民銀資本
CMBC CAPITAL HOLDINGS LIMITED

民銀資本控股有限公司

CMBC CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of CMBC Capital Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 (the "**Reporting Year**"), together with the comparative figures for the year ended 31 December 2022 (the "**Previous Year**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Revenue	*4*	**493,894**	801,981
Net losses on financial assets/liabilities at fair value through profit or loss ("**FVTPL**")		**(210,476)**	(235,421)
Net losses on financial assets at fair value through other comprehensive income ("**FVOCI**")		**(127,673)**	(46,674)
Net gains on financial assets at amortised cost		**–**	20
Other income	*5*	**33,737**	15,735
Other losses		**(17,178)**	(25,400)
Impairment losses	*6*	**(329,950)**	(506,793)
Staff costs		**(62,822)**	(95,046)
Depreciation and amortisation		**(22,548)**	(22,224)
Other operating expenses		**(57,777)**	(50,882)
Finance costs	*7*	**(260,193)**	(266,109)
Loss before taxation	*8*	**(560,986)**	(430,813)
Taxation	*9*	**(11,320)**	(5,784)
Loss for the year attributable to owners of the Company		**(572,306)**	(436,597)

	Notes	2023 HK$'000	2022 HK$'000
Loss for the year attributable to owners of the Company		**(572,306)**	(436,597)
Other comprehensive income/(loss)			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income			
– net movement in fair value reserve (non-recycling)		**58,152**	(284,137)
Item that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income			
– net movement in fair value reserve (recycling)		**176,743**	(252,117)
Other comprehensive income/(loss) for the year, net of tax		**234,895**	(536,254)
Total comprehensive loss for the year attributable to owners of the Company		**(337,411)**	(972,851)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company	*10*		
– Basic		**(51.04)**	(37.96)
– Diluted		**(51.04)**	(37.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment		**5,141**	4,890
Right-of-use asset		**56,021**	75,228
Goodwill		**16,391**	16,391
Intangible assets		**960**	960
Financial assets at amortised cost		**15,740**	–
Other assets		**19,524**	13,416
		113,777	110,885
Current assets			
Accounts receivable	*13*	**104,826**	212,831
Prepayments, deposits and other receivables		**21,658**	76,441
Interest receivables		**42,682**	116,551
Loans and advances	*12*	**55,137**	439,888
Financial assets at fair value through other comprehensive income	*14*	**2,269,818**	6,058,401
Financial assets at fair value through profit or loss	*15*	**1,250,948**	2,616,079
Tax recoverable		**10,586**	19,577
Cash held on behalf of customers		**254,016**	216,486
Cash and cash equivalents		**436,102**	982,858
		4,445,773	10,739,112

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Current liabilities			
Accounts payable	*16*	**286,930**	261,375
Other payables and accruals		**44,496**	122,879
Amount due to an intermediate holding company		**32,864**	55,459
Loans from an intermediate holding company	*17*	**1,829,010**	4,710,620
Tax payable		**–**	12,955
Financial assets sold under repurchase agreements	*18*	**1,044,658**	3,974,951
Financial liabilities at fair value through profit or loss	*19*	**–**	14,871
Lease liabilities		**19,183**	20,801
		3,257,141	9,173,911
Net current assets		**1,188,632**	1,565,201
Total assets less current liabilities		**1,302,409**	1,676,086
Non-current liabilities			
Lease liabilities		**39,445**	57,959
Deferred tax liabilities		**10,262**	18,769
		49,707	76,728
NET ASSETS		**1,252,702**	1,599,358
CAPITAL AND RESERVES			
Share capital	*20*	**447,745**	449,466
Reserves		**804,957**	1,149,892
TOTAL EQUITY		**1,252,702**	1,599,358

Notes:

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Companies Ordinance (Cap.622 of the Laws of Hong Kong). The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value through other comprehensive income and fair value through profit or loss at the end of each reporting period.

2 NEW AND AMENDMENTS TO HKFRSs

A number of new or amended standards became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2023:

- Definition of Accounting Estimates – amendments to HKAS 8

- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12

- Disclosure of Accounting Policies – amendments to HKAS 1 and HKFRS Practice Statement 2

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

3 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Group's management, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focusing on types of services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

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

Disaggregation of revenue

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	**13,736**	539
– Commission income from underwriting, sub-underwriting, placing and sub-placing	**26,090**	22,677
– Financial advisory, sponsorship, arrangement fee and other service income	**17,048**	20,127
– Asset management fee, investment advisory services fee and performance fee income	**124,425**	166,093
	181,299	209,436

	2023	2022
	HK$'000	*HK$'000*
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	**44,817**	53,706
Financial investments		
– Interest income from debt securities investments	**93,770**	233,891
– Interest income from FVTPL investments	**33,863**	61,622
– Dividend income and other investment income	**140,145**	243,326
	267,778	538,839
	493,894	801,981

Disaggregation of revenue is set out below:

	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15	**25,844**	13,953	**–**	–	**–**	–	**124,425**	166,093	**31,030**	29,390	**181,299**	209,436
Revenue from other sources												
Loan and financing												
– Interest income from provision of finance and securities margin financing	**8,057**	15,064	**–**	–	**36,760**	38,642	**–**	–	**–**	–	**44,817**	53,706
Financial investments												
– Interest income from debt securities investments	**–**	–	**93,770**	233,891	**–**	–	**–**	–	**–**	–	**93,770**	233,891
– Interest income from FVTPL investments	**–**	–	**31,222**	47,068	**2,641**	14,554	**–**	–	**–**	–	**33,863**	61,622
– Dividend income and other investment income	**–**	–	**135,415**	227,440	**4,730**	15,886	**–**	–	**–**	–	**140,145**	243,326
	–	–	**260,407**	508,399	**7,371**	30,440	**–**	–	**–**	–	**267,778**	538,839
Reportable segment revenue	**33,901**	29,017	**260,407**	508,399	**44,131**	69,082	**124,425**	166,093	**31,030**	29,390	**493,894**	801,981

Segment revenue and results

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

	For the year ended 31 December 2023						
	Securities *HK$'000*	Fixed income direct investment *HK$'000*	Other investment and financing *HK$'000*	Asset management *HK$'000*	Corporate finance and advisory *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	33,901	260,407	44,131	124,425	31,030	–	493,894
– Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	–	4,534	(215,010)	–	–	–	(210,476)
– Net losses on financial assets at fair value through other comprehensive income	–	(127,673)	–	–	–	–	(127,673)
	33,901	137,268	(170,879)	124,425	31,030	–	155,745
Other income	10,048	9,466	3,447	8	298	10,470	33,737
Other gains and losses	925	(22,463)	1,813	442	3	2,102	(17,178)
Segment expenses	(59,671)	(444,919)	(135,064)	(25,528)	(21,247)	(46,861)	(733,290)
Segment results	(14,797)	(320,648)	(300,683)	99,347	10,084	(34,289)	(560,986)

	For the year ended 31 December 2022						
	Securities *HK$'000*	Fixed income direct investment *HK$'000*	Other investment and financing *HK$'000*	Asset management *HK$'000*	Corporate finance and advisory *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	29,017	508,399	69,082	166,093	29,390	–	801,981
– Net losses on financial assets/liabilities at fair value through profit or loss	–	(33,570)	(201,851)	–	–	–	(235,421)
– Net losses on financial assets at fair value through other comprehensive income	–	(46,674)	–	–	–	–	(46,674)
– Net gains on financial assets at amortised cost	–	20	–	–	–	–	20
	29,017	428,175	(132,769)	166,093	29,390	–	519,906
Other income	2,429	3,501	372	27	276	9,130	15,735
Other losses	(1,338)	(23,632)	(31)	(252)	(1)	(146)	(25,400)
Segment expenses	(90,877)	(605,799)	(142,505)	(27,823)	(21,234)	(52,816)	(941,054)
Segment results	(60,769)	(197,755)	(274,933)	138,045	8,431	(43,832)	(430,813)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at 31 December 2023						
	Securities	**Fixed income direct investment**	**Other investment and financing**	**Asset management**	**Corporate finance and advisory**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Assets							
Segment assets	**596,612**	**2,735,371**	**1,001,299**	**40,942**	**22,343**	**162,983**	**4,559,550**
Liabilities							
Segment liabilities	**351,269**	**2,806,935**	**100,401**	**198**	**448**	**47,597**	**3,306,848**

	As at 31 December 2022						
	Securities	Fixed income direct investment	Other investment and financing	Asset management	Corporate finance and advisory	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets							
Segment assets	590,983	7,601,339	2,307,166	146,215	1,429	202,865	10,849,997
Liabilities							
Segment liabilities	480,254	7,858,321	737,399	13,156	–	161,509	9,250,639

Geographical information

The Group's operations are carried out in Hong Kong.

The Group's revenue from external customers and its non-current assets are located in Hong Kong.

Information about major customers

Revenue of approximately HK$87,086,000 for the year ended 31 December 2023 was derived from asset management service to a customer and accounted for more than 10% of the total revenue (2022: HK$101,173,000).

4 REVENUE

An analysis of the Group's revenue for the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Commission income from brokerage and related services	**13,736**	539
Commission income from underwriting, sub-underwriting, placing and sub-placing	**26,090**	22,677
Interest income from debt securities investments	**93,770**	233,891
Interest income from FVTPL investments	**33,863**	61,622
Interest income from provision of finance and securities margin financing	**44,817**	53,706
Dividend income and other investment income	**140,145**	243,326
Financial advisory, sponsorship, arrangement fee and other service income	**17,048**	20,127
Asset management fee, investment advisory services fee and performance fee income	**124,425**	166,093
	493,894	801,981

5 OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**17,834**	3,458
Office sharing fee income	**8,880**	8,880
Other income	**7,023**	3,397
	33,737	15,735

6 IMPAIRMENT LOSSES

	2023	2022
	HK$'000	*HK$'000*
Provision/(reversal) of impairment losses		
– Loans and advances	**89,954**	88,368
– Accounts receivable	**39,033**	62,312
– Financial assets at fair value through other comprehensive income	**197,569**	332,497
– Financial assets at amortised cost	**23**	(181)
– Interest receivables	**3,371**	23,797
	329,950	506,793

7 FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest expense on:		
Notes payable	**–**	8,944
Bank borrowings	**32**	3
Repurchase agreements	**140,887**	105,263
Loans from an intermediate holding company	**116,872**	148,864
Lease liabilities	**2,402**	3,035
	260,193	266,109

8 LOSS BEFORE TAXATION

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	**61,572**	93,626
Retirement benefits contributions	**1,250**	1,420
Total staff costs	**62,822**	95,046
Auditor's remuneration	**4,014**	4,391
Depreciation of property, plant and equipment	**3,341**	3,017
Depreciation of right-of-use asset	**19,207**	19,207

9 TAXATION

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**19,199**	22,451
Under/(over) provision in prior years	**628**	(759)
	19,827	21,692
Deferred tax:		
Origination and reversal of temporary differences	**(8,507)**	(15,908)
	11,320	5,784

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both the years ended 31 December 2023 and 2022.

10 LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(572,306)**	(436,597)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,121,224**	1,150,093

The denominators used are the same as those detailed above for the basic and diluted loss per share.

There was no dilutive items during the years ended 31 December 2023 and 2022.

11 DIVIDENDS

No dividend has been declared or paid by the Company during the year ended 31 December 2023.

The final dividend of HK7.48 cents per share for the year ended 31 December 2021 had been approved by the shareholders of the Company on 29 June 2022 and was paid on 29 July 2022 in an aggregated amount of approximately HK$85,438,000.

12 LOANS AND ADVANCES

	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Loans and advances	**286,740**	581,537
Less: Allowance for expected credit losses	**(231,603)**	(141,649)
	55,137	439,888

The carrying amounts of the above loans and advances as at 31 December 2023 and 2022 are due within one year and presented under current assets.

During the year ended 31 December 2023, impairment losses of HK$89,954,000 (2022: HK$88,368,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2023, loans and advances to independent third parties with gross carrying amount of HK$258,119,000 (2022: HK$257,791,000) were assessed as credit-impaired and be included in Stage 3. Allowance for expected credit losses of HK$231,561,000 (2022: HK$141,200,000) was measured and recognised, which represented the difference between the outstanding loan balances and the expected recoverable amounts (taking into account of the underlying collaterals) as determined by independent professional valuers.

Movement in expected credit losses is as follows:

	2023				2022			
	Expected credit losses				Expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	**449**	**–**	**141,200**	**141,649**	593	12,416	40,272	53,281
Transfer	**–**	**–**	**–**	**–**	–	(12,416)	12,416	–
Impairment losses (released)/charged to profit or loss	**(407)**	**–**	**90,361**	**89,954**	(144)	–	88,512	88,368
At 31 December	**42**	**–**	**231,561**	**231,603**	449	–	141,200	141,649

13 ACCOUNTS RECEIVABLE

	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	**40,426**	10,418
– Cash clients	**182**	5
– Margin clients	**142,165**	176,438
	182,773	186,861
Accounts receivable arising from the ordinary course of business of securities underwriting	**4,192**	3,173
Accounts receivable arising from the ordinary course of business of advisory and client referral services	**2,502**	–
Accounts receivable arising from the ordinary course of business of asset management services	**19,482**	87,887
	208,949	277,921
Less: Allowance for expected credit losses	**(104,123)**	(65,090)
	104,826	212,831

Movement in expected credit losses is as follows:

	2023				2022			
	Expected credit losses				Expected credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	**329**	**–**	**64,761**	**65,090**	1,198	–	1,706	2,904
Transfer	**–**	**–**	**–**	**–**	(105)	–	105	–
Impairment losses (released)/charged to profit or loss	**(325)**	**–**	**39,358**	**39,033**	(638)	–	62,950	62,312
Write-off	**–**	**–**	**–**	**–**	(126)	–	–	(126)
At 31 December	**4**	**–**	**104,119**	**104,123**	329	–	64,761	65,090

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from margin clients

Accounts receivable due from margin clients are repayable on demand and carry interest at 5% to 18.9% per annum during the year ended 31 December 2023 (2022: 3.5% to 18.6% per annum). The fair values of the pledged securities as at 31 December 2023 was approximately HK$250,535,000 (2022: HK$385,673,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2023, approximately 23% (2022: 39%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients when the loan to value ratio is over 100%. The Group did not repledge collaterals held for financing as at 31 December 2022 and 2023.

No ageing analysis in respect of accounts receivable from margin clients is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable arising from the business of dealing in securities are assessed for expected credit losses. During the year ended 31 December 2023, impairment losses of HK$39,033,000 (2022: HK$59,599,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Movement in the allowance for expected credit losses on accounts receivable arising from the business of dealing in securities are as follows:

	Cash clients	**Margin clients**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 January 2022	–	2,904	2,904
Impairment loss recognised during the year	–	59,599	59,599
Write-off	–	(126)	(126)
Balance at 31 December 2022	–	62,377	62,377
Impairment loss recognised during the year	–	39,033	39,033
Balance at 31 December 2023	–	101,410	101,410

The Group is allowed to offset certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances, and intends to settle on a net basis or to realise the balances simultaneously.

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

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

	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Not past due	**22,014**	46,510
Less than 31 days past due	**371**	39,724
31–60 days past due	**142**	270
61–90 days past due	**29**	–
Over 90 days past due	**3,620**	4,556
	26,176	91,060
Less: Allowance for expected credit losses	**(2,713)**	(2,713)
Total	**23,463**	88,347

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory, client referral and asset management services. During the year ended 31 December 2023, no impairment losses (2022: HK$2,713,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Listed, unlisted or quoted investments at fair value:		
Debt investments	**923,586**	2,716,439
Equity investments	**1,346,232**	3,341,962
	2,269,818	6,058,401

Movement in expected credit losses is as follows:

	2023 Expected credit losses					2022 Expected credit losses				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased Or Originated Credit Impaired**	**Total**	Stage 1	Stage 2	Stage 3	Purchased Or Originated Credit Impaired	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	**3,501**	**6,473**	**436,210**	**–**	**446,184**	8,996	3,993	110,053	–	123,042
Transfer	**–**	**(6,254)**	**6,254**	**–**	**–**	(1,264)	623	641	–	–
Impairment losses charged/ (released) to profit or loss	**373**	**34**	**197,162**	**–**	**197,569**	(1,656)	5,600	328,553	–	332,497
Derecognition	**(1,684)**	**(253)**	**–**	**–**	**(1,937)**	(2,575)	(3,743)	(3,037)	–	(9,355)
At 31 December	**2,190**	**–**	**639,626**	**–**	**641,816**	3,501	6,473	436,210	–	446,184

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Listed equity investments	**23,066**	68,207
Unlisted equity investments	**200,933**	259,277
Debt investments	**383,707**	1,516,117
Unlisted investment funds	**643,242**	772,478
	1,250,948	2,616,079

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

16 ACCOUNTS PAYABLE

	As at 31 December 2023 *HK$'000*	As at 31 December 2022 *HK$'000*
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	**174,028**	227,276
– Margin clients	**39,056**	29,221
– Clearing house	**68,378**	4,878
– Broker	**5,468**	–
	286,930	261,375

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

17 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Loans from an intermediate holding company	**1,829,010**	4,710,620
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,829,010**	4,710,620

As at 31 December 2023, the Group had loans amounting to approximately HK$1,789,316,000 (2022: HK$4,649,706,000) from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK$39,694,000 (2022: HK$60,914,000). The loans are unsecured, bear interest at rate of 4% per annum (2022: interest rate of 2.5% per annum) and are repayable within one year. The Group's undrawn amount of the loan facilities is approximately HK$8,210,684,000 (2022: HK$5,350,294,000).

18 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Bonds	**1,044,658**	3,974,951

As at 31 December 2023, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying amount of approximately HK$1,340,649,000 (2022: approximately HK$4,912,061,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

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

19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL	**–**	1,362
Debt investments	**–**	13,509
	–	14,871

As at 31 December 2023, the Company held 0% (31 December 2022: 66.6%) interest of CMBCC Co-High Medical Investment Fund SP (the "**Medical Fund**"). As the Group had control over the Medical Fund, it was accounted for as a subsidiary. Accordingly, the interests of the non-controlling shareholder were classified as financial liabilities designated as at fair value through profit or loss of Nil as at 31 December 2023 (31 December 2022: HK$1,362,000). During the year ended 31 December 2023, all the participating shares in the Medical Fund were redeemed and the Medical Fund was terminated.

The balance of debt investments as at 31 December 2022 represents the fair value of debt securities from short-selling activities.

20 SHARE CAPITAL

		Number of shares		Amount	
		As at 31 December 2023	As at 31 December 2022	**As at 31 December 2023**	As at 31 December 2022
	Note	***'000***	*'000*	***HK$'000***	*HK$'000*
Authorised:					
Ordinary shares at HK$0.4 each		**2,500,000**	2,500,000	**1,000,000**	1,000,000
Issued and fully paid:					
At the beginning of the year		**1,123,665**	1,174,467	**449,466**	469,786
Cancellation for shares repurchased	*(i)*	**(4,303)**	(50,802)	**(1,721)**	(20,320)
At the end of the year		**1,119,362**	1,123,665	**447,745**	449,466

Note:

(i) During the year ended 31 December 2023, the Company repurchased an aggregate of 12,961,000 ordinary shares of the Company on market at prices ranging from HK$0.27 to HK$1.70 with a total consideration of approximately HK$9,245,000 (before transaction costs). Of these repurchased shares, 3,498,000 shares were cancelled during the year ended 31 December 2023. The premium of approximately HK$4,175,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 9,463,000 repurchased shares were cancelled on 22 March 2024.

During the year ended 31 December 2022, the Company repurchased an aggregate of 48,906,500 ordinary shares of the Company on market at prices ranging from HK$1.07 to HK$3.91 with a total consideration of approximately HK$98,050,000 (before transaction costs). Of these repurchased shares, 48,101,500 shares were cancelled during the year ended 31 December 2022. The premium of approximately HK$84,792,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 805,000 repurchased shares were cancelled on 28 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is currently licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and engage in financing and money lending business with the capacity as “exempted persons” defined in the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (no license required pursuant to the Money Lenders Ordinance). The Group has all material licenses required for services currently expected to be requested by most of its existing and potential clients.

During the Reporting Year, the Group’s loss attributable to the owners of the Company was approximately HK$572.3 million (Previous Year: approximately HK$436.6 million), representing an increase of approximately 31.1% from the Previous Year. The Group’s basic and diluted loss per share was HK51.04 cents for the Reporting Year (Previous Year: HK37.96 cents).

The Group’s revenue and net gains or losses from investment decreased by approximately 70.0% to approximately HK$155.7 million during the Reporting Year, compared to approximately HK$519.9 million in the Previous Year. It was mainly due to the extremely depressed and volatile capital market in Hong Kong, the increase in loss of financial asset investment transaction and the strategic reduction in investment scale of the Group, as well as the decrease in the scale of asset management and external loans, resulting in the decrease in the income from financial investment, asset management and loans and financing during the Reporting Year.

The table below presents the breakdown of segment revenue and net gains or losses from investment and segment results:

	Segment Revenue and Net Gains or Losses from Investment		Segment Results	
	For the year ended 31 December 2023	For the year ended 31 December 2022	**For the year ended 31 December 2023**	For the year ended 31 December 2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Securities	**33,901**	29,017	**(14,797)**	(60,769)
Fixed-income direct investment	**137,268**	428,175	**(320,648)**	(197,755)
Other investment and financing	**(170,879)**	(132,769)	**(300,683)**	(274,933)
Asset management	**124,425**	166,093	**99,347**	138,045
Corporate finance and advisory	**31,030**	29,390	**10,084**	8,431
Others	**–**	–	**(34,289)**	(43,832)
Total	**155,745**	519,906	**(560,986)**	(430,813)

Securities

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

During the Reporting Year, the revenue contributed by the securities segment increased to approximately HK$33.9 million, and the loss of segment results decreased to approximately HK$14.8 million, compared to the revenue and loss of approximately HK$29.0 million and HK$60.8 million, respectively, in the Previous Year. The increase in segment revenue and decrease in loss of segment results were mainly due to the increase of commission from customers and the decrease in the impairment loss of margin financing business during the Reporting Year.

As one of the flagship business segments of the Group, the bond underwriting business has been developing steadily and healthily. During the Reporting Year, the Group completed 113 offshore bond issuance for 88 issuers, the issuance currencies include US$, RMB, euros and yen, with a total underwriting value of approximately US$28.6 billion; the bond issuers include banks, non-banking financial institutions, large local state-owned enterprises and urban investment enterprises with good rating. While actively driving the steady development of its bond underwriting business, the Group strictly controls the underwriting risks and maintains high-quality issuers base. The Group has been diversifying its client base while increasing the proportion of bonds underwritten for state-owned enterprises with good rating and high-quality financial institutions. The underwriting for financial institutions, central government-owned enterprises and local state-owned enterprises accounted for approximately 98% of the total underwriting value in the Reporting Year, of which financial institutions accounted for 59% of the total underwriting value. From the perspective of the issuer's qualification, during the Reporting Year, the investment-grade bonds underwritten by the Group accounted for approximately 72% of the total underwriting value. The overall qualification of the issuers was stable and there were no major risk events. The Group's debt capital market department also provides certain important bond issuer clients with international rating advisory services. During the Reporting Year, the Group's reputation and image in the Hong Kong capital market were favourable.

The Group continued to develop its securities brokerage business and margin financing business steadily. Its securities brokerage business includes trading shares, bonds and other valuable securities of listed companies for clients, while its margin financing business includes provision of stock secured financing for retail, corporate and high-net-worth clients requiring finance for purchasing securities. The Group adopts a relatively cautious development strategy as to its securities brokerage business and margin financing business.

Investment and Financing

During the Reporting Year, the external environment was more challenging. Inflation remained high, with upward pressure on the United States (the "**US**") Treasury rates, although overall inflation rates are falling in most countries or regions. China's reopening at the beginning of the year has been successful in revitalizing its economy and driving global economic growth, but the recent weakened economic data indicated that the pace of recovery may not be as fast as originally expected. During the Reporting Year, the US Federal Reserve raised interest rates four times and kept benchmark rates at a high level, making the financial environment more difficult for clients. Prices of Chinese-issued US dollar-denominated bond remained broadly stable, but prices of high-yield Chinese-issued US dollar-denominated bond fell significantly, with the performance of A shares and Hong Kong stocks lagged behind those in Europe, the US and Japan. In this regard, the Group increased the provision for expected credit losses on certain high-yield bond investments and adjusted downwards the fair value of its investments in equity securities, and further strengthened risk control over financing business.

With respect to investment, the Group focuses on industries that are in the growth or expansion stage and have high entry barriers in the Greater China region. It actively seeks to invest in companies with outstanding core technology and relatively high potential in revenue growth and profitability. The Group also pays attention to high-tech innovative companies, medical and healthcare companies and other companies with high growth potential that comply with Chapter 18A of the Listing Rules.

In terms of financing, the Group provides customized financing solutions in different structures or forms according to customers' needs, providing a series of services including transaction structure design, coordinating the intermediary agencies and coordinating financing arrangements. Specific products include, but are not limited to, syndicated loans, asset-backed loans, merger and acquisition loans, equity pledge financing, bridge financing, etc. The Group adopts robust risk-control-oriented development strategies for financing.

Fixed-income direct investment

During the Reporting Year, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupon from listed bonds under direct investment, amounted to an aggregate of approximately HK$137.3 million as compared to approximately HK$428.2 million in the Previous Year. The segment recorded a loss of approximately HK$320.6 million in the Reporting Year as compared to loss of approximately HK$197.8 million in the Previous Year. The significant decrease in segment revenue was primarily due to the substantial reduction in bond investment scale during the Reporting Year, resulting in a significant decrease in bond income, as well as a significant year-on-year increase in investment loss. The increase in loss of segment result was primarily due to the significant decrease in revenue and increase in investment loss during the Reporting Year. However, the impairment losses on bond investments decreased year-on-year during the Reporting Year, resulting in the increase in segment loss to be less than the decrease in revenue. The provision for expected credit losses on bond investments was still relatively high in the Reporting Year as some of the defaulted real estate bond issuers did not have a clear restructuring plan yet, which increased the uncertainty of repayment.

Other investment and financing

During the Reporting Year, revenue and net investment gains or losses from the other investment and financing segment, which included but not limited to coupon, dividend and distribution income from listed bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests and unlisted funds, as well as interest income from loans, amounted to an aggregate of approximately -HK$170.9 million as compared to approximately -HK$132.8 million in the Previous Year. The increase in negative amount of segment revenue and net investment gains or losses was primarily due to the decrease in interest income from investment projects and the continuous decrease in the fair values of investment projects. Segment loss increased to approximately HK$300.7 million, compared with the loss in the Previous Year of approximately HK$274.9 million. The increase in segment loss was primarily due to the increase in negative amount of segment revenue and net investment gains or losses.

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

	As at 31 December 2023	As at 31 December 2022
	HK$'000	*HK$'000*
Investment		
Listed equities (measured at FVTPL)	**23,066**	68,207
Listed equities (measured at FVOCI)	**17,710**	27,862
Unlisted equity interests	**200,933**	259,277
Bonds (measured at FVOCI)	**2,252,108**	6,030,539
Bonds (measured at FVTPL)	**383,707**	1,516,117
Bonds (measured at amortised cost)	**15,740**	–
Unlisted funds	**643,242**	772,478
Total	**3,536,506**	8,674,480
Financing		
Loans and advances	**55,137**	439,888

As at 31 December 2023, the Group's investment portfolio mainly included but not limited to listed equities, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industry, healthcare, technology, consumer goods, real estate and finance.

As at 31 December 2023, the assets of the proprietary investment of the Group amounted to approximately HK$3.5 billion (2022: approximately HK$8.7 billion), including bonds investment of approximately HK$2.7 billion (2022: approximately HK$7.5 billion). The future performance of such portfolio will depend on many factors, including the uncertainty in the financial markets, the economic development in both Hong Kong and Mainland China and investors' sentiment.

During the Reporting Year, the Group's investment portfolio generated total revenue of an aggregate of approximately HK$267.8 million (Previous Year: approximately HK$538.8 million), including interest income of approximately HK$93.8 million (Previous Year: approximately HK$233.9 million) from debt securities investments, interest income of approximately HK$33.9 million (Previous Year: approximately HK$61.6 million) from FVTPL investments and dividend income and other investment income of approximately HK$140.1 million (Previous Year: approximately HK$243.3 million).

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

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

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

The Group engages in financing and loan provision business in the capacity of an "exempted person" as defined under the Money Lenders Ordinance which does not require a licence under the Money Lenders Ordinance. The Group conducts the relevant business by relying on the said exemption by virtue of China Minsheng Banking Corp., Ltd. ("**China Minsheng Bank**") being a bank, i.e. an authorised institution, which holds a valid banking licence under the Banking Ordinance (Cap. 155, Laws of Hong Kong).

The loan business of the Group focuses on short-to-mid term financing so as to maintain the flexible configuration and high liquidity of the Group's assets. During the Reporting Year, the Group granted loans to three market players ("**Borrowers**"), involving various types of market players in consumer discretionary industry. The Group implements pre-, peri- and post-investment management. Through putting in place practicable risk control measures and rigorous risk review on each client and each project, the overall credit and operation risk of the loan business of the Group are controllable. The Group constantly monitors and adjusts concentration, maturity profile and risk-to-revenue ratio of the asset portfolio to strike a balance between the overall risk and revenue generation.

The Group's finance provision business has been conducted using the unsecured loan from CMBC International Holdings Limited ("**CMBCI**", a controlling shareholder of the Company). The interest rate is determined according to the market interest rate. Specifically, at each quarter of the Reporting Year, the interest rate was determined with reference to the applicable HIBOR/LIBOR/Term SOFR rate plus a reasonable margin and funding cost of CMBCI. During the Reporting Year, in supporting the business development of the Group, the annual interest rate charged to the Group by CMBCI was 4%.

As a general principle, the Group chooses customers with good financial position and steady business operation (no quantitative benchmark), which enable them to pay loan interest and repay the loan principal in accordance with the proposed repayment schedule, as assessed by the Group before granting them the loans.

In deciding whether to grant the loan to corporate customers, the Group does not have any specific requirements on the customers' industry, business operation location, minimum amount of revenue and profit in the last 12 months, minimum amount of total assets, financial benchmarks or operation history. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as whether the credibility of the customers can match the amount of loans to be granted, whether the securities to be provided by the customers are sufficient in value and whether they are liquid, and whether the proposed term and interest rate of the loans can match the overall credibility of and securities to be provided by such customers.

In relation to individual customers, the Group currently does not have any specific requirements on the age group, occupation, minimum monthly income or minimum amount of assets. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as the customers' credit history, assets, the quality and liquidity of the securities provided, and the size and terms of the loan. During the Reporting Year, the Group had not granted loans to individual customers.

All the loans were secured by pledge(s) over shares of private or listed companies and a majority of them was also guaranteed by the respective ultimate beneficial owner(s) of the Borrowers.

All of the Borrowers and their ultimate beneficial owners are independent third parties of the Group and had no past business or dealing with the Group. They were sourced by the Group's deal teams via market information and were not referred by the senior management of the Group. The Group did not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with any connected person of the Group with respect to the granting of loans to the Borrowers.

The loan terms were determined with reference to factors including the cost of funding, customers' requirements, credit assessment on customers (including income of customers), value, liquidity and enforceability of collaterals, prevailing market interest rates for similar loans, prevailing market condition, the term of the loan and the use of proceeds.

The principal amount of loans as at the end of the Reporting Year were in the range from US$3,600,000 to US$30,000,000, denominated in US$. The proposed usages of the loan proceeds were financing existing indebtedness or financing general working capital of the Borrowers. Pursuant to the relevant agreements, the interest rates charged to the Borrowers for the outstanding loans were in the range from 7% to 16% per annum. The interest of the outstanding loan which was not past due was payable quarterly with the maturity profile from around 8 months.

The aggregate amount of loan receivables of the Group at the end of the Reporting Year was approximately HK$286,740,000 (2022: approximately HK$581,537,000), among which: (i) the amount of loan receivables due from the largest Borrower was approximately HK$177,421,000 (2022: approximately HK$180,000,000), representing approximately 62% (2022: approximately 31%) of the total loan receivables of the Group; (ii) the amount of loan receivables due from all three Borrowers was approximately HK$286,740,000 (the amount of loan receivables due from the five largest Borrowers in 2022: approximately HK$545,786,000), representing 100% (2022: approximately 94%) of the total loan receivables of the Group; and (iii) the amount of expected credit loss allowance made for the loan receivables was approximately HK$231,603,000 (2022: approximately HK$141,649,000) which was determined by expected credit loss model (the "**ECL Model**") or valuation prepared by independent professional valuer. As at 31 December 2023, loan receivables from two Borrowers with an aggregate amount of HK$258,119,000 was over 90 days past due, and the remaining balance of loan receivables with amount of HK$28,621,000 was not past due.

As disclosed in the Company's announcement dated 5 January 2023, on 5 January 2023, the Group entered into a supplemental deed with a Borrower (who is an independent third party), pursuant to which the Group and the Borrower agreed to the extension of the repayment dates of loans in the aggregate amount of HK$160,000,000 up until or before 18 December 2023 subject to the terms and conditions of the supplemental deed. As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the aforesaid loans exceeds 5% but is less than 25%, the grant of the extension constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The aforesaid loans were repaid in full on 18 December 2023.

Save as disclosed above, as (i) all the Borrowers and their ultimate beneficial owners are independent third parties of the Group, and (ii) all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the each of the loans granted to the Borrowers were less than 5%, each of the loans was not subject to disclosure requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules.

The Group has in place practice guidelines for controlling the overall credit and operation risk, loan recoverability monitoring and loan collection. After the grant of loan, the business team and risk management department of the Group together monitor the financial conditions of the customers and the collaterals or the guarantors (if any) on a regular basis and take appropriate follow-up action with the transaction counterparties including follow up calls and site visits where the financial condition of the transaction counterparties deteriorates or the value of the collaterals decreases dramatically.

The Group monitors the revenue, profit and cash flows, as well as asset quality of the borrowers and guarantors (collectively, "**Obligors**") to assess their financial conditions. In particular, the Group assesses the Obligors' capability to generate steady profit and cash flows. Further, the Group reviews the business development of the Obligors and assesses whether their financial performance meets the expectations, and whether their milestones (if any) are completed as scheduled. In addition, the Group monitors the size of other debts of the Obligors and their repayment schedules (if obtainable), and assesses whether the Obligors have the corresponding repayment ability. Further, the Group monitors whether the Obligors are able to cover their capital expenditures with operating cash flows and external funding. The Group also pays attention to the news and other public information of the Obligors. Where the customer is a listed company, the Group monitors its announcements and the financial information disclosed to the public.

For the collaterals, the Group values the collaterals regularly on a semi-annual or annual basis. If the collaterals are listed shares, the Group monitors the market performance and price movement on daily basis. Where the collateral is a real property, the Group requires a professional third-party valuer to issue a valuation report.

The Directors ensure the effectiveness of the Group's risk management and internal control systems for credit risk exposure assessment and management, loan recoverability and collateral adequacy through their design and participation in the Group's three-tiered risk management and internal control framework.

(i) At the Board level, the Company's risk management and internal control committee holds half-year meetings to review and evaluate the risk management and internal control systems and assess their effectiveness through reviewing the risk management report submitted by the Company, discussing with the management on the major findings and management's responses to these findings and suggestions and ensuring the Company provides timely enhancement or ratifications to issues raised. The Company's audit committee holds quarterly meetings, two of which are held to review and evaluate the consolidated financial statements of the Group for the relevant reporting period (including the accounting policies and practices in respect of the impairment assessment), and review and monitor effectiveness of the Group's risk management and internal control systems through reviewing the internal audit report submitted by the Company, discussing with the management on relevant findings and suggestions, considering management's response to these findings and suggestions, and urging the Company to complete any ratification timely.

(ii) At the management level, all executive Directors of the Company are members of the investment committee, which is set up by the management. The executive Directors participate and vote in the investment committee meetings held from time to time to evaluate and approve investment, divestment or enforcement of loan transactions. During the meeting, the executive Directors assess various matters such as the credit risk exposure, recoverability of the loan, adequacy of the collateral, commercial rationale, fairness and reasonableness of the key terms and conditions, benefits to the Group and the Company's shareholders (the "**Shareholders**"), through reviewing the due diligence report submitted by business units and discussing the proposed transactions with other investment committee members including heads of risk management, legal and compliance. During the meeting, the executive Directors also request additional approval conditions or enforcement action for business units to execute in order to mitigate credit risk exposure and increase recoverability of the loan and adequacy of the collateral.

(iii) Further, at the management level, the executive Directors participate and vote in management meetings held from time to time to review and approve the Group's credit policies. In particular:

(a) In order to mitigate credit risk exposure, the management has approved the procedural guidelines and the concentration-restriction policy for the Group's investment and financing business, as well as the issuer whitelist for debt investments;

(b) In order to monitor the recoverability of loans, the management has approved the post-investment policy, pursuant to which the Group holds monthly meetings for each of the outstanding loan projects. During the meetings, the business units report to the risk management department and the management in charge on the Obligors' progress of loan repayment, completion of any milestone events, and discuss the Obligors' latest operation condition, financial status including collateral value and relevant market and industry information; and

(c) In order to monitor the adequacy of collaterals, the management has approved the collateral management policy, pursuant to which the Group requires valuation of collaterals periodically.

(iv) At the department level, the executive Directors supervise work conducted by departments responsible for executing risk management tasks (including business units, legal and compliance department, and risk management department), which monitor business operations throughout the entire process. In particular, the front office business unit conducts due diligence on proposed transactions. The middle office including risk management, legal and compliance departments review the risks, legal and compliance issues involved in each transaction. The investment committee approves each transaction. The internal audit department independently inspects by spot checking on a completed transaction and ensures its initiation, approval and execution meets the Group's internal control policies and procedures, and reports to the audit committee.

As discussed above, the Directors fulfill their obligations in overseeing lending transactions by (a) reviewing and monitoring the effectiveness of the Group's internal control and risk management system by members of the Company's risk management and internal control committee and audit committee, (b) participating in the investment committee meetings and approving policies providing guidelines and procedures in investment and financing business, and supervising the relevant departments on their work during due diligence, negotiation and execution process by the executive Directors, and (c) regularly receiving independent inspection reports from the internal audit department.

In particular:

(i) before a proposed lending transaction can be submitted to investment committee for assessment, the Directors (through policies providing guidelines and procedures approved by them) require completion of relevant due diligence, site visits and research, know-your-client exercise, connected transaction and anti-money laundering reviews, commercial risk reviews, and key term reviews by business units, risk management department and legal and compliance department;

(ii) during the investment committee meeting, the reporting and discussion focus on the borrower's and guarantor's repayment capacity, repayment sources, transaction structure, guarantee measures, collateral value and liquidity, loan purpose, and the reasonableness of core terms such as amount and duration. The executive Directors also examine the borrower's operational and financial status, industry trends, and the borrower's position within the industry, ensuring that the borrower has adequate repayment capacity and willingness at the time of approval and granting of the loan. Only projects approved by the investment committee can proceed to the implementation stage;

(iii) during negotiation and execution stages, the executive Directors also request the Group's own legal department and engaged external lawyers to review financing agreements and related documents.

All of the above measures help support and facilitate the Directors' critical assessment (i) of the commercial rationale for entering into each of the lending transactions of the Group, (ii) on whether the terms are fair and reasonable, and (iii) on whether the use of funds by the Group is in the interests of the Group and its Shareholders as a whole.

Where an Obligor is in default, the Group shall take necessary action(s) to safeguard its interests which includes but not limited to, issuing demand letters, enforcing the loan collaterals, negotiating for settlement plans, and/or commencing legal proceedings. Prior to taking any such actions, the investment committee normally convenes a meeting to consider and approve the necessary action(s). To the extent necessary, the Group also seeks advice from third party advisors such as receivers, legal advisors and valuers.

The Group has established the ECL Model to measure the credit losses and impairment of the loans that reflects the changes in credit risk of the underlying assets. The management has the overall responsibility for the Group's credit policies and oversees the credit quality of the Group's receivables and loans portfolio. In addition, the management assesses the recoverable amount of loan receivables individually and incorporates them into the Group's ECL Model which is reviewed or audited by the Group's auditors at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's provision for impairment of financing and money lending business during the Reporting Year was approximately HK$89,954,000 (Previous Year: approximately HK$88,368,000). The slight increase in provision for impairment was mainly due to the non-repayment of the two Borrowers during the Reporting Year, coupled with the fact that one of the two Borrowers has been in the process of liquidation since mid-2023, which increased the likelihood of non-repayment. As at the date of this announcement, the Group has been taking various steps and actions to recover the loan, including but not limited to commencement of legal proceedings and filing winding up petitions.

Asset Management

The Group's asset management business covers the Securities and Futures Commission authorised funds (commonly known as "**public funds**"), private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs. Among which, there are two major categories of public funds, namely bond funds and debt-equity hybrid funds; private funds include private equity-investment funds, hybrid multi-strategy funds, structured funds and money market funds, etc.

During the Reporting Year, against the background of rapid interest rate hikes by the US Federal Reserve and significant fluctuations in the capital market, the Group actively responded to the complex and volatile market environment and continued to optimize its investment structure and improve asset quality. The Group started from multiple dimensions such as list access, duration control, yield calculation, concentration management, etc., and focused on the net value management of asset management products, enhanced the risk resistance of the portfolio, and made every effort to avoid loss of investment principal in the weak market atmosphere and strived to create profits. As at 31 December 2023, the performance of public funds was in the leading position among its peers. CMBC Aggregate Greater China Select Bond Fund ranked third for three consecutive quarters in the 2023 Hong Kong Offshore Chinese Greater China Bond Public Fund One-Year Performance List and Three-Year Performance List jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong, and was awarded the "China Offshore Bonds (3 Years)" Investment Performance Award in the 2024 Professional Investment Awards held by the Insights & Mandate magazine.

On 23 June 2023, the Group seized the market opportunity and issued its first money market fund. The fund primarily invests in government bonds, central bank bills and deposits or deposit certificates of varying maturities issued by commercial banks primarily operating in Greater China, as well as other lower-risk assets, aiming to create stable returns for investors that match the returns in the cash management market.

During the Reporting Year, revenue and profit of approximately HK$124.4 million and HK$99.3 million, respectively, were recorded for the Group's asset management segment, as compared to approximately HK$166.1 million and HK$138.0 million, respectively, in the Previous Year. The decrease in segment revenue and profit was mainly due to the decrease in management fee income as a result of the reduction in asset management scale during the Reporting Year, as well as the decrease of performance fee income recognized.

Corporate Finance and Advisory

During the Reporting Year, China's economy was facing uncertainties in various aspects due to the complex international situation and the strengthening of industrial regulations, and the amount raised by general issuers dropped sharply. Despite the unstable market condition, the Group remained successful in assisting the successful listing of Star Plus Legend Holdings Limited (stock code: 6683) on the Main Board of the Stock Exchange during the Reporting Year, which is principally engaged in the business of new retail and IP creation and operations. The projects that were successfully listed and the projects that the Group had submitted listing applications covered the industries including social new retail and special purpose acquisition companies. With respect to stock underwriting, despite the uncertain market condition, the Group, with its excellent underwriting ability, completed a total of 12 stock underwriting projects during the Reporting Year, of which the Group acted as the overall coordinator for two of the stock underwriting projects, Ubtech Robotics Corp Ltd (stock code: 9880) and Zhongtian Construction (Hunan) Group Limited (stock code: 2433), while the other projects covered industries of gold exploration, mining and processing, shipping, logistics, education information technology, livestock farming, cleaning and maintenance, fire-fighting engineering, construction materials, being the industries that have attracted recent investor attention. In respect of client referral services, by combining its rich resources on the domestic client side and years of mature operational experience on the offshore product side, the Group has gradually formed a diversified product and service synergy matrix, including insurance referral and non-financial services.

During the Reporting Year, the Group's corporate finance and advisory segment recorded revenue of approximately HK$31.0 million (Previous Year: approximately HK$29.4 million), and recorded segment profit of approximately HK$10.1 million (Previous Year: approximately HK$8.4 million). The slight increase in segment revenue and profit respectively was due to the income generated from client referral services during the Reporting Year.

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Year amounted to an aggregate of approximately HK$403.3 million (Previous Year: approximately HK$434.3 million). The analysis is set out below:

	For the year ended 31 December 2023 ***HK$'000***	For the year ended 31 December 2022 *HK$'000*
Staff costs	**62,822**	95,046
Depreciation and amortisation	**22,548**	22,224
Other operating expenses	**57,777**	50,882
Finance costs	**260,193**	266,109
Total	**403,340**	434,261

The decrease in staff costs was mainly due to the staff turnover and decrease in bonus during the Reporting Year.

The increase in other operating expenses was mainly due to the increase in transaction costs on investments incurred during the Reporting Year.

The decrease in finance costs was mainly due to decrease in financing scale as a result of the strategic reduction in investment scale during the Reporting Year.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2023, the total number of the issued share capital with the par value of HK$0.4 each was 1,119,361,693 and the total equity attributable to Shareholders was approximately HK$1,252.7 million (2022: approximately HK$1,599.4 million).

During the Reporting Year, no shares of the Company had been purchased or granted to the selected persons of the Group under the share award scheme which was adopted in February 2016.

Liquidity and Financial Resources

The Group primarily financed its operations with internally-generated cash flows, borrowings, its internal resources and Shareholder's equity.

As at 31 December 2023, the Group had current assets of approximately HK$4,445.8 million (2022: HK$10,739.1 million) and liquid assets comprising cash (excluding cash held on behalf of customers), investment in listed equity securities and debt investments totaling approximately HK$3,062.1 million (2022: HK$8,536.3 million).

The Group's current ratio as at the end of the Reporting Year, calculated based on current assets of approximately HK$4,445.8 million (2022: HK$10,739.1 million) over current liabilities of approximately HK$3,257.1 million (2022: HK$9,173.9 million), was approximately 1.4 (2022: 1.2).

The Group's finance costs for the Reporting Year mainly represented the interest on loans from an intermediate holding company of approximately HK$116.9 million (Previous Year: HK$148.9 million), interest on repurchase agreements of approximately HK$140.9 million (Previous Year: HK$105.3 million), and interest on lease liabilities of approximately HK$2.4 million (Previous Year: HK$3.0 million).

As at 31 December 2023, the Group's indebtedness mainly comprised loans from CMBCI and financial assets sold under repurchase agreements of approximately HK$2,834.0 million (2022: HK$8,624.7 million). The loans principal from CMBCI of approximately HK$1,789.3 million (2022: HK$4,649.7 million) were denominated in Hong Kong dollars and United States dollars and borne interests at rate of 4% per annum (2022: 2.5% per annum) and were repayable within one year. As at 31 December 2023, there were no notes payable (31 December 2022: nil). As at 31 December 2023, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets measured at FVOCI and financial assets measured at FVTPL with carrying amount of approximately HK$1,340.6 million (2022: HK$4,912.1 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 69.3% (2022: approximately 84.4%).

With the amount of liquid assets on hand, the management of the Group is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Pledge of asset

Except as otherwise disclosed, as at 31 December 2023, the Group did not have other pledge or charge on asset (31 December 2022: Nil).

Contingent liability

Except as otherwise disclosed, as at 31 December 2023, the Group did not have other significant contingent liability (31 December 2022: Nil).

Capital commitment

As at 31 December 2023, the Group did not have any significant capital commitment (31 December 2022: Nil).

Significant investments held

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

Material acquisitions and disposals of subsidiaries and associates

For the year ended 31 December 2023, the Group had no material acquisitions or disposals of subsidiaries and associates.

FINAL DIVIDEND

The Board did not recommend any final dividend to the Shareholders for the year ended 31 December 2023 (Previous Year: nil).

FOREIGN CURRENCY RISK MANAGEMENT

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

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2023, the Group had about 72 (2022: 75) employees. For the Reporting Year, the total staff costs, including the Directors' remuneration, was approximately HK$62.8 million (Previous Year: approximately HK$95.0 million). Remuneration packages for the employees are structured by reference to market terms, individual competence, performance and experience. Benefits plans provided by the Group include mandatory provident fund scheme, subsidised training program, share award scheme and discretionary bonuses.

OUTLOOK

Prospect

Although the Group is optimistic about the long-term sustainable economic growth in the Mainland China and Hong Kong, in short run, the Hong Kong's capital market is challenging. Licensed businesses are struggling to generate revenue and the Group faces high cost of liabilities and significant pressure on asset-side returns. In the meantime, the People's Bank of China lowered the deposit reserve ratio in 2023 to provide liquidity for the government's bond issuance, and also lowered the policy interest rate to reduce corporate financing costs. It is expected that the Chinese government will continue to adopt its supportive monetary policies in 2024 to restore business confidence and promote economic growth, which will bring opportunities for the continued operations, profitability and financing capabilities of various companies, including the Group's clients. The Group will adhere to its established strategy of prioritizing risk management, internal control and compliance and, while upholding the above commitments, the Group will, at the same time, assess the situation, seek and capitalize on the potential investment opportunities to increase the Group's return.

Development Strategy

The Group will adhere to the strategy of "One Minsheng" and conscientiously implement policies made by China Minsheng Bank. Leveraging its competitive advantages in relation to internationalization and its Hong Kong licensed investment banking services, the Group will promote cross-border business synergies and coordination, so as to accommodate the diversified financial services needs of China Minsheng Bank and its clientele in an all-round manner; maximize its role as a platform to develop its licensed business and to build a capital-light investment bank; continue to improve its corporate governance and to strengthen its risk management capabilities; and fully utilize its professional expertise, attract professional talents, and build a professional and efficient team. Specific measures are set out below:

(1) Steadily enhance the competitiveness of the investment banking business. Based on our research and investment focus on TMT, new energy, high technology, huge consumption and social services, biomedical and mergers and acquisitions, the Group will continue to attract and recruit talents to enhance the team's execution capabilities, and cooperate with renowned equity investment institutions and brokerage firms extensively in order to expand the pipeline of sponsorships. Meanwhile, the Group has been vigorously developing business opportunities in the US stock market. In terms of bond underwriting business, the Group has been focusing on securing the role as an overall coordinator to enhance our revenue-generating capacity. The Group has been vigorously promoting our client-appointed asset management business, improving the net value management of our asset management products, and improving the collaborative marketing of our asset management products, so as to seize the development opportunities arising from the integration of the Greater Bay Area and interconnection between the two places, and to build an all-rounded and diversified asset management platform.

(2) Comprehensively build up the wealth management business segment. The Group has introduced a team of professional, efficient and competent wealth management talents to provide high-quality services to meet the overseas wealth management needs of various types of high-net-worth clients, and to cultivate new business growth points through the mutual empowerment of wealth management and investment banking.

(3) Comprehensive enhancement of risk management and compliance capabilities. The Group will further improve its comprehensive risk management system, closely monitor the implementation of risk threshold, and take precautions and warnings in advance to effectively prevent credit risks. Meanwhile, the Group will further improve the assessment and review of our legal, compliance and anti-money laundering policies, and establish a corporate culture in which compliance management is one of the competitive advantages.

(4) Continue to focus on and cultivate quality customers. The Group will continue to enhance its marketing efforts and cultivate quality customers, attract high-quality customers for multifaceted co-operation; the Group will actively explore opportunities from the strategic customer segments of the head office and branches of China Minsheng Bank, and provide a one-stop offshore investment banking services to them in a comprehensive manner.

(5) Accelerate the forming of the research team, establish a research brand and empower the development of various business lines. To establish a mechanism for mutual sharing of research results and mutual exchange of personnel with the research team of China Minsheng Bank, and to further expand the sell-side research team of overseas investment banks, so as to create value through research, and empower the Group's business development, enhance the Group's image and competitiveness, and achieve high-quality development of the Group.

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in this announcement, there were no significant events after the Reporting Year and up to the date of this announcement.

RISK MANAGEMENT CAPABILITIES

The Group is committed to continuously strengthening its overall risk management capability and has always attached great importance to risk management and internal control. The Board has established the risk management and internal control committee to oversee the overall risk management framework of the Group and determine the overall risk appetite and risk management strategy of the Company. The Group takes a pragmatic approach to managing different risks based on the professional category and has implemented all-rounded risk management, primarily including credit risks, market risks, risks of legal compliance, operation risks and liquidity risks. The Group has implemented all-rounded risk management policies and internal monitoring procedures, in order to monitor, evaluate and manage the risks involved in various businesses. The Group strictly performs risk management tasks within the existing governance framework, enhances risk management and compliance culture and philosophy, and continues to improve the risk management measures and internal control system.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules throughout the Reporting Year except for the following deviation with reason as explained:

APPOINTMENT OF CHAIRMAN AND GENERAL MANAGER

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and shall not be performed by the same individual.

Deviation

Mr. Li Jinze, the former chairman of the Company, resigned on 13 June 2022. Due to the resignation of Mr. Li Jinze, Mr. Ding Zhisuo, the then executive Director and general manager of the Company, had been acting as a substitute in performing the duties of the chairman as approved by the Board until a new chairman is appointed by the Company. On 6 January 2023, the Company has appointed Mr. Li Baochen as the chairman and Mr. Li Ming as the general manager so as to ensure compliance with aforesaid code provision of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by its Directors. Having made specific enquiries of all Directors, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Reporting Year.

OTHER INFORMATION

Audit Committee

The audited consolidated financial statements of the Company for the year ended 31 December 2023 have been reviewed by the audit committee of the Company before they are duly approved by the Board under the recommendation of the audit committee of the Company.

Scope of work of PricewaterhouseCoopers

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 of the Group as set out in this announcement have been agreed by the Group's Registered Public Interest Entity Auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

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

The Board recognised that the repurchase of shares of the Company could increase the net asset value, so during the Reporting Year, the Company repurchased a total of 12,961,000 shares of the Company on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK$9.25 million. As at the date of this announcement, all repurchased shares have been cancelled.

Details of repurchase are as follows:

Month of repurchase	Total shares repurchased	Highest price paid per Share *(HK$)*	Lowest price paid per Share *(HK$)*	Total consideration paid *(HK$'000)*
January	**837,000**	**1.700**	**1.590**	**1,392**
February	**170,000**	**1.650**	**1.630**	**278**
March	**–**	**–**	**–**	**–**
April	**548,000**	**1.400**	**1.260**	**743**
May	**187,000**	**1.420**	**1.350**	**260**
June	**192,000**	**1.390**	**1.240**	**257**
July	**1,564,000**	**1.400**	**1.050**	**1,802**
August	**150,000**	**0.780**	**0.780**	**117**
September	**1,277,000**	**0.840**	**0.680**	**985**
October	**4,222,000**	**0.730**	**0.455**	**2,277**
November	**419,000**	**0.360**	**0.310**	**140**
December	**3,395,000**	**0.335**	**0.270**	**994**
Total:	**12,961,000**			**9,245**

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

PUBLICATION OF ANNUAL REPORT

The 2023 annual report of the Company containing all the applicable information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmbccap.com) in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners and other professional parties for their support throughout the Reporting Year.

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

Hong Kong, 27 March 2024

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