
New leases entered	–	104,178	–	–	–	–	104,178
Dividends declared to shareholders and non-controlling shareholders	–	–	–	213,777	–	–	213,777
Investment losses attributable to interest holders of consolidated structured entities	–	–	–	–	–	(355)	(355)
Other gain or loss arising from incidental and ancillary investments	–	–	–	–	–	17,928	17,928
Net investment losses	–	–	36,857	–	–	–	36,857
Effect of exchange rate change	(26,437)	(836)	1,734	–	–	(1,715)	(27,254)
At December 31, 2021	2,213,400	152,061	–	3,951	160,954	390,299	2,920,665

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Bank borrowings RMB'000	Lease liabilities RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Dividend payable RMB'000	Payables to interest holders of consolidated structured entities RMB'000	Total RMB'000
As at January 1, 2020	129,504	110,337	–	–	747,284	987,125
Financing cash flows	(24,444)	(55,363)	125,068	(93,018)	64,964	17,207
Non-cash changes:						
Accrued interest expense	7,525	3,365	–	–	–	10,890
New leases entered	–	45,758	–	–	–	45,758
Dividends declared to shareholders and non-controlling shareholders	–	–	–	93,018	–	93,018
Disposal of subsidiaries	–	–	–	–	(493,414)	(493,414)
Investment gains attributable to interest holders of consolidated structured entities	–	–	–	–	111,427	111,427
Net investment losses	–	–	168,832	–	–	168,832
Effect of exchange rate change	(323)	(2,194)	(18,082)	–	(5,277)	(25,876)
At December 31, 2020	112,262	101,903	275,818	–	424,984	914,967

40. SHARE CAPITAL

	Number of shares	Nominal value per share US$	Share capital US$	Amount shown in the financial statement RMB
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 (note 42)	3,480,408	0.000025	87	600
At December 31, 2020	532,953,664		13,324	87,348
Shares issued to the Trusts (note 42)	6,000,000	0.000025	150	968
Shares repurchased and cancelled (note)	(1,951,700)	0.000025	(49)	(315)
Exercise of share options (note 42)	13,362,812	0.000025	334	2,155
At December 31, 2021	550,364,776		13,759	90,156

40. SHARE CAPITAL (CONTINUED)

	As at December 31	
	2021	2020
	RMB$'000	RMB$'000
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)**
		Highest RMB Equivalent	**Lowest RMB Equivalent**	**RMB'000**
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)
		Highest RMB Equivalent	Lowest RMB Equivalent	RMB'000
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.

41. NON-CONTROLLING INTERESTS

	2021 RMB'000	2020 RMB'000
Balance at beginning of the year	**1,486,136**	1,513,040
Total comprehensive income (expense) for the year	**21,376**	(14,277)
Capital contribution from non-controlling interests	**—**	495
Acquisition of additional equity interest from non-controlling shareholders	**(409,571)**	—
Dividend distribution	**(16,458)**	(13,122)
Balance at end of the year	**1,081,483**	1,486,136

42. SHARE-BASED PAYMENTS

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

The employee share option scheme of the Company (the "Scheme") was adopted pursuant to a resolution passed on August 24, 2012 for the primary purpose of providing incentives to eligible employees. The maximum number of shares that may be issued under the Scheme shall be 18,750,000 ordinary shares. Subsequently in 2015, the maximum number was approved to be expanded to 22,826,087 ordinary shares. After the share subdivision on August 10, 2018, the maximum number was adjusted to 91,304,348 ordinary shares.

Details of specific categories of options are as follows:

Date of grant	Number of shares	Exercise price
05.11.2012	275,000	US$1.0
01.01.2013	300,000	US$1.0
29.03.2013	150,000	US$1.0
13.05.2013	750,000	US$1.0
01.01.2014	1,375,000	US$1.0
Subtotal	2,850,000	US$1.0 (Note)
01.01.2015	7,475,000	US$1.0
01.10.2015	50,000	US$1.0
01.01.2016	125,000	US$1.0
01.01.2016	1,450,000	US$2.5
01.07.2016	2,550,000	US$2.5
01.01.2017	800,000	US$2.5
01.04.2017	7,780,000	US$2.5
01.10.2017	200,000	US$2.5
01.04.2018	3,195,000	US$3.0

42. SHARE-BASED PAYMENTS (CONTINUED)

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

All of these number of shares are before the share subdivision.

Note:

As at January 1, 2015, the Company modified the exercise price of 2,850,000 share options that had been issued up to December 31, 2014 from US$1.50 per share to US$1.00 per share. The incremental fair value of US$448,000 (equivalent to approximately RMB2,797,000) was recognized immediately for the vested share options in the consolidated statement of profit or loss and other comprehensive income, and the incremental fair value of US$293,000 (equivalent to approximately RMB1,829,000) would be recognized over the remaining vesting period for the unvested share options.

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

The following tables disclose details of the share options held by existing employees and directors of the Group and movements in such holdings:

			Number of share options					
Date of grant	Exercise price per share before Share Subdivision US$	Exercise price per share after Share Subdivision US$	Outstanding at 01.01.2021	Granted during 2021	Exercised during 2021	Forfeited during 2021	Cancelled during 2021	Outstanding at 31.12.2021
Employees:								
05.11.2012	1.0	0.25	536,000	–	(50,000)	–	–	486,000
01.01.2013	1.0	0.25	600,000	–	(300,000)	–	–	300,000
13.05.2013	1.0	0.25	300,000	–	–	–	–	300,000
01.01.2014	1.0	0.25	1,280,000	–	(489,000)	–	–	791,000
Executive director:								
Wang Lixing	1.0	0.25	521,092	–	(171,092)	–	–	350,000
			521,092	–	(171,092)	–	–	350,000
Employees:	1.0	0.25	8,450,000	–	(2,949,000)	(244,000)	–	5,257,000
01.01.2015	1.0	0.25	8,971,092	–	(3,120,092)	(244,000)	–	5,607,000
01.10.2015	1.0	0.25	112,500	–	(50,000)	–	–	62,500
01.01.2016	1.0	0.25	287,500	–	(87,500)	–	–	200,000

42. SHARE-BASED PAYMENTS (CONTINUED)

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

The following tables disclose details of the share options held by existing employees and directors of the Group and movements in such holdings: (continued)

			Number of share options					
Date of grant	Exercise price per share before Share Subdivision US$	Exercise price per share after Share Subdivision US$	Outstanding at 01.01.2021	Granted during 2021	Exercised during 2021	Forfeited during 2021	Cancelled during 2021	Outstanding at 31.12.2021
Executive director:								
Wang Lixing	2.5	0.625	1,000,000	–	(228,908)	–	–	771,092
	2.5	0.625	1,000,000	–	(228,908)	–		771,092
Employees:	2.5	0.625	1,750,500	–	(654,500)	(400,000)	–	696,000
01.01.2016	2.5	0.625	2,750,500	–	(883,408)	(400,000)	–	1,467,092
01.07.2016	2.5	0.625	570,000	–	(100,000)	–	–	470,000
01.01.2017	2.5	0.625	100,000	–	(50,000)	–	–	50,000
Executive directors:								
Bao Fan	2.5	0.625	10,000,000	–	(6,000,000)	–	–	4,000,000
Wang Lixing	2.5	0.625	1,000,000	–	(300,000)	–	–	700,000
			11,000,000	–	(6,300,000)	–	–	4,700,000
Employees:	2.5	0.625	3,572,000	–	(513,000)	(267,000)	–	2,792,000
01.04.2017	2.5	0.625	14,572,000	–	(6,813,000)	(267,000)	–	7,492,000
Employees:								
01.10.2017	2.5	0.625	320,000	–	–	–	–	320,000

42. SHARE-BASED PAYMENTS (CONTINUED)

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

The following tables disclose details of the share options held by existing employees and directors of the Group and movements in such holdings: (continued)

Date of grant	Exercise price per share before Share Subdivision US$	Exercise price per share after Share Subdivision US$	Number of share options: Outstanding at 01.01.2021	Granted during 2021	Exercised during 2021	Forfeited during 2021	Cancelled during 2021	Outstanding at 31.12.2021
Executive directors:								
Bao Fan	3.0	0.75	400,000	–	(240,000)	–	–	160,000
Xie Yi Jing	3.0	0.75	400,000	–	–	–	–	400,000
Wang Lixing	3.0	0.75	1,200,000	–	(300,000)	–	–	900,000
	3.0	0.75	2,000,000	–	(540,000)	–	–	1,460,000
Employees:	3.0	0.75	7,365,000	–	(879,812)	(1,331,000)	–	5,154,188
01.04.2018	3.0	0.75	9,365,000	–	(1,419,812)	(1,331,000)	–	6,614,188
			39,764,592	–	(13,362,812)	(2,242,000)	–	24,159,780
Exercisable at the end of the year								16,323,780
Weighted average exercise price			US$0.54	–	US$0.52	US$0.66	–	US$0.54

42. SHARE-BASED PAYMENTS (CONTINUED)

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

The following tables disclose details of the share options held by existing employees and directors of the Group and movements in such holdings: (continued)

Date of grant	Exercise price per share before Share Subdivision US$	Exercise price per share after Share Subdivision US$	Number of share options						
			Outstanding at 01.01.2020	Granted during 2020	Exercised during 2020	Forfeited during 2020	Cancelled during 2020	Reclassification during 2020	Outstanding at 31.12.2020
Employees:									
05.11.2012	1.0	0.25	540,000	–	(4,000)	–	–	–	536,000
01.01.2013	1.0	0.25	900,000	–	(300,000)	–	–	–	600,000
13.05.2013	1.0	0.25	300,000	–	–	–	–	–	300,000
01.01.2014	1.0	0.25	1,895,000	–	(615,000)	–	–	–	1,280,000
Executive director:									
Wang Lixing	1.0	0.25	–	–	(38,908)	–	–	560,000	521,092
			–	–	(38,908)	–	–	560,000	521,092
Employees:	1.0	0.25	9,885,000	–	(875,000)	–	–	(560,000)	8,450,000
01.01.2015	1.0	0.25	9,885,000	–	(913,908)	–	–	–	8,971,092
01.10.2015	1.0	0.25	200,000	–	(87,500)	–	–	–	112,500
01.01.2016	1.0	0.25	350,000	–	(62,500)	–	–	–	287,500
Executive director:									
Wang Lixing	2.5	0.625	–	–	–	–	–	1,000,000	1,000,000
	2.5	0.625	–	–	–	–	–	1,000,000	1,000,000
Employees:	2.5	0.625	3,390,000	–	(429,500)	(210,000)	–	(1,000,000)	1,750,500
01.01.2016	2.5	0.625	3,390,000	–	(429,500)	(210,000)	–	–	2,750,500
01.07.2016	2.5	0.625	700,000	–	(130,000)	–	–	–	570,000
01.01.2017	2.5	0.625	150,000	–	(50,000)	–	–	–	100,000

42. SHARE-BASED PAYMENTS (CONTINUED)

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

The following tables disclose details of the share options held by existing employees and directors of the Group and movements in such holdings: (continued)

			Number of share options						
Date of grant	Exercise price per share before Share Subdivision US$	Exercise price per share after Share Subdivision US$	Outstanding at 01.01.2020	Granted during 2020	Exercised during 2020	Forfeited during 2020	Cancelled during 2020	Reclassification during 2020	Outstanding at 31.12.2020
Executive directors:									
Bao Fan	2.5	0.625	16,000,000	–	(6,000,000)	–	–	–	10,000,000
Wang Lixing	2.5	0.625	–	–	–	–	–	1,000,000	1,000,000
			16,000,000	–	(6,000,000)	–	–	1,000,000	11,000,000
Employees:	2.5	0.625	5,016,000	–	(444,000)	–	–	(1,000,000)	3,572,000
01.04.2017	2.5	0.625	21,016,000	–	(6,444,000)	–	–	–	14,572,000
Employees:									
01.10.2017	2.5	0.625	320,000	–	–	–	–	–	320,000
Executive directors:									
Bao Fan	3.0	0.75	400,000	–	–	–	–	–	400,000
Du Yongbo	3.0	0.75	400,000	–	–	–	–	(400,000)	–
Xie Yi Jing	3.0	0.75	400,000	–	–	–	–	–	400,000
Wang Lixing	3.0	0.75	–	–	–	–	–	1,200,000	1,200,000
	3.0	0.75	1,200,000	–	–	–	–	800,000	2,000,000
Employees:	3.0	0.75	9,102,000	–	(444,000)	(493,000)	–	(800,000)	7,365,000
01.04.2018	3.0	0.75	10,302,000	–	(444,000)	(493,000)	–	–	9,365,000
			49,948,000	–	(9,480,408)	(703,000)	–	–	39,764,592
Exercisable at the end of the year									23,692,592
Weighted average exercise price			US$0.55	–	US$0.55	US$0.71	–	–	US$0.54

42. SHARE-BASED PAYMENTS (CONTINUED)

(b) Fair value of share options granted

The valuation of the share option was performed by an independent qualified professional valuer not connected with the Group. Options were priced using a binomial option pricing model. The main inputs used in the model include fair value of the Company's share as of the grant date, exercise price, expected volatility, expected life, risk-free interest rate and the expected dividend yield.

The inputs used in the model are as follows:

Date of grant	01.04.2018	01.10.2017	01.04.2017	01.01.2017	01.07.2016	01.01.2016	01.10.2015	01.01.2015	01.01.2014	29.03.2013 and 13.05.2013	01.01.2013	05.11.2012
Grant date share price before Share Subdivision	US$8.49	US$5.82	US$5.25	US$5.17	US$4.54	US$4.67	US$4.67	US$2.76	US$2.76	US$2.76	US$2.76	US$2.76
Exercise price before Share Subdivision	US$3.00	US$2.50	US$2.50	US$2.50	US$2.50	US$1.00/ US$2.50	US$1.00	US$1.00	US$1.00	US$1.00	US$1.00	US$1.00
Expected volatility	39.00%	37.00%	38.00%	38.00%	40.00%	40.00%	40.00%	40.0%	40.00%	40.00%	40.00%	40.00%
Expected life (years)	10	10	10	10	10	10	10	10	10	10	10	10
Risk-free interest rate	1.91%	3.04%	3.15%	3.21%	2.12%	2.94%	2.79%	2.49%	2.49%	2.49%	2.49%	2.49%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The weighted average remaining contractual life of share options outstanding as at December 31, 2021 was 5.07 years (2020: 6.08 years).

A share-based compensation expenses of RMB11,536,000 for share options has been recognized in profit or loss for the year ended December 31, 2021 (2020: RMB30,058,000).

42. SHARE-BASED PAYMENTS (CONTINUED)

(c) Details of the employee restricted share scheme of the Company

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

The Trusts purchase the Company's shares in the open market using cash contributed by the Company to satisfy awards made under the share award scheme. During the year ended December 31, 2021, the Trusts purchased 3,574,927 shares of the Company in the open market at a total consideration of RMB65,056,000 for the RSU Plan (2020: nil).

(1) Time-based RSU

Details of specific categories of time-based RSU are as follows:

Date of grant	Grantee	Number of shares	Grant date share price	Vesting period	Discount for lack of marketability ("DLOM")
01.04.2019	Employees and non-employees	4,626,909	HK$21.60	Yearly over four years with yearly instalments after April 1, 2019	13.66% (Note 1)
01.10.2019	Employees	500,000	HK$15.14	Yearly over four years with yearly instalments after October 1, 2019	13.32% (Note 1)
01.10.2019	Employees	100,000	HK$15.14	50% will be vested on October 1, 2021 and 50% will be vested yearly over two years with yearly instalments after October 1, 2021	13.83% (Note 1)
01.04.2020	Employees	4,693,616	HK$11.86	Yearly over three years with yearly instalments after April 1, 2020	N/A
01.04.2021	Employees	2,509,112	HK$30.65	Yearly over three years with yearly instalments after April 1, 2021	N/A
01.07.2021	Employees	25,016	HK$23.50	Yearly over three years with yearly instalments after April 1, 2021	N/A
01.10.2021	Employees	10,000	HK$19.42	Fully vested on October 1, 2021	N/A

Note 1: 40%, 30% and 10% of vested shares cannot be disposed of during the lockup period of three years from vested date.

42. SHARE-BASED PAYMENTS (CONTINUED)

(c) Details of the employee restricted share scheme of the Company (continued)

(1) Time-based RSU (continued)

A summary of the time-based RSU activities is as follows:

	Number of time-based RSU							
	April 1, 2019	October 1, 2019	October 1, 2019	April 1, 2020	April 1, 2021	July 1, 2021	October 1, 2021	Total
Outstanding at January 1, 2020	4,626,909	500,000	100,000	–	–	–	–	5,226,909
Granted during the year	–	–	–	4,693,616	–	–	–	4,693,616
Vested during the year	(1,156,723)	(125,000)	–	–	–	–	–	(1,281,723)
Forfeited during the year	(389,598)	–	(50,000)	(232,146)	–	–	–	(671,744)
Outstanding at December 31, 2020	**3,080,588**	**375,000**	**50,000**	**4,461,470**	**–**	**–**	**–**	**7,967,058**
Granted during the year	**–**	**–**	**–**	**–**	**2,509,112**	**25,016**	**10,000**	**2,544,128**
Vested during the year	**(1,026,863)**	**(125,000)**	**(25,000)**	**(1,516,872)**	**–**	**–**	**(10,000)**	**(2,703,735)**
Forfeited during the year	**(67,932)**	**–**	**–**	**(352,814)**	**(83,393)**	**–**	**–**	**(504,139)**
Outstanding at December 31, 2021	**1,985,793**	**250,000**	**25,000**	**2,591,784**	**2,425,719**	**25,016**	**–**	**7,303,312**

(2) Performance-based RSU

On April 1, 2019, the Company granted 1,429,879 performance-based RSU to employees, and will be vested on the date that is four years following the vesting commencement date of July 1, 2019 only if the performance conditions of the Company's average share price has been satisfied. 40%, 30% and 10% of vested shares cannot be disposed of during the lockup period of three years from vested date.

On April 1, 2021, the Company granted 1,832,535 performance-based RSU to employees, and will be vested on the date that is three years following the vesting commencement date of April 1, 2021 only if the performance conditions of the Company's average share price has been satisfied. 60% and 30% of vested shares cannot be disposed of during the lockup period of two years from vested date.

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

42. SHARE-BASED PAYMENTS (CONTINUED)

(c) Details of the employee restricted share scheme of the Company (continued)

(2) Performance-based RSU (continued)

	April 1, 2019	**April 1, 2021**
Grant date share price	HK$21.60	**HK$30.65**
Performance target share price	HK$40.00	**HK$40.00**
Expected life	4.3 years	**3 years**
Expected volatility	36.00%	**41.00%**
Risk-free interest rate	1.40%	**2.823%**
Expected dividend yield	0.00%	**0.00%**
DLOM	6.00%	**7.00%**

276,510 shares of performance-based RSU forfeited during the year ended December 31, 2021 (2020: 103,640), no performance-based RSU vested during the year ended December 31, 2021 and 2020, and 2,882,264 shares of performance-based RSU were outstanding as at December 31, 2021 (December 31, 2020: 1,326,239).

Share-based compensation expenses of RMB51,167,000 for restricted shares has been recognized in profit or loss for the year ended December 31, 2021 (2020: RMB37,908,000).

43. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Both the Group and the employees contribute a fixed percentage of the relevant payroll to the MPF Scheme.

The employees of the Group in mainland China are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authorities to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions under the scheme.

The Group maintains a retirement plan in the USA, pursuant to Section 401(k) of the Internal Revenue Code, for eligible participants to make voluntary contributions of a portion of their annual compensation to the retirement plan, on a deferred basis, subject to limitations provided by the Internal Revenue Code.

The amounts of contributions made by the Group in respect of such retirement benefit schemes are disclosed in note 13.

44. MAJOR NON-CASH TRANSACTIONS

During the year ended December 31, 2021, the Group entered into new lease agreements for the use of leased properties for 1 to 5 years (2020: 5 to 6 years). On the lease commencement, the Group recognized RMB104,910,000 of leased properties and RMB104,178,000 of lease liabilities (2020: RMB46,419,000 leased properties and RMB45,758,000 lease liabilities).

45. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Amounts due from related parties

Amounts due from related parties — trade nature

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Huaxing Capital Partners II, L.P.	**35,827**	38,373
Huaxing Capital Partners, L.P.	**4,342**	3,386
Huaxing Growth Capital III, L.P.	**—**	649
Tianjing Huazhe Consulting Partnership (Limited Partnership)	**—**	80
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	**2,896**	—
Huaxing Yihui LLC	**1,844**	—
CR HB XI Venture Feeder, LP	**277**	831
Huaxing Yichong LLC	**274**	—
Glory Galaxy LLC	**261**	—
HX Advanced Selection Limited	**253**	—
Tianjing Huaxiao Investment Partnership (Limited Partnership)	**250**	—
HX Quality Selection Limited	**198**	—
HX Premium Selection Limited	**175**	—
CR Life Star Fund LLC	**92**	—
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	**30**	—
Less: Impairment loss allowance	**(898)**	(1,293)
	45,821	42,026

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

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Amounts due from related parties (continued)

Amounts due from related parties — trade nature (continued)

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

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
0–30 days	**1,718**	3,483
31–60 days	**1,915**	2,054
61–90 days	**1,717**	1,988
91–180 days	**5,453**	5,965
181–360 days	**35,018**	7,754
>1 year	**—**	20,782
	45,821	42,026

Amounts due from related parties — non-trade nature

		As at December 31,	
	Notes	**2021**	2020
		RMB'000	RMB'000
Huaxing Growth Capital Medley Platform	i	**9,707**	—
Beijing Huajie Ruizhong Investment Management Center (Limited Partnership)	i	**3,643**	2,723
Dazi Chonghua Enterprise Management Co., Ltd.	ii(a)	**2,796**	2,797
Huaxing Growth Capital IV, L.P.	i	**1,082**	—
Huaxing Growth Capital III, L.P.	i	**725**	—
Beijing Ruizhi medical equity investment Partnership (Limited Partnership)	i	**638**	—
Tianjin Huaxing Fengyao Consulting Partnership (Limited Partnership)	i	**422**	—
Huaxing Growth Capital Visions Feeder L.P	i	**216**	—
Huaxing Growth Capital Associates Feeder, L.P.	i	**192**	—
Huaxing Growth Capital IV WM Feeder L.P.	i	**163**	—
Other funds managed by the Group	i	**181**	126
Less: Impairment loss allowance		**(904)**	(278)
		18,861	5,368

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Amounts due from related parties (continued)

Advance to related parties

	Note	As at December 31, 2021 RMB'000	2020 RMB'000
Beijing Pengyang Enterprise Management Co., Ltd. ("PYEM")	iii(a)	–	504
		–	504

(b) Amounts due to related parties

	Notes	As at December 31, 2021 RMB'000	2020 RMB'000 (restated)
HRZX	iv(a)	396	600
Huaxing Growth Capital IV, L.P.	v(a)	11,900	–
HBIT	vi	889	–
		13,185	600

The credit period granted by the related parties ranges from 30 to 360 days. Aging of amounts due to related parties-trade nature are as follows:

	As at December 31, 2021 RMB'000	2020 RMB'000
0–30 days	12,825	–
31–60 days	34	–
61–90 days	36	–
91–180 days	98	–
181–360 days	192	–
>1 year	–	600
	13,185	600

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Amounts due to related parties (continued)

Payable to brokerage clients

	Notes	As at December 31, 2021 RMB'000	2020 RMB'000 (restated)
HSLF	vii	**–**	19
FBH Partners Limited ("FBH")	viii(a)	**238**	253
Bao Fan	viii(a)	**–**	313
CR Partners Limited	ix	**7,237**	258
Huaxing Growth Capital III L.P.	v(b)	**155,238**	49,625
		162,713	50,468

Contract liabilities

	As at December 31, 2021 RMB'000	2020 RMB'000
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	**–**	716
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	**710**	710
Shanghai Peixi Investment Management Partnership (Limited Partnership)	**212**	454
Tianjin Huaxing Heli No. 1 Medical Equity Investment Partnership (Limited Partnership)	**6,685**	8,685
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership)	**3,255**	2,620
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	**3,431**	–
Huajie Tianjin Medical investment Partnership (Limited Partnership)	**277**	–
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	**44**	–
	14,614	13,185

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

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions conducted with related parties during the year are listed out below:

	Note	Year ended December 31, 2021 RMB'000	2020 RMB'000
Marketing service from:			
HRZX	iv(b)	–	327

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000
Fund raising commission to:			
Tianjin Huaxing Heli No.2 Medical Equity Investment Partnership (Limited Partnership)	x	597	–
PYEM	iii(b)	–	472
Dazi Huasheng Venture Investment Partnership (Limited Partnership)	xi	396	551

	Note	Year ended December 31, 2021 RMB'000	2020 RMB'000
Consulting service to:			
Shanghai Huayou Business Consulting Limited	xii	171	653

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Realized carried interest income from:		
HSPY	–	21,268
Huaxing Capital Partners, L.P.	4,124	–
Starwick Investment Limited	648	–
East Image Limited	24,043	–

Funds managed by the Group, and the Group recognized carried interest from these entities during the year ended December 31, 2021 and 2020.

	Notes	Year ended December 31, 2021 RMB'000	2020 RMB'000
Accrued carried interest to:			
FBH	viii(b)	7,846	–
High Fortune Investments Limited	ii(b)	786	–

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions conducted with related parties during the year are listed out below (continued)

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Management fees from:		
Ningbo Meishan Bonded Port Area Huaxing Lingyun Equity Investment Partnership (Limited Partnership)	**98,847**	102,679
Shanghai Huasheng Lingfei Equity Investment Partnership (Limited Partnership)	**86,162**	93,213
Huaxing Growth Capital III, L.P.	**65,388**	71,019
Beijing Ruizhi medical equity investment partnership (limited partnership)	**24,071**	26,029
East Image Limited	**24,043**	—
Huajie (Tianjin) Health Investment Partnership (Limited Partnership)	**18,829**	19,091
Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)	**17,566**	17,566
Huaxing Growth Capital IV, L.P.	**16,503**	—
Shanghai Huasheng Lingshi Venture Investment Partnership (Limited Partnership)	**16,257**	16,816
Huaxing Capital Partners L.P.	**6,137**	2,258
CR Life Star Fund LLC	**5,811**	—
Huaxing Capital Partners II, L.P.	**4,103**	22,950
Tianjin Huaxing Heli No. 1 Medical Equity Investment Partnership (Limited Partnership)	**2,741**	1,241
Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)	**2,732**	2,614
Ningbo Meishan Bonded Port Area Huahao Investment Management Partnership (Limited Partnership)	**1,698**	1,698
Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)	**731**	385
CR HB XI Venture Feeder, L.P.	**542**	574
Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)	**358**	358
Shanghai Peixi Investment Management Partnership (Limited Partnership)	**228**	849
Tianjin Huaxiao Investment Partnership (Limited Partnership)	**161**	—
Beijing HuajieRuizhong Investment Center (Limited Partnership)	**19**	—
Ningbo Meishan free trade port Huaxing Hongzhi investment partnership (limited partnership)	**—**	81
East Classic Development Limited	**—**	278
West Supreme Limited	**—**	14
	392,927	379,713

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions conducted with related parties during the year are listed out below (continued)

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

Notes:

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

ii. Entities controlled by shareholders of the Company,

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

   b. The Group accrued carried interest to the entity during the years ended December 31, 2021.

iii. Mr. Bao Fan is the Chief Executive Officer of the Company. A close member of Mr. Bao Fan's family has significant influence over PYEM.

   a. The balance represents advance payment to the entity in relation to the fund raising service during the year ended December 31, 2020.

   b. The entity provides fund raising services to the Group during the year ended December 31, 2020.

iv. HRZX is the Group's associate since February 28, 2019,

   a. The balance represents amount due to the entity in relation to marketing services received by the Group.

   b. The Group received marketing services from the entity during the year ended December 31, 2020.

v. A fund managed by the Group in which the Group has significant influence,

   a. The balances represent investment payable to the entity for fund capital.

   b. The balances represent payable to brokerage clients entities in respect of dealing in securities, which are kept in segregated accounts.

vi. HBIT is a joint venture of the Group, the balance represents amount due to the entity in relation to research and development services received by the Group for software development.

vii. HSLF is a fund managed by the Group, the balance represents the amount that is received from HSLF in respect of dealing in securities, which is kept in a segregated account.

viii. FBH and Mr. Bao Fan are controlling shareholders of the Group,

   a. The balances represent amounts due to the controlling shareholders in respect of dealing in securities, which are kept in segregated accounts.

   b. The Group accrued carried interest to the controlling shareholders during the year ended December 31, 2021.

45. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Transactions conducted with related parties during the year are listed out below (continued)

Notes: (continued)

ix. An entity managed by the Group in which the Group has significant influence and the balances represent amounts due to the entities in respect of dealing in securities, which are kept in segregated accounts.

x. An entity managed by the Group in which the Group has significant influence, provided fund raising services to the Group during the year ended December 31, 2021.

xi. An entity managed by the Group in which the Group has significant influence, provided fund raising services to the Group during the years ended December 31, 2021 and 2020.

xii. A joint venture of the Group, and the Group provided consulting services to the entity during the years ended December 31, 2021 and 2020.

(d) Compensation of key management personnel

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Salaries, bonus and other allowance	**24,132**	28,269
Performance related bonus	**46,655**	46,959
Retirement benefit scheme contributions	**704**	783
Equity-settled share-based payments expenses	**26,091**	33,605
	97,582	109,616

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

46. STRUCTURED ENTITIES

46.1 Consolidated structured entities

The consolidated structured entities of the Group mainly included general partners of investment funds, funds managed by the Group and asset management plans where the Group involves as manager. As at December 31, 2021, the aggregate net assets of the consolidated structured entities amounted to RMB2,501,165,000 (December 31, 2020: RMB 802,880,000).

Being the general partner and manager of these structured entities, the Group considered the power to exercise over the activities of such structured entities and its exposure to and ability to influence its own returns from such structured entities and concluded that it has control over such structured entities and should consolidate them.

46. STRUCTURED ENTITIES (CONTINUED)

46.2 Unconsolidated structured entities

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

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

The following tables set out an analysis of the carrying amounts of interests held by the Group as at December 31, 2021 and 2020 in the structured entities managed by third party institutions.

	As at December 31, 2021			
	Other financial assets RMB'000	Financial assets at FVTPL RMB'000	Maximum risk exposure (Note) RMB'000	Type of income
Cash management products	–	170,728	170,728	Net investment gains
Investments in funds	–	1,104,043	1,104,043	Net investment gains
Trust products	–	115,775	115,775	Net investment gains
Money market funds	–	591,839	591,839	Net investment gains
Private equity fund with fixed interest rate	3,187	–	3,187	Interest income
Total	3,187	1,982,385	1,985,572	

46. STRUCTURED ENTITIES (CONTINUED)

46.2 Unconsolidated structured entities (continued)

(1) Structured entities managed by third party institutions in which the Group holds interests (continued)

	As at December 31, 2020			
	Other financial assets RMB'000	Financial assets at FVTPL RMB'000	Maximum risk exposure (Note) RMB'000	Type of income
Cash management products	—	1,434,778	1,434,778	Net investment gains
Investments in funds	—	771,135	771,135	Net investment gains
Trust products	—	277,373	277,373	Net investment gains
Money market funds	—	164,951	164,951	Net investment gains
Private equity fund with fixed interest rate	130,616	—	130,616	Interest income
Total	130,616	2,648,237	2,778,853	

Note: All of these unconsolidated structured entities are recorded in financial assets at fair value through profit or loss and other financial assets. The maximum exposures to loss in the above investments are the carrying amounts of the assets held by the Group at the end of each reporting period.

(2) Structured entities managed by the Group

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

For the year ended December 31, 2021, the management fee recognized amounting to RMB407,995,000 (2020: RMB419,708,000).

For the year ended December 31, 2021, the carried interest recognized amounting to RMB28,815,000 (2020: RMB21,268,000).

For the year ended December 31, 2021, the net investment gains recognized amounting to RMB6,270,000 (2020: RMB973,940,000).

46. STRUCTURED ENTITIES (CONTINUED)

46.2 Unconsolidated structured entities (continued)

(2) Structured entities managed by the Group (continued)

As at December 31, 2021, the Group's interests in these structured entities amounted to RMB1,565,221,000 (December 31, 2020: RMB1,765,579,000).

As at December 31, 2021, the amount of assets held by the funds managed by the Group amounted to RMB48,850 million (December 31, 2020: RMB 57,346 million).

47. CAPITAL COMMITMENTS

As at December 31, 2021, the Group had commitments for future minimum investments in funds invested by the Group amounted to RMB255,703,000 (December 31, 2020: RMB119,008,000).

48. FINANCIAL RISK MANAGEMENT

48.1 Categories of financial instruments

	As at December 31,	
	2021	2020
	RMB'000	RMB'000
Financial assets		
Financial assets at amortized cost	**4,720,352**	4,960,404
Financial assets at FVTPL	**6,875,712**	5,034,868
Financial assets at FVTOCI	**410,210**	252,696
Financial liabilities		
Financial liabilities at amortized cost	**4,658,476**	3,429,478
Financial liabilities at FVTPL	**390,299**	700,802

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, financial assets at FVTOCI, other financial assets, cash and cash equivalents, cash held on behalf of brokerage clients, pledged bank deposits, rental deposits, accounts and other receivables, financial assets purchased under resale agreements, term deposits, loans to third parties, amounts due from related parties, accounts and other payables, amounts due to related parties, bank borrowings, lease liabilities, payables to interest holders of consolidated structured entities, financial assets sold under repurchase agreements, short-term debt instrument issued, payable to brokerage clients and financial liabilities at FVTPL. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

48.3 Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to cash and cash equivalents, cash held on behalf of brokerage clients, pledged bank deposits, term deposits, accounts receivables, financial assets purchased under resale agreements, amounts due from related parties, rental deposit, other receivables, other financial assets, loan to third parties, financial assets at FVTPL and debt instruments at FVTOCI.

The carrying amount of the Group's financial assets at FVTPL as disclosed in note 23 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Except for financial assets at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

The Group invests in debt instruments at FVTOCI with low credit risk. The Group's debt instruments at FVTOCI comprise listed bonds that are graded in the top investment grade as per globally understood definitions and therefore are considered to be low credit risk investments.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk and impairment assessment (continued)

In order to minimize credit risk, the Group has tasked its credit management team to develop and maintain the Group's cash and cash equivalents, cash held on behalf of brokerage clients, pledged bank deposits, term deposits, other receivables, financial assets purchased under resale agreements, rental deposits, amounts due from related parties of non-trade nature, other financial assets and loans to third parties credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management team uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework in respect of other receivables, rental deposits, amounts due from related parties of non-trade nature, other financial assets and loans to third parties and related parties comprises the following categories:

Internal credit rating	Description	Basis for recognizing ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL — not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	**2021 Gross carrying amount RMB'000**	2020 Gross carrying amount RMB'000
Debt instruments at FVTOCI						
Investments in listed bonds	24	A+ (Standard & Poor's Ratings)	N/A	12m ECL	**410,210**	252,696
Financial assets at amortized costs						
Cash and cash equivalents	29	N/A	Performing	12m ECL	**2,381,646**	646,756
Cash held on behalf of brokerage clients	29	N/A	Performing	12m ECL	**1,211,127**	460,747
Pledged bank deposits	29	N/A	Performing	12m ECL	**21,054**	–
Term deposits	28	N/A	Performing	12m ECL	**208,778**	168,473
Loans to third parties	27	N/A	Performing	12m ECL	**–**	634,316
			Doubtful	Lifetime ECL	**6,541**	–
Other receivables	25	N/A	Performing	12m ECL	**356,982**	487,637
Financial assets purchased under resale agreements	26	N/A	Performing	12m ECL	**109,005**	279,595
Rental deposits	N/A	N/A	Performing	12m ECL	**19,162**	20,975
Other financial assets	N/A	N/A	Performing	12m ECL	**3,187**	130,628
Amounts due from related parties of non-trade nature	45	N/A	Performing	12m ECL	**19,765**	5,646
Accounts receivables	25	N/A	(Note)	Lifetime ECL (provision matrix)	**340,661**	2,091,398
			In default	Credit-impaired	**9,564**	–
Amounts due from related parties of trade nature	45	N/A	(Note)	Lifetime ECL (provision matrix)	**46,719**	43,319

Note:

For accounts receivables and amounts due from related parties of trade nature, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk and impairment assessment (continued)

The following tables detail the risk profile of accounts receivables and amounts due from related parties of trade nature based on the Group's provision matrix within lifetime ECL (not credit-impaired). As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including higher risk, normal risk and lower risk type), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio of different risk type. Debtors with credit-impaired with gross carrying amounts of RMB9,564,000 as at December 31, 2021 (2020: nil) were assessed individually. Impairment allowance of RMB9,564,000 were made on credit-impaired debtors as of December 31, 2021 (2020: nil).

As at December 31, 2021

	Accounts receivables and amounts due from related parties of trade nature			
	0–180 days RMB'000	181–360 days RMB'000	Over 360 days RMB'000	Total RMB'000
Normal risk type customers				
Total gross carrying amount at default	39,774	–	–	39,774
Lifetime ECL	–	–	–	–
	39,774	–	–	39,774

	Accounts receivables and amounts due from related parties of trade nature			
	0–180 days RMB'000	181–360 days RMB'000	Over 360 days RMB'000	Total RMB'000
Low risk type customers				
Total gross carrying amount at default	309,548	36,321	1,737	347,606
Lifetime ECL	–	(907)	(17)	(924)
	309,548	35,414	1,720	346,682

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk and impairment assessment (continued)

As at December 31, 2020

	Accounts receivables and amounts due from related parties of trade nature			
	0–180 days RMB'000	181–360 days RMB'000	Over 360 days RMB'000	Total RMB'000
High risk type customers				
Total gross carrying amount at default	43,449	—	400	43,849
Lifetime ECL	(2,172)	—	(200)	(2,372)
	41,277	—	200	41,477

	Accounts receivables and amounts due from related parties of trade nature			
	0–180 days RMB'000	181–360 days RMB'000	Over 360 days RMB'000	Total RMB'000
Normal risk type customers				
Total gross carrying amount at default	81,918	—	—	81,918
Lifetime ECL	—	—	—	—
	81,918	—	—	81,918

	Accounts receivables and amounts due from related parties of trade nature			
	0–180 days RMB'000	181–360 days RMB'000	Over 360 days RMB'000	Total RMB'000
Low risk type customers				
Total gross carrying amount at default	1,979,121	7,953	21,876	2,008,950
Lifetime ECL	—	(199)	(1,094)	(1,293)
	1,979,121	7,754	20,782	2,007,657

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk and impairment assessment (continued)

Allowance for impairment

The movement in the ECL during the current period was as follows:

	Accounts receivables and amounts due from related parties of trade nature		Loans to third parties			Other receivables, rental deposits and amounts due from related parties of non-trade nature				
	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	12m ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	12m ECL RMB'000	Lifetime ECL (credit impaired) RMB'000	Other financial assets 12m ECL RMB'000	Financial assets at FVTOCI 12m ECL RMB'000	Total RMB'000
As at January 1, 2020	1,537	–	2,295	–	–	1,800	–	28	–	5,660
Impairment losses recognized	3,114	1,378	3,107	–	–	365	11,001	–	60	19,025
Impairment losses reversal	(986)	–	(1,594)	–	–	(565)	–	(15)	–	(3,160)
Write-offs	–	(1,378)	–	–	–	–	(11,001)	–	–	(12,379)
Effect of exchange rate change	–	–	1	–	–	–	–	(1)	–	–
As at December 31, 2020	**3,665**	**–**	**3,809**	**–**	**–**	**1,600**	**–**	**12**	**60**	**9,146**
Impairment losses recognized	**85**	**10,505**	**–**	**1,962**	**39,441**	**761**	**1,230**	**–**	**54**	**54,038**
Impairment losses reversal	**(2,826)**	**–**	**(3,809)**	**–**	**–**	**(972)**	**–**	**(12)**	**(19)**	**(7,638)**
Write-offs	**–**	**(941)**	**–**	**–**	**(39,441)**	**–**	**(1,230)**	**–**	**–**	**(41,612)**
As at December 31, 2021	**924**	**9,564**	**–**	**1,962**	**–**	**1,389**	**–**	**–**	**95**	**13,934**

Note: The changes in loss allowance are mainly due to financial instruments originated or derecognized during the reporting period.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk mainly by maintaining adequate cash and cash equivalents and continuously monitoring forecast and actual cash flows on a regular basis.

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis for the purpose of managing liquidity risk. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay in accordance with agreed repayment terms.

	Weighted average effective interest rate %	On demand or within one year RMB'000	One to fifth year RMB'000	More than five years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2021						
Accounts and other payables	–	299,788	–	–	299,788	299,788
Financial assets sold under repurchase agreements	4.13%	760,086	–	–	760,086	760,022
Payable to brokerage clients	–	1,211,127	–	–	1,211,127	1,211,127
Amounts due to related parties	–	13,185	–	–	13,185	13,185
Bank borrowings	2.25%	630,502	1,677,049	–	2,307,551	2,213,400
Short-term debt instrument issued	3.92%	162,136	–	–	162,136	160,954
Lease liabilities	3.03%	58,342	103,099	–	161,441	152,061
Payables to interest holders of consolidated structured entities	–	390,299	–	–	390,299	390,299
Total		3,525,465	1,780,148	–	5,305,613	5,200,836

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or within one year RMB'000	One to fifth year RMB'000	More than five years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At December 31, 2020						
Accounts and other payables	–	1,825,659	–	–	1,825,659	1,825,659
Financial assets sold under repurchase agreements	3.30%	1,030,573	–	–	1,030,573	1,030,215
Payable to brokerage clients	–	460,742	–	–	460,742	460,742
Amounts due to related parties	–	600	–	–	600	600
Bank borrowings	5.83%	112,642	–	–	112,642	112,262
Lease liabilities	3.84%	46,308	56,590	5,605	108,503	101,903
Payables to interest holders of consolidated structured entities	–	424,984	–	–	424,984	424,984
Financial liabilities at fair value through profit or loss	–	275,818	–	–	275,818	275,818
Total		4,177,326	56,590	5,605	4,239,521	4,232,183

48.5 Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate term deposits (see note 28), fixed-rate pledged bank deposits (see note 29) and loans to third parties (see note 27), fixed-rate financial assets sold under repurchase agreements (see note 31), short term debt instruments (see note 32), bank borrowings (see note 36) and lease liabilities (see note 37). The Group is also exposed to cash flow interest rate risk due to the fluctuation of market rate on variable-rate bank balances (see note 29) and variable-rate bank borrowings (see note 36). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and US$ LIBOR arising from the Group's US$ denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.5 Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2020: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant. For variable rate bank borrowings, if interest rates had been 50 basis points (2020: 50 basic points) higher/lower and all other variables were held constant, the Group's profit after income tax for the year ended December 31, 2021 would decrease/increase by RMB9,595,000 (2020: nil).

Currency risk

The Group's exposure to foreign currency risk related primarily to cash and cash equivalents, term deposits, accounts and other receivables and payable to brokerage clients that are denominated in HK$ and US$.

The carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**14,731**	3,270	**—**	—
US$	**1,358,036**	469,220	**12,512**	49,897

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to foreign currency rates and includes only outstanding foreign currency denominated monetary assets and liabilities at year end for a 5% change in foreign currency rates. A 5% increase or decrease is used when reporting foreign currency rate risk internally to key management and represents management's assessment of the reasonably possible change in foreign currency.

If a 5% appreciation and depreciation in RMB against HK$ and US$, and all other variables were held constant, the Group's profit after income tax for the year ended December 31, 2021 would decrease/ increase by RMB51,010,000 (2020: RMB15,847,000).

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.5 Market risk (continued)

Other price risk

The Group is exposed to price risk through its investments in money market funds, financial bonds and listed equity security investments measured at FVTPL and FVTOCI. The price risk of these financial assets may arise due to changes in market price. The change may be caused by factors relating to the financial instrument itself or the issuer, and it may also be caused by market factors. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has designated a team to monitor the price risk and will consider hedging the risk exposure should the need arises. The Group is also exposed to price risk in respect of payables to interest holders of consolidated assets management schemes.

Sensitivity analysis

If the prices of the respective listed financial instruments had increased/decreased by 5%, the profit after income tax for the year ended December 31, 2021 would increase/decrease by approximately RMB100,271,000 (2020: RMB78,772,000) as a result of the changes in fair value of investments at FVTPL and the other comprehensive income would increase/decrease by RMB15,383,000 (2020: RMB9,476,000) as a result of the changes in fair value of investments at FVTOCI.

Payables to interest holders of consolidated assets management schemes are affected by changes in net assets value of underlying investments of consolidated structured entities. If the net assets value of underlying investments of consolidated structured entities had increased/decreased by 5% with all other variables held constant, the profit after income tax for the year ended December 31, 2021 would increase/decrease by approximately RMB118,000 (2020: RMB8,105,000).

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.6 Interest rate benchmark reform

As mentioned in note 36, several of the Group's LIBOR bank borrowings will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after 30 June 2023, in the case of the remaining US dollar settings.

(i) Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.6 Interest rate benchmark reform (continued)

LIBOR (continued)

(i) Risks arising from the interest rate benchmark reform (continued)

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times.

(ii) Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The Group is planning to transition the majority of the IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to alternative reference rate at an agreed point in time.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at December 31, 2021. The amounts of bank borrowings are shown at their carrying amounts.

Financial instruments prior to transition	Maturing in	Carrying amounts RMB'000	Transition progress for financial instruments
Debt instruments linked to 1-month US$ LIBOR	2024	1,922,660	Expected to transit in latest by June 30, 2023

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement

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

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

	Fair value as at December 31,				
	2021 RMB'000	2020 RMB'000	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
Financial assets					
Unlisted investment funds at fair value	**1,104,043**	771,135	Level 3	Note (1)	Note (1)
Unlisted debt security investments	**758,360**	–	Level 2	Recent transaction price	N/A
Unlisted debt security investments	**326,666**	319,714	Level 3	Note (2)	Note (2)
Call option for obtaining non-controlling interests	**518,080**	110,100	Level 3	Note (3)	Note (3)
Financial bonds	**2,230,708**	1,786,365	Level 1	Open market transaction price	N/A
Money market funds	**591,839**	164,951	Level 2	Quoted price from a financial institution	N/A
Convertible notes	**28,691**	–	Level 2	Recent transaction price	N/A
Cash management products	**170,728**	1,375,778	Level 2	Quoted price from a financial institution	N/A
Unlisted equity security investments	**24,263**	5,562	Level 3	Note (4)	Note (4)
Unlisted equity security investments	**1,155,225**	15,627	Level 2	Recent transaction price	N/A
Listed equity security investments	**80,200**	183,458	Level 2	Open market transaction price	N/A
Listed equity security investments	**181,344**	218,501	Level 1	Open market transaction price	N/A
Trust products	**115,775**	336,373	Level 2	Quoted price from a financial institution	N/A
Associates measured at fair value	**1,565,221**	1,765,579	Level 3	Note (5)	Note (5)

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

	Fair value as at December 31, 2021 RMB'000	2020 RMB'000	Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
Financial liabilities					
Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds	**372,534**	238,447	Level 3	Note (6)	Note (6)
Payables to interest holders of consolidated structured entities in which are assets management schemes managed by the Group	**17,765**	186,537	Level 2	Fair value of the underlying investments with observable prices	N/A
Securities borrowing	**–**	275,818	Level 1	Open market transaction price	N/A

Certain unlisted equity security investment were transferred from level 2 to level 3 during the year. The fair value of these investments as at December 31, 2021 amount to RMB15,627,000 (2020: Nil). Since there is no recent transaction prices available for these investments as at December 31, 2021, the fair value was measured using a valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

(1) The Group's investments in unlisted investment funds which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB1,104,043,000 as at December 31, 2021 (December 31, 2020: RMB771,135,000). The significant unobservable input is the net assets value of the underlying investments made by the funds. The higher the net assets value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB55,202,000 as at December 31, 2021 (December 31, 2020: RMB38,557,000).

(2) The Group's investments in unlisted debt security investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB326,666,000 as at December 31, 2021 (December 31, 2020: RMB319,714,000). The fair value was determined by market approach with a combination of observable and unobservable inputs. The significant unobservable input is DLOM. The higher the DLOM, the lower the fair value of the financial assets at FVTPL will be. A 5% increase in the DLOM, holding all other variables constant, would decrease the carrying amounts of these investments by RMB1,829,000 as at December 31, 2021 (December 31, 2020: RMB7,425,000). A 5% decrease in the DLOM, holding all other variables constant, would increase the carrying amounts of these investments by RMB2,243,000 as at December 31, 2021 (December 31, 2020: RMB1,853,000).

(3) The Group's call option to obtain non-controlling interests amounting to RMB518,080,000 as at December 31, 2021 (December 31, 2020: RMB110,100,000) is under level 3 hierarchy. The fair value was determined by Black Scholes model based on the fair value and book value of the underlying net assets' of China Renaissance Securities as well as estimate of the exercisability of the option. Discounted cash flow method was used to determine the fair value of underlying net assets' of China Renaissance Securities. The fair value of underlying net assets' of China Renaissance Securities is most significantly affected by estimated cash flows. The higher the estimated cash flows, the higher the fair value of the call option will be. A 5% increase/decrease in the estimated cash flows, holding all other variables constant, would increase/decrease the carrying amount of the call option by RMB33,890,000 as at December 31, 2021 (December 31, 2020: RMB12,650,000).

(4) The Group's investments in unlisted equity security investment which were classified as financial assets at FVTPL under level 3 hierarchy amounted to RMB24,263,000 as at December 31, 2021 (December 31, 2020: RMB5,562,000). The fair value was determined by market approach with a combination of observable and unobservable inputs. The significant unobservable input is DLOM. The higher the DLOM, the lower the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the DLOM, holding all other variables constant, would decrease/increase the carrying amounts of these investments by RMB1,600,000 as at December 31, 2021 (December 31, 2020: RMB30,000).

(5) The Group's associates measured at fair value amounting to RMB1,565,221,000 as at December 31, 2021 (December 31, 2020: RMB1,765,579,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the underlying investments made by the funds managed by the Group. The higher the net assets value of the underlying investments, the higher the fair value of the investments in associates will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amount of the investments in associates by RMB78,261,000 as at December 31, 2021 (December 31, 2020: RMB88,279,000).

(6) The Group's payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds amounting to RMB372,534,000 as at December 31, 2021 (December 31, 2020: RMB238,447,000) are under level 3 hierarchy. The significant unobservable input is the net assets value of the investment funds managed by the Group. The higher the net assets value of the investment funds managed, the higher the fair value of payables to interest holders of consolidated structured entities will be. A 5% increase/decrease in the net assets value of the investment funds managed, holding all other variables constant, would increase/decrease the carrying amount of payables to interest holders of consolidated structured entities by RMB18,627,000 as at December 31, 2021 (December 31, 2020: RMB11,922,000).

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

Reconciliation of level 3 fair value measurements

	Unlisted investment funds at fair value RMB'000
At January 1, 2020	414,015
Capital contribution	276,706
Disposal	(32,533)
Changes in fair value	127,970
Effect of exchange rate change	(15,023)
Balance at December 31, 2020	**771,135**
Capital contribution	**238,943**
Disposal	**(331,386)**
Changes in fair value	**438,010**
Effect of exchange rate change	**(12,659)**
Balance at December 31, 2021	**1,104,043**

	Unlisted debt securities investment RMB'000
At January 1, 2020	—
Transfer from level 2 to level 3	343,268
Changes in fair value	(16,498)
Effect of exchange rate change	(7,056)
Balance at December 31, 2020	**319,714**
Changes in fair value	**9,650**
Effect of exchange rate change	**(2,698)**
Balance at December 31, 2021	**326,666**

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

Reconciliation of level 3 fair value measurements (continued)

	Call option for obtaining non-controlling interests RMB'000
At January 1, 2020	97,667
Change in fair value	19,801
Effect of exchange rate change	(7,368)
Balance at December 31, 2020	**110,100**
Exercise	**(436,190)**
Change in fair value	**844,170**
Balance at December 31, 2021	**518,080**

	Unlisted equity securities investment RMB'000
At January 1, 2020	—
Transfer from level 2 to level 3	2,093
Changes in fair value	3,605
Effect of exchange rate change	(136)
Balance at December 31, 2020	**5,562**
Transfer from level 2 to level 3	**15,627**
Changes in fair value	**3,332**
Effect of exchange rate change	**(258)**
Balance at December 31, 2021	**24,263**

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

Reconciliation of level 3 fair value measurements (continued)

	Associates measured at fair value RMB'000
At January 1, 2020	596,014
Capital contribution	129,091
Addition	140,707
Distribution	(48,994)
Changes in fair value	973,940
Effect of exchange rate change	(25,179)
Balance at December 31, 2020	**1,765,579**
Capital contribution	**220,685**
Distribution	**(401,283)**
Changes in fair value	**6,270**
Effect of exchange rate change	**(26,030)**
Balance at December 31, 2021	**1,565,221**

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.7 Fair value measurement (continued)

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

Reconciliation of level 3 fair value measurements (continued)

	Payables to interest holders of consolidated structured entities in which the Group is the general partner of the investment funds RMB'000
Balance at January 1, 2020	582,105
Capital contribution	52,173
Distribution	(11,689)
Disposal	(440,504)
Changes in fair value	61,753
Effect of exchange rate change	(5,391)
Balance at December 31, 2020	**238,447**
Capital contribution	**148,512**
Distribution	**(29,319)**
Changes in fair value	**16,608**
Effect of exchange rate change	**(1,714)**
Balance at December 31, 2021	**372,534**

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

49. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure of the Group on a timely basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital and take appropriate actions to balance its capital structure.

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of reporting period are set out below:

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
Directly held						
China Renaissance Capital Limited	Hong Kong, PRC	limited liability company	HK$1	**100%**	100%	Investment holding
China Renaissance Securities (Hong Kong) Limited	Hong Kong, PRC	limited liability company	HK$1,814,400,000	**100%**	100%	Provision of financial advisory, equity underwriting, sale, trading brokerage, and research services
China Renaissance Securities (US) Inc.	USA	limited liability company	US$21,000,000	**100%**	100%	Provision of financial advisory, equity underwriting, sale, trading brokerage, and research services
CR Investments Corporation	BVI	limited liability company	US$50,000	**100%**	100%	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
China Renaissance Wealth and Asset Management Limited	Hong Kong, PRC	limited liability company	HK$23,500,000	**100%**	100%	Provision of asset management services
CR HOLDINGS Investments Limited	BVI	limited liability company	US$1	**100%**	100%	Investment holding
China Renaissance (Singapore) Pte. Ltd.	Singapore	limited liability company	SGD2,000,000	**100%**	100%	Provision of sales and research services
Indirectly held						
Huaxing Capital Management LLC	Cayman Islands	limited liability company	US$10	**60%**	60%	Provision of management services for private equity funds
Huaxing Associate GP LLC	Cayman Islands	limited liability company	US$1	**70%**	70%	General partner of a subsidiary
Huaxing Associate GP II LLC	Cayman Islands	limited liability company	US$1	**60%**	60%	General partner of a subsidiary
CR Investments (HK) Limited	Hong Kong, PRC	limited liability company	HK$1	**100%**	100%	Investment holding
Helix Capital Partners	Cayman Islands	limited liability company	US$50,000	**51%**	51%	General partner of a private equity fund
Huaxing Associate L.P.	Cayman Islands	limited partnership	US$1,750,000	**70%**	70%	General partner of a private equity fund
華興泛亞投資顧問（北京）有限公司 (“CRP-Fanya Investment Consultants (Beijing) Limited”)	Beijing, PRC	wholly foreign owned enterprise	US$2,352,941	**100%**	100%	Provision of financial advisory services

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
上海慧嘉投資顧問有限公司 ("Shanghai Huijia Investment Consulting Limited")	Shanghai, PRC	limited liability company	RMB1,000,000	**100%**	100%	Provision of financial advisory services
達孜鏵石創業投資管理有限公司 ("Dazi Huashi Venture Capital Management Limited")	Tibet, PRC	limited liability company	RMB1,000,000	**100%**	100%	General partner of private equity funds
上海全源投資有限公司 ("Shanghai Quanyuan Investment Limited")	Shanghai, PRC	limited liability company	RMB100,000,000	**100%**	100%	Investment holding
China Renaissance HB XI Venture GP, LLC	Cayman Islands	limited liability company	US$1	**100%**	100%	General partner of a private equity fund
Huaxing Associate II L.P.	Cayman Islands	limited partnership	US$3,000,000	**60%**	60%	General partner of a private equity fund
China Renaissance Broking Services (Hong Kong) Limited	Hong Kong, PRC	limited liability company	HK$1,763,900,000	**100%**	100%	Provision of trading and brokerage services
達孜鏵峰投資顧問有限公司 ("Dazi Huafeng Investment Consultants Limited")	Tibet, PRC	limited liability company	RMB10,000,000	**100%**	100%	General partner of a subsidiary
達孜鏵峰創業投資合夥企業（有限合夥） ("Dazi Huafeng Venture Capital Partnership (Limited Partnership)")	Tibet, PRC	limited partnership	RMB500,000,000	**60%**	60%	General partner of private equity funds
上海華晟股權投資管理有限公司 ("Shanghai Huasheng Equity Investment Management Limited")	Shanghai, PRC	limited liability company	RMB1,000,000	**50%**	50%	Provision of management services for a private equity fund

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
上海華晟信選創業投資管理中心（有限合夥）(“Shanghai Huasheng Xinxuan Venture Capital Management Center (Limited Partnership)”)	Shanghai, PRC	limited partnership	RMB17,893,005	**30%**	30%	General partner of a private equity fund
上海華晟優格股權投資管理有限公司 (“Shanghai Huasheng Youge Equity Investment Management Limited”)	Shanghai, PRC	limited liability company	RMB100,000,000	**100%**	100%	Provision of management services for private equity funds
CR High Growth GP LLC	Cayman Islands	limited liability company	US$1	**100%**	100%	General partner of a private equity fund
上海華晟信航股權投資管理中心（有限合夥）(“Shanghai Huasheng Xinhang Equity Investment Management Center (Limited Partnership)”)	Shanghai, PRC	limited partnership	RMB193,639,900	**25%**	25%	General partner of a private equity fund
天津鏵峰資產管理合夥企業（有限合夥）(“Tianjin Huafeng Asset Management Partnership (Limited Partnership)”)	Tianjin, PRC	limited partnership	RMB2,000,000	**60%**	60%	General partner of a private equity fund
華興證券有限公司 (“China Renaissance Securities”) (a)	Shanghai, PRC	foreign invested enterprise	RMB3,024,000,000	**63.83%**	48.82%	Provision of securities brokerage securities underwriting and sponsorship, securities asset management, securities investment consultancy services
達孜鏵瓴投資顧問有限公司 (“Dazi HuaLing Investment Consultants Limited”)	Tibet, PRC	limited liability company	RMB10,000,000	**100%**	100%	General partner of a subsidiary

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
上海微宏投資有限公司 ("Shanghai Weihong Investment Limited")	Shanghai, PRC	limited liability company	RMB10,000,000	**100%**	100%	Investment holding
鏵淦（上海）商務諮詢有限公司 ("Huagan (Shanghai) Business Consulting Limited")	Shanghai, PRC	wholly foreign owned enterprise	US$10,000,000	**100%**	100%	Investment holding
寧波梅山保税港區榕錦投資管理有限責任公司 ("Ningbo Meishan Bonded Port Area Rongjin Investment Management Limited")	Ningbo, PRC	limited liability company	RMB1,000,000	**51%**	51%	General partner of a subsidiary
寧波梅山保税港區鏵傑股權投資管理有限公司 ("Ningbo Meishan Bonded Port Area Huajie Investment Management Limited")	Ningbo, PRC	limited liability company	RMB2,500,000	**51%**	51%	Management services for private equity funds
寧波梅山保税港區瓴晟投資管理有限公司 ("Ningbo Meishan Bonded Port Area Lingsheng Investment Management Limited")	Ningbo, PRC	limited liability company	RMB10,000,000	**100%**	100%	Investment management
寧波梅山保税港區鏵清股權投資管理有限公司 ("Ningbo Meishan Bonded Port Area Huaqing Equity Investment Management Limited")	Ningbo, PRC	limited liability company	RMB30,000,000	**100%**	100%	General partner of a subsidiary

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
寧波梅山保稅港區華興信守股權投資管理中心（有限合夥）("Ningbo Meishan Bonded Port Area Huaxing Xinshou Equity Investment Management Center (Limited Partnership)")	Ningbo, PRC	limited partnership	RMB100,020,000	**59.99%**	59.99%	General partner of private equity funds
天津華清企業管理諮詢有限公司("Tianjin Huaqing Enterprise Management Consulting Limited")	Tianjin, PRC	limited liability company	RMB30,000,000	**51%**	51%	General partner of subsidiaries
天津華傑企業管理諮詢合夥企業（有限合夥）("Tianjin Huajie Enterprise Management Consulting Partnership (Limited Partnership)")	Tianjin, PRC	limited partnership	RMB62,122,448	**27.45%**	27.45%	General partner of private equity funds
Grand Eternity Limited	BVI	limited liability company	US$8,252.15	**100%**	100%	General partner of private equity funds
天津鏵煌企業管理諮詢合夥企業（有限合夥）("Tianjin Huahuang Enterprise Management Consulting Partnership (Limited Partnership)")	Tianjin, PRC	limited partnership	RMB15,000,000	**73.32%**	73.32%	General partner of private equity funds
天津鏵宇諮詢有限公司("Tianjin Huayu Consultants Limited")	Tianjin, PRC	wholly foreign owned enterprise	RMB1,000,000	**100%**	100%	Provision of financial advisory services

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
北京華興合利企業管理合夥企業（有限合夥）("Beijing Huaxing Heli Enterprise Management Partnership (Limited Partnership)")	Beijing, PRC	limited partnership	RMB30,100,000	**60.66%**	60.66%	General partner of a private equity fund
天津瑞致企業管理合夥企業（有限合夥）("Tianjin Ruizhi Enterprise Management Partnership (Limited Partnership)")	Tianjin, PRC	limited partnership	RMB5,000,000	**45.60%**	45.60%	General partner of a private equity fund
Huaxing Associates GP III, Ltd.	Cayman Islands	limited liability company	US$0.01	**100%**	100%	General partner of a private equity fund
Huaxing Associates III L.P.	Cayman Islands	limited partnership	US$20,000,000	**79.37%**	100%	General partner of a private equity fund
Huaxing Growth Capital Management, Ltd	Cayman Islands	limited liability company	US$0.01	**100%**	100%	Provision of advisory services for a private equity fund
寧波梅山保税港區榕嘉投資管理合夥企業（有限合夥）("Ningbo Meishan Bonded Port Area Rongjia Investment Management Partnership (Limited Partnership)")	Ningbo, PRC	limited partnership	RMB 15,000,000	**37.25%**	37.25%	General Partner of a private equity fund
天津華興慧創諮詢合夥企業（有限合夥）("Tianjin Huaxing Huichuang Consulting Partnership (Limited Partnership)")	Tianjin, PRC	limited partnership	RMB 50,000,000	**60%**	60%	Provision of management, financial advisory and technical services
天津華匯企業管理諮詢合夥企業（有限合夥）("Tianjin Huahui Enterprise Management Consulting Partnership (Limited Partnership)"	Tianjin, PRC	limited partnership	RMB 10,000,000	**37.25%**	37.25%	General Partner of a private equity fund

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operation	Kind of legal entity	Issued/ registered capital	Proportion of ownership interest/ voting power held by the Company At December 31, 2021	2020	Principal activities
CR Wealth Alternative Investment CE GP, LLC	Cayman Islands	limited liability company	US$1	**100%**	100%	General partner of a private equity fund
天津智清企業管理諮詢合夥企業（有限合夥）("Tianjin Zhiqing Enterprise Management Consulting Partnership (Limited Partnership)"	Tianjin, PRC	limited partnership	RMB 10,010,000	**99.9%**	99%	General Partner of a private equity funds
海南華興凡睿科技諮詢有限公司）("Hainan Huaxing fanrui Technology Consulting Co., Ltd)"	Hainan, PRC	limited liability company	RMB 100,000,000	**100%**	N/A	General partner of a private equity funds
Huaxing Growth Capital Partners Feeder, L.P.	Cayman Islands	limited partnership	US$1	**75.02%**	N/A	General Partner of a private equity fund

Notes:

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except for structured notes and bank borrowings (notes 32 and 36).

(a) The Group holds 63.83% equity interest at December 31, 2021 in this subsidiary while the Group holds 48.82% of equity interest as at December 31, 2020. The Group has effective control over the board of directors which is the decision maker of China Renaissance Securities' daily operation. In addition, the Group can effectively control the shareholder's meetings' resolutions related to daily operations. The directors of the Company concluded that the Group has a control over China Renaissance Securities in the year of 2021 and 2020.

51. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income (expense) allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2021 RMB'000	December 31, 2020 RMB'000	2021 RMB'000	2020 RMB'000	December 31, 2021 RMB'000	December 31, 2020 RMB'000
China Renaissance Securities	Shanghai, PRC	**36.17% (note)**	51.17%	**7,166**	(38,657)	**994,171**	1,395,079
Individually immaterial subsidiaries with non-controlling interests						**87,312**	91,057
Total						**1,081,483**	1,486,136

Note:

During the year ended December 31, 2021, the Group partially exercised the call option to transfer 15% equity interest in China Renaissance Securities from a non-controlling shareholder to the Group at a cash consideration of RMB409,571,000. Following completion of the transaction in October 2021, the Group holds 63.83% equity interest in China Renaissance Securities.

51. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarized financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

China Renaissance Securities:

	As at December 31, 2021 RMB'000	2020 RMB'000
Current assets	**3,339,032**	4,451,082
Non-current assets	**570,014**	393,774
Current liabilities	**1,136,367**	2,082,631
Non-current liabilities	**24,072**	35,864
Equity attributable to owners of the Company	**1,754,436**	1,331,282
Non-controlling interests	**994,171**	1,395,079

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Revenue and other gains	**419,198**	259,838
Expenses	**(399,387)**	(335,385)
Total comprehensive income (expense) for the year	**19,811**	(75,547)
Total comprehensive income (expense) attributable to owners of the Company	**12,645**	(36,890)
Total comprehensive income (expense) attributable to non-controlling interests	**7,166**	(38,657)

	Year ended December 31, 2021 RMB'000	2020 RMB'000
Net cash outflow from operating activities	**(10,638)**	(338,175)
Net cash (outflow) inflow from investing activities	**(31,132)**	429,732
Net cash outflow from financing activities	**(16,666)**	(28,317)
Net cash (outflow) inflow	**(58,436)**	63,240

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at December 31, 2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**4,722,102**	3,237,462
Investments in associates	**28,292**	49,383
Financial assets at fair value through profit or loss	**10,263**	10,920
	4,760,657	3,297,765
CURRENT ASSETS		
Accounts and other receivables	**256**	287
Financial assets at fair value through profit or loss	**22,291**	226,680
Term deposits	**191,332**	—
Cash and cash equivalents	**153,070**	3,551
Pledged bank deposits	**21,054**	—
	388,003	230,518
TOTAL ASSETS	**5,148,660**	3,528,283
CURRENT LIABILITIES		
Accounts and other payables	**12,085**	11,390
Bank borrowings	**296,856**	—
	308,941	11,390
NET CURRENT ASSETS	**79,062**	219,128
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,839,719**	3,516,893
NON-CURRENT LIABILITY		
Bank borrowings	**1,625,804**	—
	1,625,804	—
TOTAL LIABILITIES	**1,934,745**	11,390
NET ASSETS	**3,213,915**	3,516,893
CAPITAL AND RESERVES		
Share capital	**90**	87
Reserves	**3,213,825**	3,516,806
	3,213,915	3,516,893

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2020	6,454,704	319,584	(2,797,212)	3,977,076
Total comprehensive expense for the year	—	(278,307)	(56,638)	(334,945)
Recognition of equity-settled share-based payment expense	—	67,966	—	67,966
Share options exercised	79,294	(44,826)	—	34,468
Restricted share units vested	10,104	(10,104)	—	—
Dividends to shareholders	(79,896)	—	—	(79,896)
Shares repurchased and cancelled	(147,971)	121	—	(147,850)
Shares repurchased but not yet cancelled	—	(13)	—	(13)
Balance at December 31, 2020	6,316,235	54,421	(2,853,850)	3,516,806
Total comprehensive expense for the year	**—**	**(35,457)**	**(143,540)**	**(178,997)**
Recognition of equity-settled share-based payment expense	**—**	**62,703**	**—**	**62,703**
Share options exercised	**109,075**	**(63,716)**	**—**	**45,359**
Restricted share units vested	**18,007**	**(18,007)**	**—**	**—**
Shares issued to the Trusts	**—**	**(1)**	**—**	**(1)**
Dividends to shareholders	**(197,319)**	**—**	**—**	**(197,319)**
Shares repurchased and cancelled	**(34,738)**	**12**	**—**	**(34,726)**
Balance at December 31, 2021	**6,211,260**	**(45)**	**(2,997,390)**	**3,213,825**

53. 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.

On March 30, 2022, the board of directors 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.

54. 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.

DEFINITIONS

"AI"	artificial intelligence
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Articles of Association"	the articles of association of our Company conditionally adopted on September 7, 2018 with effect from the Listing Date, as amended from time to time
"Audit Committee"	the Audit Committee of the Board
"Auditor"	Deloitte Touche Tohmatsu
"AUM"	assets under management
"BJRZ"	Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership)
"Board"	the board of directors of our Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, and for the purpose of this Annual Report only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"China Renaissance Securities (US)"	China Renaissance Securities (US) Inc., a limited liability company established in the State of New York, the USA on August 23, 2012, being a wholly-owned subsidiary of the Company
"Company", "our Company" or "the Company", "China Renaissance"	China Renaissance Holdings Limited 華興資本控股有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 13, 2011
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Connected Transactions"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	Shanghai Quanyuan, Dazi Hualing, Dazi Huafeng, and Dazi Huashi

"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Huagan Shanghai, our Consolidated Affiliated Entities and their shareholders, details of which are described in the section headed "Contractual Arrangements" in the Prospectus and "Connected Transactions — Continuing connected transactions — Non-exempt continuing connected transactions — Contractual Arrangements" in this annual report, as amended, restated and/or supplemented from time to time, including the Existing Contractual Arrangements, the 2021 Terminated Contractual Arrangements and the 2021 New Contractual Arrangements
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Bao, FBH Partners, and CR Partners
"CR Broking"	China Renaissance Broking Services (Hong Kong) Limited (華興金融服務（香港）有限公司) (formerly known as Maxson Securities Limited (萬誠證券有限公司)), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"CR Partners"	CR Partners Limited, a company incorporated in the British Virgin Islands with limited liability on July 5, 2011 and one of our Controlling Shareholders
"CRSHK"	China Renaissance Securities (Hong Kong) Limited (華興證券（香港）有限公司), a company incorporated in Hong Kong with limited liability on June 18, 2012 and a directly wholly-owned subsidiary of the Company
"CR Securities"	China Renaissance Securities (China) Co., Ltd. (華興證券有限公司), a company incorporated in China, with limited liability on August 19, 2016 and an indirect subsidiary of the Company, formerly named as 華菁證券有限公司
"CSRC"	China Securities Regulatory Commission
"COVID-19"	the 2019 Novel Coronavirus
"Dazi Huafeng"	Dazi Huafeng Investment Consultants Co., Ltd. (達孜鏵峰投資顧問有限公司), a company incorporated with limited liability in China on August 28, 2015, and one of our Consolidated Affiliated Entities

"Dazi Hualing"	Dazi Hualing Investment Consultants Co., Ltd. (達孜鏵鋄投資顧問有限公司), a company incorporated with limited liability in China on December 30, 2015, and one of our Consolidated Affiliated Entities
"Dazi Huashi"	Dazi Huashi Entrepreneurship Investment Management Co., Ltd. (達孜鏵石創業投資管理有限公司), a company incorporated with limited liability in China on October 20, 2014, and one of our Consolidated Affiliated Entities
"Director(s)"	the director(s) of our Company
"ESG"	environmental, social and governance
"ESG Committee"	the Environmental, Social and Governance Committee
"Enlight Holdings"	Enlight Holdings Limited (光線控股有限公司) (formerly known as Shanghai Enlight Investment Holdings Limited (上海光線投資控股有限公司)), a limited liability company established in China
"ESOP"	the employees' share option plan of the Company as approved by the Board on August 24, 2012, which was amended and restated on March 1, 2013, April 27, 2015, and June 5, 2018
"Existing Contractual Arrangements"	the series of contractual arrangements effective as of December 31, 2020 entered into by, among others, Huagan Shanghai, Mr. Du Yongbo, Mr. Wang Xinwei, Ms. Xin Xin, Ms. Zheng Yi, Dazi Hualing, Dazi Huafeng, Dazi Huashi, Shanghai Quanyuan and its shareholders, details of which are described in pages 43–44 of the Annual Report of the Company for the year ended December 31, 2020, but excluding the 2021 Terminated Contractual Arrangements
"FBH Partners"	FBH Partners Limited, our Controlling Shareholder, a company incorporated in the British Virgin Islands with limited liability on March 12, 2004 as an investment vehicle controlled by Mr. Bao, a Founder of our Group
"Founder"	each of Mr. Bao and Mr. Xie Yi Jing
"FVTPL"	Fair value through profit or loss
"Go Perfect"	Go Perfect Development Limited, a shareholder of the Company which is a trust entity under the RSU Plan and being an associate of Mr. Bao Fan

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hong Kong" or "HK" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Huagan Shanghai"	Huagan (Shanghai) Business Consultants Co., Ltd. (鏵淦（上海）商務諮詢有限公司), a wholly foreign-owned enterprise incorporated with limited liability in China on May 27, 2017 and an indirectly wholly-owned subsidiary of the Company
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IPCC"	Intergovernmental Panel on Climate Change
"IRR"	Internal rate of return
"IT"	internet technology
"JXHJ"	No. 1 Jiaxing Huajie Equity Investment Partnership (Limited Partnership)
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	September 27, 2018 the date on which the Shares are listed and on which dealings in the Shares are fist permitted to take place on the Stock Exchange
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Mr. Bao"	Mr. Bao Fan (包 凡), our Chairman, Chief Executive Officer and Controlling Shareholder
"Nomination Committee"	the Nomination Committee of the Board
"PE"	Private equity
"PRC" or "China"	People's Republic of China
"PRC Legal Adviser"	Commerce & Finance Law Offices, our legal advisor on PRC law
"Prospectus"	the prospectus of the Company dated September 14, 2018
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"Remuneration Committee"	the Remuneration Committee of the Board
"Reporting Period"	the year ended December 31, 2021
"ROE"	return on equity
"RSU Plan"	the China Renaissance Holdings Limited 2018 Restricted Share Unit Plan as approved by Board on June 15, 2018
"RSUs"	restricted share units
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Quanyuan"	Shanghai Quanyuan Investment Co., Ltd. (上海全源投資有限公司), a company incorporated with limited liability in China on October 28, 2014, and one of our Consolidated Affiliated Entities
"Share(s)"	ordinary share(s) in the share capital of our Company, currently with a par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sky Allies"	Sky Allies Development Limited, a shareholder of the Company, and controlled by a trustee that is accustomed to take instructions from Mr. Bao Fan and therefore a core connected person of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary" or "Subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "US" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"YoY"	Year-on-Year
2021 New Contractual Arrangements	the series of contractual arrangements entered into by and among Huagan Shanghai, Ms. Xin Xin, Ms. Zheng Yi and Dazi Hualing, details of which are described in the section headed "New Contractual Arrangements" in the announcement of the Company dated December 23, 2021
"%"	per cent

Note: Unless otherwise defined in this Annual Report, capitalised terms used herein bear the same meanings as defined in the Prospectus.

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

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