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CHINA RENAISSANCE HOLDINGS LIMITED

華興資本控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1911)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

Reference is made to the announcement of China Renaissance Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated March 28, 2024 in relation to, among other things, the delay in publication of audited 2023 annual results.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The board of directors of the Company (the “**Board**”) hereby announces the audited consolidated results of the Group for the year ended December 31, 2023 (the “**Reporting Period**”).

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

	For the Year Ended	
	December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	1,006,094	1,585,380
Total revenue and net investment gains or losses	797,944	1,586,889
Total operating expenses	(995,761)	(1,690,755)
Operating loss	(197,817)	(103,866)
Loss before tax	(340,650)	(383,007)
Income tax expense	(120,343)	(70,971)
Loss for the year	(460,993)	(453,978)
Loss for the year attributable to owners of the Company	(471,903)	(429,901)

To supplement our financial information presented in accordance with International Financial Reporting Standards (“**IFRS**”), we also use adjusted net loss 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 loss attributable to owners of the Company does not have a standardised meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and the shareholders of the Company (the “**Shareholders**”) should not consider it in isolation from, or as substitute for analysis of, or our results of operations as reported under IFRS.

	For the Year Ended	
	December 31,	
	2023	2022
	RMB'000	RMB'000
Loss for the year attributable to owners of the Company	(471,903)	(429,901)
Add:		
Share-based payment expense	61,432	113,478
Change in fair value of call option	154,048	82,000
Subtotal before adjustments relating to carried interest	(256,423)	(234,423)
Add:		
Reversal of unrealized net carried interest ⁽¹⁾	(336,023)	(216,630)
Non-IFRS Measure: Adjusted net loss attributable to owners of the Company (unaudited)⁽²⁾	(592,446)	(451,053)

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,	
	2023	2022
	RMB'000	RMB'000
Reversal of unrealized income from carried interest	(1,133,465)	(791,193)
Reversal of carried interest to management team and other parties	797,442	574,563
Reversal of unrealized net carried interest	(336,023)	(216,630)

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 of December 31, 2023, accumulated unrealized income from carried interest and unrealized net carried interest were RMB2.6 billion and RMB0.8 billion, respectively. 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 loss attributable to owners of the Company as loss for the year 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 of unrealized income from carried interest, and (iv) reversal of carried interest to management team and other parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2023, the primary and secondary market environments presented the most formidable challenges seen in recent years. The volume and number of private equity transactions across the market declined significantly, and the private placement advisory market mirrored the subdued trends in investment and financing markets. The scale of A-share IPOs continued to contract, while IPOs of China Concept Stocks in Hong Kong and the US remained in a prolonged slump. The overall market turbulence and the general downturn throughout the year posed significant challenges to all business segments of the Group, both domestically and internationally. The Group's total revenue for 2023 was RMB1 billion, with total revenue and net investment gains amounting to around RMB800 million, representing a decrease of approximately 37% and 50% compared to the corresponding period of the previous year, respectively, and recorded a net loss attributable to the owners of the Company of RMB472 million. The Group also proactively adjusted its personnel structure. As at the end of the Reporting Period, the Group had 566 employees, representing a decrease of 25% compared to the corresponding period of the previous year.

In 2023, the Group's investment management business accounted for 34% of total revenue. The total exit amount from the portfolio projects was RMB3.1 billion. As ongoing exits further enhanced the Distribution to Paid-in Capital (“DPI”) of the Group's funds, the DPI for RMB Fund I, RMB Fund II, USD Fund I, USD Fund II and the Healthcare Fund I (醫療一期基金) exceeded 100% as at the end of 2023. The fee-earning assets under management (“AUM”) amounted to RMB22.9 billion, with total assets under management reaching RMB36.7 billion as at the end of the period. Throughout the year, realization of carried interest continued to support the Group's financial performance. During the Reporting Period, gross carried interest of RMB152 million (net carried interest of RMB40 million) was realized in the Group's statement of profit or loss. As at the end of the Reporting Period, the accumulated gross unrealized carried interest amounted to RMB2.6 billion (net unrealized carried interest amounted to RMB800 million), over half of which was contributed from the funds raised in 2013 to 2015. It is expected that carried interest will remain a contributor to future revenue from asset management and support the Group's performance. The funds' investment projects, namely Fenbi, Smarter Micro and RoboSense (January 2024), have completed their listings successfully. Nevertheless, the Group's investment management business faced new challenges in 2023. In particular, due to the situation of Mr. Bao Fan as disclosed in the Company's announcements dated February 16, February 26, and August 9, 2023, the fundraising for HGC RMB Fund IV and USD Fund IV was prematurely terminated, resulting in early conclusion of their investment periods and the cessation of new project investments.

Since 2023, the Group's investment banking business has faced considerable challenges due to persistent downturns in the IPO markets of Hong Kong and the US, among other external market factors. During the Reporting Period, the transaction volume in the Group's investment banking business decreased compared to the corresponding period of the previous year, resulting in a decline in revenue, particularly evident in the decrease in the income from private placement business compared to the corresponding period of the previous year. The resilience of trading and brokerage in the secondary market, accounting for 46% of the investment banking revenue, provided some support to the investment banking business. In recent years, China Renaissance's investment banking business

has successfully pivoted towards technology related sectors, focusing on new energy, advanced manufacturing and core technology, and has taken a leading position in the AGI field. During the Reporting Period, the Group completed projects for Zhipu AI (智譜華章), Baichuan AI, Daqin Digital Energy Technology, Kuntian New Energy and Guodong Network, and acted as a joint lead underwriter for the US IPO of ZKH Group Limited. In the midst of the downturn in the IPO markets of Hong Kong and the US, China Renaissance's investment banking business made a breakthrough in new products and completed two DE-SPAC projects.

China Renaissance Securities (China) Co., Ltd (“**CR Securities**”) has maintained robust growth momentum in its strategic focus areas, with total revenue and net investment gains for the year amounting to RMB261 million, representing an increase of 27% over the corresponding period of the previous year and accounting for 33% of the Group's total revenue and net investment gains. During the Reporting Period, CR Securities actively expanded its refinancing business in the new economy sector, serving as the sole sponsor for the convertible bond issuance of Sanfame (三房巷). In addition, CR Securities played an active role in supporting the rapid growth and industrial transformation and upgrading of China's new economy, acting as the lead financial advisor for the introduction of Middle Eastern sovereign fund investments into Guodong Network Communication Group. In addition, CR Securities assisted various enterprises in the semiconductor industry chain and core technology sectors such as artificial intelligence, including AaltoSemi (芯愛科技) and Zhipu AI, in completing private financing. CR Securities also actively promoted the transformation of its asset management and wealth management business, enhancing its capabilities in active management. Leveraging technologies, it focused on addressing the wealth management needs of residents, offering comprehensive lifecycle services to retail and high-net-worth individual customers as well as institutional clients. As at the end of December 2023, the number of registered users and new accounts on CR Securities' Duoduojin (多多金) App had rapidly increased by 64% and 82%, respectively, compared to the end of 2022, while the asset sizes of customers grew approximately 4.7 times.

Business Outlook

China Renaissance ushers in a new era in the Year of the Dragon following the resignation of Mr. Bao Fan and the recomposition of the Board in early 2024. China Renaissance actively aligns with the macroeconomic and social development frameworks, consistent with national development strategies, and diligently fulfills its responsibilities while maintaining a robust stance in its overall business operations. Leveraging its capacity to identify the value of high-quality and innovative economic assets, China Renaissance continues to explore and unearth exceptional projects in new economy that support the growth and development of strategic emerging industries.

2023 was one of the most challenging years in the history of China Renaissance. Looking ahead, the Group remains dedicated to its mission of serving enterprises in the new economy and focuses on its core businesses in investment management and investment banking. Amidst adjustments, the Group seeks growth and forges ahead with determination.

Financial Review

Segment Performance

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

	For the Year Ended		Change RMB'000	% of change
	December 31,			
	2023 RMB'000	2022 RMB'000		
Business Segment				
Investment Banking	192,194	422,824	(230,630)	-54.5%
Investment Management	270,015	847,531	(577,516)	-68.1%
CR Securities	261,043	204,820	56,223	27.4%
Others	74,692	111,714	(37,022)	-33.1%
Total revenue and net investment gains or losses	797,944	1,586,889	(788,945)	-49.7%

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

	For the Year Ended		Change RMB'000	% of change
	December 31,			
	2023 RMB'000	2022 RMB'000		
Business Segment				
Investment Banking	(69,287)	(61,384)	(7,903)	12.9%
Investment Management	(12,277)	174,897	(187,174)	n.m.
CR Securities	(86,726)	(147,526)	60,800	-41.2%
Others	(29,527)	(69,853)	40,326	-57.7%
Operating loss	(197,817)	(103,866)	(93,951)	90.5%

Investment Banking

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

	For the Year Ended			
	December 31,			
	2023	2022	Change	% of change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Investment Banking				
Advisory services	90,344	268,832	(178,488)	-66.4%
Equity underwriting	13,061	17,873	(4,812)	-26.9%
Sales, trading, and brokerage	88,422	134,739	(46,317)	-34.4%
Segment revenue	191,827	421,444	(229,617)	-54.5%
Net investment gains	367	1,380	(1,013)	-73.4%
Segment revenue and net investment gains	192,194	422,824	(230,630)	-54.5%
Compensation and benefit expenses	(174,841)	(308,352)	133,511	-43.3%
Impairment loss under expected credit loss model, net of reversal	29,729	(38,055)	67,784	n.m.
Other operating expenses	(116,369)	(137,801)	21,432	-15.6%
Segment operating expenses	(261,481)	(484,208)	222,727	-46.0%
Segment operating loss	(69,287)	(61,384)	(7,903)	12.9%

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

	For the Year Ended			
	December 31,			
	2023	2022	Change	% of change
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>	
Transaction Value				
Advisory services	15,905	38,607	(22,702)	-58.8%
Equity underwriting	580	2,839	(2,259)	-79.6%
Total	16,485	41,446	(24,961)	-60.2%

Segment Revenue and Net Investment Gains

Investment banking revenue and net investment gains were RMB192.2 million for the year ended December 31, 2023, a decrease of 54.5% from the year ended December 31, 2022. This decrease was mainly attributable to the significantly reduced financing activities in private placement market, resulting in lower advisory services revenue to the Group.

Segment Operating Expenses

For the investment banking segment, segment operating expenses decreased by 46.0% from RMB484.2 million for the year ended December 31, 2022 to RMB261.5 million for the year ended December 31, 2023, which was primarily attributed to the decrease in compensation and benefit expenses from RMB308.4 million for the year ended December 31, 2022 to RMB174.8 million for the year ended December 31, 2023.

Segment Operating Loss

For the investment banking segment, segment operating loss was RMB69.3 million and RMB61.4 million for the year ended December 31, 2023 and 2022, respectively.

Investment Management

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

	For the Year Ended		Change	% of change
	December 31,			
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Investment Management				
Management fees	434,252	495,036	(60,784)	-12.3%
Realized income from carried interest	151,855	402,353	(250,498)	-62.3%
Interest income	30,727	20,394	10,333	50.7%
Segment revenue	616,834	917,783	(300,949)	-32.8%
Net investment losses	(346,819)	(70,252)	(276,567)	393.7%
Segment revenue and net investment losses	270,015	847,531	(577,516)	-68.1%
Compensation and benefit expenses	(28,274)	(108,770)	80,496	-74.0%
Finance costs	(10,313)	(29,541)	19,228	-65.1%
Carried interest to management team and other parties	(111,773)	(259,288)	147,515	-56.9%
Investment losses attributable to interest holders of consolidated structured entities	21,244	32,929	(11,685)	-35.5%
Impairment loss under expected credit loss model, net of reversal	(50,783)	(206,438)	155,655	-75.4%
Other operating expenses	(102,393)	(101,526)	(867)	0.9%
Segment operating expenses	(282,292)	(672,634)	390,342	-58.0%
Segment operating (loss)/profit	(12,277)	174,897	(187,174)	n.m.

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, 2022	1,363,650	1,092,716
Invested Capital	17,237	8,874
Distribution	(38,388)	(237,719)
Changes in value	(89,454)	(217,250)
Effect of exchange rate change	8,555	13,286
Balance at December 31, 2023	1,261,600	659,907

As of December 31, 2023, the IRR of investments in our own private equity funds and investments in third-party private equity funds was 21.2% and 16.3%, respectively.

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

	As of December 31,	
	2023	2022
	RMB in million	RMB in million
Committed Capital	35,916	36,551
Invested Capital	30,810	30,424
Fair Value of Investments	56,617	58,692
Fee-earning AUM	22,945	26,904
AUM	36,694	42,896

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

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

<i>RMB in million except multiples and percentages</i>	Committed Capital	Realized Investments ⁽¹⁾		Unrealized Investments		Gross Multiple of Invested Capital ⁽²⁾
		Invested capital	Fair Value	Invested capital	Fair Value	
As of December 31, 2023						
Main Funds ⁽³⁾	29,717	5,967	17,218	17,681	27,156	1.9
Project Funds	6,199	2,966	7,182	4,196	5,061	1.7
Total	35,916	8,933	24,400	21,877	32,217	1.8
As of December 31, 2022						
Main Fund ⁽³⁾	29,516	4,655	14,138	18,653	32,228	2.0
Project Funds	7,035	2,819	7,012	4,297	5,314	1.7
Total	36,551	7,474	21,150	22,950	37,542	1.9

(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, 2023 and 2022, we managed eleven main private equity funds, including eight under our Huaxing Growth Capital and three under our Huaxing Healthcare Capital.

Segment Revenue and Net Investment Losses

For the investment management segment, management fees decreased by 12.3% from RMB495.0 million for the year ended December 31, 2022 to RMB434.3 million for the year ended December 31, 2023. This decrease was primarily due to the decrease in fee-earning AUM with the distribution of funds in 2023. Net investment gains or losses from the investment management business mainly represents the investment income or loss from the investments in our own private equity funds, third-party private equity funds and convertible notes. Net investment losses increased from RMB70.3 million for the year ended December 31, 2022 to RMB346.8 million for the year ended December 31, 2023 mainly resulting from the depreciation in value of the investments in third-party private equity funds and convertible notes. RMB110.7 million of such investment loss was due to the decrease in fair value of the convertible notes referred to in notes 4 and 15 to the consolidated financial statements which were issued by Wallaby Medical Holding, Inc. (“**Wallaby**”). As disclosed in note 17 to the consolidated financial statements, an impairment allowance of approximately RMB142.0 million was made against the loan to the same company under expected credit loss model, of which RMB24.5 million provision was made during the year ended 31 December 2023 and the balance having been made in the immediately preceding year.

As of December 31, 2023, the total return of three main funds and seven project funds have 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. During the year ended December 31, 2023, RMB151.9 million of realized income from carried interest from two main funds and four project funds was recognized, which decreased from RMB402.4 million for the year ended December 31, 2022.

Segment Operating Expenses

For the investment management segment, segment operating expenses decreased from RMB672.6 million for the year ended December 31, 2022 to RMB282.3 million for the year ended December 31, 2023. This decrease was primarily due to (i) a decrease in carried interest to management team and other parties, (ii) a decrease in compensation and benefit expenses, and (iii) a decrease in provision of impairment loss under expected credit loss model.

Segment Operating (Loss)/Profit

For the investment management segment, segment operating loss was RMB12.3 million for the year ended December 31, 2023, as compared to RMB174.9 million of segment operating profit for the year ended December 31, 2022.

CR Securities

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

	For the Year Ended		Change	% of change
	December 31,			
	2023	2022		
	RMB'000	RMB'000	RMB'000	
CR Securities				
Transaction and advisory fees	121,116	157,428	(36,312)	-23.1%
Interest income	10,682	18,751	(8,069)	-43.0%
Segment revenue	131,798	176,179	(44,381)	-25.2%
Net investment gains	129,245	28,641	100,604	351.3%
Segment revenue and net investment gains	261,043	204,820	56,223	27.4%
Compensation and benefit expenses	(215,905)	(247,017)	31,112	-12.6%
Investment losses attributable to interest holders of consolidated asset management schemes	—	650	(650)	-100.0%
Impairment loss under expected credit loss model, net of reversal	872	79	793	1,003.8%
Finance cost	(16,181)	(20,795)	4,614	-22.2%
Other operating expenses	(116,555)	(85,263)	(31,292)	36.7%
Segment operating expenses	(347,769)	(352,346)	4,577	-1.3%
Segment operating loss	(86,726)	(147,526)	60,800	-41.2%

Segment Revenue and Net Investment Gains

For the CR Securities segment, segment revenue and net investment gains were RMB261.0 million for the year ended December 31, 2023, an increase of 27.4% from RMB204.8 million for the year ended December 31, 2022. This increase was primarily due to increase in investment income from principal investment and co-investment in previously underwritten IPO project on Science and Technology Innovation Board.

Segment Operating Expenses

For the CR Securities segment, segment operating expenses decreased by 1.3% from RMB352.3 million for the year ended December 31, 2022 to RMB347.8 million for the year ended December 31, 2023. This was primarily due to the decrease in compensation and benefit expenses, and partially offset by an increase in other operating expenses, resulting from the advancement of innovative brokerage business, which was in line with the increase in innovative brokerage revenue.

Segment Operating Loss

For the CR Securities segment, segment operating loss was RMB86.7 million and RMB147.5 million for the year ended December 31, 2023 and 2022, respectively.

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 and segment operating loss for the years indicated.

	For the Year Ended		Change RMB'000	% of change
	December 31,			
	2023 RMB'000	2022 RMB'000		
Others				
Segment revenue	65,635	69,974	(4,339)	-6.2%
Segment revenue and net investment gains	74,692	111,714	(37,022)	-33.1%
Compensation and benefit expenses	(59,156)	(89,093)	29,937	-33.6%
Impairment loss under expected credit loss model, net of reversal	3,367	(87)	3,454	n.m.
Finance cost	(24,059)	(62,117)	38,058	-61.3%
Other operating expenses	(24,371)	(30,270)	5,899	-19.5%
Segment operating expenses	(104,219)	(181,567)	77,348	-42.6%
Segment operating loss	(29,527)	(69,853)	40,326	-57.7%

Segment Revenue and Net Investment Gains

For the others segment, total revenue and net investment gains were RMB74.7 million for the year ended December 31, 2023, a decrease of 33.1% from RMB111.7 million for the year ended December 31, 2022.

Segment Operating Expenses

For the others segment, segment operating expenses decreased by 42.6% from RMB181.6 million for the year ended December 31, 2022 to RMB104.2 million for the year ended December 31, 2023.

Segment Operating Loss

For the others segment, total segment operating loss was RMB29.5 million and RMB69.9 million for the year ended December 31, 2023 and 2022, respectively.

Revenue and Net Investment Gains or Losses

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

	For the year ended		Change	% of change
	2023	2022		
	RMB'000	RMB'000	RMB'000	
Transaction and advisory fees	312,943	578,872	(265,929)	-45.9%
Management fees	456,432	529,032	(72,600)	-13.7%
Interest income	84,864	75,123	9,741	13.0%
Income from carried interest	151,855	402,353	(250,498)	-62.3%
Total revenue	1,006,094	1,585,380	(579,286)	-36.5%
Net investment (losses)/gains	(208,150)	1,509	(209,659)	n.m.
Total revenue and net investment gains or losses	797,944	1,586,889	(788,945)	-49.7%

Total revenue was RMB1,006.1 million for the year ended December 31, 2023, a decrease of 36.5% from RMB1,585.4 million for the year ended December 31, 2022.

- Transaction and advisory fees were RMB312.9 million, a decrease of 45.9% from the prior year.
- Management fees were RMB456.4 million, a decrease of 13.7% from the prior year.
- Interest income was RMB84.9 million, an increase of 13.0% from the prior year.
- Realized income from carried interest was RMB151.9 million, a decrease of 62.3% from the prior year.

Net investment (losses)/gains were mainly derived from investments in our own private equity funds, third-party private equity funds, credit funds, listed equity investments, wealth management related products, structured finance related products, financial bonds and other cash management products. Net investment losses were RMB208.2 million for the year ended December 31, 2023, as compared to RMB1.5 million of net investment gains for the year ended December 31, 2022.

Total revenue and net investment gains or losses were RMB797.9 million for the year ended December 31, 2023, a decrease of 49.7% from RMB1,586.9 million for the year ended December 31, 2022.

Operating Expenses

Total operating expenses decreased by 41.1% from RMB1,690.8 million for the year ended December 31, 2022 to RMB995.8 million for the year ended December 31, 2023.

Compensation and benefit expenses decreased by 36.5% from RMB753.2 million for the year ended December 31, 2022 to RMB478.2 million for the year ended December 31, 2023. Among compensation and benefit expenses, share-based compensation decreased by 45.9% from RMB113.5 million for the year ended December 31, 2022 to RMB61.4 million for the year ended December 31, 2023. During the year ended December 31, 2023, a total of RMB166.1 million of bonus provision was reversed based on assessment of market condition, company performance and future projection.

Finance costs decreased by 55.0% from RMB112.5 million for the year ended December 31, 2022 to RMB50.6 million for the year ended December 31, 2023.

Provision of impairment losses under expected credit loss model decreased from RMB244.5 million for the year ended December 31, 2022 to RMB16.8 million for the year ended December 31, 2023.

Investment losses attributable to interest holders of consolidated structured entities were RMB21.2 million and RMB33.6 million for the year ended December 31, 2023 and 2022, respectively.

Carried interest to management team and other parties decreased from RMB259.3 million for the year ended December 31, 2022 to RMB111.8 million for the year ended December 31, 2023, in line with the decrease in income from carried interest.

Other operating expenses increased by 1.4% from RMB354.9 million for the year ended December 31, 2022 to RMB359.7 million for the year ended December 31, 2023.

Operating Loss

Operating loss was RMB197.8 million and RMB103.9 million for the year ended December 31, 2023 and 2022, respectively.

Other Income, Gains or Losses

Other gains were RMB28.1 million for the year ended December 31, 2023, as compared to RMB19.4 million of other losses for the year ended December 31, 2022. Other gains or losses mainly came from government grants, net exchange loss, gain on disposal of associates and impairment loss on investment in a joint venture. Please refer to note 8 of the consolidated financial statements for further details.

Investment 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 loss arising from certain incidental and ancillary investments decreased from RMB171.5 million for the year ended December 31, 2022 to RMB18.3 million for the year ended December 31, 2023.

Share of Results of Associates

Share of gain of associates was RMB1.4 million for the year ended December 31, 2023, as compared to RMB0.4 million of share of loss of associates for the year ended December 31, 2022.

Share of Results of a Joint Venture

Share of loss of a joint venture decreased from RMB5.8 million for the year ended December 31, 2022 to nil for the year ended December 31, 2023.

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%. On March 13, 2020, the China Securities Regulatory Commission (“CSRC”) announced an elimination of foreign equity cap in securities companies starting from April 1, 2020. Qualified foreign investors can render applications to establish new wholly-owned securities companies or change actual controllers in their existing joint ventures according to Chinese laws, regulations and applicable rules and service guides of the CSRC. Our call option to acquire the non-controlling interests in CR Securities is substantially exercisable and is mandatorily measured at fair value through profit or loss as a derivative in accordance with IFRS. A loss of RMB154.0 million for the year ended December 31, 2023 was recorded under the change in fair value of call option.

Loss before Tax

Loss before tax was RMB340.7 million and RMB383.0 million for the year ended December 31, 2023 and 2022, respectively.

Income Tax Expense

Income tax expense was RMB120.3 million and RMB71.0 million for the year ended December 31, 2023 and 2022, respectively.

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

Loss for the year was RMB461.0 million and RMB454.0 million for the year ended December 31, 2023 and 2022, respectively. Loss for the year attributable to owners of the Company was RMB471.9 million and RMB429.9 million for the year ended December 31, 2023 and 2022, respectively.

Adjusted Net Loss Attributable to Owners of the Company

Adjusted net loss attributable to owners of the Company without unrealized net carried interest was RMB256.4 million and RMB234.4 million for the year ended December 31, 2023 and 2022, respectively. Unrealized net carried interest, calculated as unrealized income from carried interest subtracting carried interest to management team and other parties, was a reverse of RMB336.0 million and a reverse of RMB216.6 million for the year ended December 31, 2023 and 2022, respectively. Adjusted net loss attributable to owners of the Company with unrealized net carried interest was RMB592.4 million and RMB451.1 million for the year ended December 31, 2023 and 2022, respectively.

Off-Balance Sheet Commitments and Arrangements

As of December 31, 2023, 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 is aware of the need to use capital for further business development, continuously seeking various means of financing. The Group actively reduced the debt level in 2023. As of December 31, 2023, the Group had no outstanding bank borrowings and held credit facilities from authorized institutions in aggregate principal amount of RMB995.8 million. As of December 31, 2023, the Group had RMB1,636.7 million of cash and cash equivalents and highly liquid cash management products. Besides, the Group also had RMB2,415.3 million of highly liquid financial assets which mainly comprise of listed corporate bonds.

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 was 12.6% as of December 31, 2023, compared with 31.6% as of December 31, 2022.

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,	
	2023	2022
	RMB'000	RMB'000
Investments in our own private equity funds in our capacity as a general partner and limited partner	1,261,600	1,363,650
Investments in third-party private equity funds in our capacity as a limited partner	659,907	1,092,716
Strategic minority equity investments		
— Investments in the form of preferred shares of other companies	263,628	278,222
— Equity holdings in non-associate companies	212,267	212,331
Total	<u>2,397,402</u>	<u>2,946,919</u>

As of December 31, 2023, the Group had investments of our primary investment activities amounting to an aggregate of approximately RMB2,397.4 million measured in fair value, which decreased by 18.6% as compared to December 31, 2022. Each investment was individually less than 5% of the total assets of the Group as of December 31, 2023.

Future Plans for Material Investments and Capital Assets

On March 11, 2024, the Company and Huaxing Growth Capital RMB Fund IV (“**HGC RMB Fund IV**”) entered into the settlement agreement. Pursuant to that agreement, the Company agreed to accept transfer of the relevant interests of certain equity investments held by HGC RMB Fund IV at approximately RMB790.8 million. Please refer to the Company’s announcement dated March 11, 2024 and April 19, 2024 for more details.

Save as disclosed above, the Group did not have any plans for material investments and capital assets as at December 31, 2023.

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, 2023.

Employee And Remuneration Policy

As of December 31, 2023, we had 566 full-time employees, including over 85% of whom are advisory and investment professionals.

The following table sets forth the number of our employees by function as of December 31, 2023.

Function	Number of Employees	Percentage
Investment Banking	145	26%
Investment Management	55	10%
CR Securities	262	46%
Others	19	3%
Group Middle and Back Office	85	15%
Total	566	100%

The following table sets forth the number of our employees by geographic region as of December 31, 2023.

Geographic Region	Number of Employees	Percentage
Beijing, China	239	42%
Shanghai, China	214	38%
Other cities in China	22	4%
Hong Kong	79	14%
United States	10	2%
Singapore	2	—%
Total	566	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, 2023, 128 grantees held options granted under the ESOP (as defined in the Prospectus) and restricted shares under the RSU Plan (as defined in the Prospectus) which remained outstanding. The total remuneration expenses, including share-based payment expense, for the year ended December 31, 2023 were RMB478.2 million.

Foreign Exchange Risk

Foreign currency risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Although we operate businesses in different countries, our primary subsidiaries operate in the PRC with most of the transactions settled in RMB. When considered appropriate, we enter into hedging activities with regard to exchange rate risk. As of December 31, 2023, we did not hedge or used any financial instruments for hedging purposes.

Pledge of Assets

As of December 31, 2023, no assets of the Group were pledged.

Contingent Liabilities

As of December 31, 2023, save as disclosed in note 27 in this annual result announcement, we did not have any material contingent liabilities.

FINAL DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2023.

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, the Shareholders may by ordinary resolution declare dividends but no dividend may be declared in excess of the amount recommended by the Board. In addition, the Company does not currently have a fixed dividend payout ratio. If the Board decides to pay dividends, the form, frequency and amount of dividends will depend on, among other things, (a) current and future operations, and future business prospects, (b) the Company’s liquidity position, cash flows, general financial condition, capital adequacy ratio and capital requirements, and (c) the availability of dividends received from subsidiaries and associates in light of statutory and regulatory restrictions on the payment of dividends.

No dividends have been declared or paid by the Company during the year ended December 31, 2023.

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

	For the year ended December 31,	
	2023	2022
	RMB’000	RMB’000
Dividends to Shareholders	—	201,114

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

1. Compliance with the Corporate Governance Code

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

Code provision 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 was the Chairman and Chief Executive Officer of the Company during the Reporting Period. As of the date of this announcement, Mr. Xie Yi Jing 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 the same person has the benefit of ensuring consistent leadership within the Group and would enable 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 would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively. The Board also noted that the executive committee (details of which will be set out in the annual report of the Company for the year ended December 31, 2023) has played a complementary role to the Chief Executive Officer in the decision-making process. 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.

Furthermore, in light of the amendments to the CG Code which came into effect on January 1, 2023 and imposed additional requirements applicable to corporate governance reports for the financial year commencing on or after January 1, 2023, the Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the CG Code. Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended December 31, 2023.

2. Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

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

3. Scope of Work of the Company’s Auditor

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in this annual results announcement have been agreed by the Group’s auditor, Zhonghui Anda CPA Limited (the “**Auditor**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Auditor on this annual results announcement.

4. Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue. Ms. Yao Jue is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements and annual results of the Group for the year ended December 31, 2023 and has met with the Auditor. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

5. Other Board Committees

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

6. Changes in Directors' Information

With effect from February 2, 2024, (i) Mr. Bao Fan has resigned as an executive Director, the Chairman of the Board, the Chief Executive Officer of the Company, the chairman of the Nomination Committee, the chairman of the Executive Committee and member of the Remuneration Committee; (ii) Mr. Xie Yi Jing was appointed as the Chairman of the Board, the Chief Executive Officer of the Company, the chairman of the Nomination Committee, the chairman of the Executive Committee and member of the Remuneration Committee; (iii) Mr. Lam Ka Cheong Jason was appointed as an executive Director and Vice-Chairman of the Board; (iv) Mr. Du Yongbo was appointed as an executive Director; (v) each of Mr. Wang Lixing and Mr. Du Yongbo was appointed as Co-President of the Group, in addition to their role as executive Director; and (vi) Ms. Sun Chin Hung was appointed as a non-executive Director. Please refer to the Company's announcement dated February 2, 2024 in relation to the changes of directors for more details.

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period other than acted as an agent for the trustee of the Company's RSU Plan.

8. Material Litigation

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

9. Use of Proceeds from Global Offering

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

As at December 31, 2023, approximately HK\$2,517.6 million of the net proceeds had been utilized. The following table sets forth the status of use of proceeds from the Company's IPO as of December 31, 2023.

	% of use of proceeds	Net proceeds from the IPO <i>HK\$ million</i>	Actual usage up to December 31, 2022 <i>HK\$ million</i>	Actual usage during the year ended December 31, 2023 <i>HK\$ million</i>	Balance of net proceeds as of December 31, 2023 <i>HK\$ million</i>	Expected timeline of full utilisation of the balance
Expand our investment banking business	40%	1,007.0	1,007.0	—	—	—
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	215.4	36.4	—	—
General corporate purposes	10%	251.8	251.8	—	—	—
Total		<u>2,517.6</u>	<u>2,481.2</u>	<u>36.4</u>	<u>—</u>	

10. Qualified opinion of the auditor

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended December 31, 2023.

“Qualified 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 142 to 279, which comprise the consolidated statement of financial position as at December 31, 2023, 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 material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, 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 (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Due to the uncertainties in relation to the outcomes of the Incidents as disclosed in note 49 to the consolidated financial statements, we were unable to obtain sufficient appropriate audit evidence to assess the recoverability of the Restricted Amounts of approximately RMB77,669,000 as at December 31, 2023 included in the accounts and other receivables of the Group's consolidated statements of financial position, and whether any provision in relation to the Incidents should be provided for the year ended December 31, 2023.

We were unable to determine whether any adjustment to the figure as described above was necessary which might have a consequential effect on the Group's financial performance and its cash flows for the year ended December 31, 2023 and the financial position of the Group as at December 31, 2023, and the related disclosures thereof in the consolidated financial statements.”

Note 49 to the consolidated financial statements referred to in the extract above is the same as note 27 on contingent liabilities in this annual result announcement.

11. The Company's views on the Auditor's qualified opinion

Terms defined in note 27 on contingent liabilities in this annual result announcement shall have the same meanings when used below.

The Company understands, having taken into account legal advice it has received, while it may be required by relevant PRC authority to pay amounts like the Restricted Amounts on the premises that they may be considered by relevant authority to constitute property associated with a case under investigation, such payment itself does not constitute any judgement under PRC law as to the existence of unlawful proceeds or the culpability of the Group which is for a court of competent jurisdiction to determine and such payment do not constitute fines under the relevant law. The Company also understands from the legal advice that some or all of the amounts paid may be refunded or confiscated or that the Group may be required to pay additional amounts. The Group is not privy to and has no reliable information on the status of any investigation with which Mr. Bao is in cooperation. The Group has not hitherto received any notice that it is under investigation nor is it involved in any court proceedings in connection with the Incidents.

Based on the above, the Company believes that the audit qualification can only be removed when there is more clarity as to the status or outcome of the Restricted Amounts and the Incidents and/or other appropriate evidence can be made available to the Company's auditors for a revision of their assessment in relation to the Restricted Amounts and the Incidents.

12. Subsequent Event after the Reporting Period

(a) *Settlement arrangement with Huaxing Growth Capital RMB Fund IV ("HGC RMB Fund IV")*

On March 11, 2024, the Company and HGC RMB Fund IV entered into the settlement agreement. Pursuant to that agreement, the Company agreed to accept transfer of the relevant interests of certain equity investments held by HGC RMB Fund IV at approximately RMB790,772,000. HGC RMB Fund IV is required to apply such payment in full settlement of the outstanding investment amount, following which the outstanding amounts unpaid by HGC RMB Fund IV to the Group (amounting to approximately RMB90,072,000 as at December 31, 2023) will no longer be payable. For details, please see the announcement of the Company dated March 11, 2024. The settlement was completed in July 2024.

(b) *Exit Agreement*

On August 30, 2024, Shanghai Huijia Investment Advisor Co., Ltd ("**Shanghai Huijia**") and China Renaissance Broking Services (Hong Kong) Limited ("**CR Broking**") (both are wholly-owned subsidiaries of the Company) entered into an exit agreement ("**Exit Agreement**") with other parties. Under the Exit Agreement, one of the parties to the Exit Agreement ("**Think Trader**") agreed to repurchase from Shanghai Huijia 10% equity interest in Think Trader at the total consideration of RMB202 million, and CR Broking agreed to acquire from Think Trader 40.8163% equity interest in a company incorporated in the PRC which holds approximately 3.49% equities interest in CR Securities at the consideration of RMB100 million. For details, please refer to the announcement of the Company dated August 30, 2024.

Save as disclosed above, no important events affecting the Company have occurred since December 31, 2023 and up to the date of this announcement.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2023

		Year ended December 31,	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
Revenue			
Transaction and advisory fees		312,943	578,872
Management fees		456,432	529,032
Interest income		84,864	75,123
Income from carried interest		151,855	402,353
		<hr/>	<hr/>
Total revenue	3	1,006,094	1,585,380
Net investment (losses)/gains	4	(208,150)	1,509
		<hr/>	<hr/>
Total revenue and net investment gains or losses		797,944	1,586,889
		<hr/>	<hr/>
Compensation and benefit expenses		(478,176)	(753,232)
Carried interest to management team and other parties		(111,773)	(259,288)
Investment losses attributable to interest holders of consolidated structured entities		21,244	33,579
Other operating expenses	5	(359,688)	(354,860)
Finance costs	6	(50,553)	(112,453)
Impairment losses under expected credit loss model, net of reversal	7	(16,815)	(244,501)
		<hr/>	<hr/>
Total operating expenses		(995,761)	(1,690,755)
		<hr/>	<hr/>
Operating loss		(197,817)	(103,866)
		<hr/>	<hr/>
Other income, gains or losses	8	28,140	(19,408)
Investment loss arising from certain incidental and ancillary investments	9	(18,311)	(171,489)
Share of results of associates		1,386	(430)
Share of results of a joint venture		—	(5,814)
Change in fair value of call option		(154,048)	(82,000)
		<hr/>	<hr/>
Loss before tax		(340,650)	(383,007)
Income tax expense	10	(120,343)	(70,971)
		<hr/>	<hr/>
Loss for the year	11	(460,993)	(453,978)
		<hr/>	<hr/>

		Year ended December 31,	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		20,265	88,729
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		33,673	168,916
Fair value gain or loss, net of expected credit losses on:			
— debt instruments measured at fair value through other comprehensive income, net of tax		<u>(6,050)</u>	<u>(2,630)</u>
Other comprehensive income for the year, net of tax		<u>47,888</u>	<u>255,015</u>
Total comprehensive expense for the year		<u>(413,105)</u>	<u>(198,963)</u>
<i>(Loss)/profit for the year attributable to:</i>			
— Owners of the Company		(471,903)	(429,901)
— Non-controlling interests		<u>10,910</u>	<u>(24,077)</u>
		<u>(460,993)</u>	<u>(453,978)</u>
<i>Total comprehensive (expense)/income attributable to:</i>			
— Owners of the Company		(423,513)	(175,870)
— Non-controlling interests		<u>10,408</u>	<u>(23,093)</u>
		<u>(413,105)</u>	<u>(198,963)</u>
Loss per share			
Basic and diluted loss per share	12	<u>RMB(0.94)</u>	<u>RMB(0.85)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2023

		At December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
Non-current assets			
Property and equipment		69,493	129,067
Intangible assets		102,835	119,031
Deferred tax assets		122,413	160,960
Investments in associates	14	1,291,656	1,417,957
Investment in a joint venture		—	—
Financial assets at fair value through profit or loss	15	1,468,781	2,049,359
Financial assets at fair value through other comprehensive income	16	49,629	111,908
Rental deposits		20,202	18,868
Loans to third parties	17	67,822	86,574
		3,192,831	4,093,724
Current assets			
Accounts and other receivables	18	885,586	1,252,730
Financial assets purchased under resale agreements	19	—	4,715
Amounts due from related parties	20	875,618	1,330,377
Financial assets at fair value through profit or loss	15	3,003,250	3,315,794
Financial assets at fair value through other comprehensive income	16	—	245,764
Term deposits		—	500,207
Pledged bank deposits		—	58,350
Cash held on behalf of brokerage clients		272,925	738,166
Cash and cash equivalents		1,110,150	1,537,730
		6,147,529	8,983,833
TOTAL ASSETS		9,340,360	13,077,557

		At December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
Current liabilities			
Accounts and other payables	21	904,923	1,718,928
Financial assets sold under repurchase agreements	22	482,578	150,065
Short-term debt instrument issued	23	93,806	236,648
Payable to brokerage clients		272,925	738,166
Payables to interest holders of consolidated structured entities		169,933	223,046
Amounts due to related parties		1,273	1,728
Contract liabilities		16,584	23,745
Bank borrowings	24	—	611,927
Lease liabilities	25	35,540	55,366
Income tax payables		107,493	133,587
		<u>2,085,055</u>	<u>3,893,206</u>
Net current assets		<u>4,062,474</u>	<u>5,090,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,255,305</u>	<u>9,184,351</u>
Non-current liabilities			
Lease liabilities	25	17,484	54,460
Bank borrowings	24	—	1,512,566
Contract liabilities		423	5,916
Deferred tax liabilities		60,455	72,129
		<u>78,362</u>	<u>1,645,071</u>
NET ASSETS		<u>7,176,943</u>	<u>7,539,280</u>
Capital and reserves			
Share capital	26	93	93
Reserves		6,139,316	6,501,397
Equity attributable to owners of the Company		6,139,409	6,501,490
Non-controlling interests		1,037,534	1,037,790
		<u>7,176,943</u>	<u>7,539,280</u>

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on July 13, 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate controlling party is Mr. Bao Fan, who is also the previous chairman and executive director of the Company (resigned on February 2, 2024). The address of the registered office and principal place of business of the Company in the People’s Republic of China (the “**PRC**” or “**China**”) are The offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY 1-1104, Cayman Islands and Pacific Century Place, Gate 1, Space 8, No. 2A Workers’ stadium North Road, Chaoyang District, Beijing 100027, China, respectively.

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

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

The financial statements are presented in RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board (the “**IASB**”) that are relevant to its operations and effective for its accounting year beginning on January 1, 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

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

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

- (a) The investment banking is a segment of the Group’s operations whereby the Group provides (i) 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 (ii) structured financing dedicated to exploring and developing non-equity financing services for new-economy firms;
- (b) The investment management is a segment of the Group’s operations whereby the Group provides fund and asset management for individual and institutional clients, and manages its own investment in funds to obtain investment returns;
- (c) CR Securities comprises the Group’s investment banking and asset management businesses in mainland China, which overlap with the other two segments in nature but are otherwise separately operated and focuses on regulated securities market in mainland China and has an independent risk control framework; and
- (d) Others mainly comprise of wealth management business, and investment and management of its own funds. Wealth management business provides value-added wealth management services for high-net-worth individuals and other high net worth groups represented by new-economy entrepreneurs, and this business also helps the Group integrate and enhance investment and management of its own funds.

Segment revenue and results

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

	Year ended December 31, 2023				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	191,827	—	121,116	—	312,943
Management fees	—	434,252	—	22,180	456,432
Interest income	—	30,727	10,682	43,455	84,864
Income from Carried Interest <i>(note)</i>	—	151,855	—	—	151,855
Total revenue	191,827	616,834	131,798	65,635	1,006,094
Net investment gains/(losses)	367	(346,819)	129,245	9,057	(208,150)
Total revenue and net investment gains or losses	192,194	270,015	261,043	74,692	797,944
Compensation and benefit expenses	(174,841)	(28,274)	(215,905)	(59,156)	(478,176)
Carried interest to management team and other parties <i>(note)</i>	—	(111,773)	—	—	(111,773)
Investment losses attributable to interest holders of consolidated structured entities	—	21,244	—	—	21,244
Other operating expenses	(116,369)	(102,393)	(116,555)	(24,371)	(359,688)
Finance costs	—	(10,313)	(16,181)	(24,059)	(50,553)
Impairment losses under expected credit loss model, net of reversal	29,729	(50,783)	872	3,367	(16,815)
Operating loss	(69,287)	(12,277)	(86,726)	(29,527)	(197,817)
Other income, gains or losses					28,140
Investment loss arising from certain incidental and ancillary investments					(18,311)
Share of results of associates					1,386
Change in fair value of call option					(154,048)
Loss before tax					(340,650)
Income tax expense					(120,343)
Loss for the year					(460,993)

	Year ended December 31, 2022				Total consolidated RMB'000
	Investment banking RMB'000	Investment management RMB'000	CR Securities RMB'000	Others RMB'000	
Transaction and advisory fees	421,444	—	157,428	—	578,872
Management fees	—	495,036	—	33,996	529,032
Interest income	—	20,394	18,751	35,978	75,123
Income from Carried Interest <i>(note)</i>	—	402,353	—	—	402,353
Total revenue	421,444	917,783	176,179	69,974	1,585,380
Net investment gains/(losses)	1,380	(70,252)	28,641	41,740	1,509
Total revenue and net investment gains	422,824	847,531	204,820	111,714	1,586,889
Compensation and benefit expenses	(308,352)	(108,770)	(247,017)	(89,093)	(753,232)
Carried interest to management team and other parties <i>(note)</i>	—	(259,288)	—	—	(259,288)
Investment losses attributable to interest holders of consolidated structured entities	—	32,929	650	—	33,579
Other operating expenses	(137,801)	(101,526)	(85,263)	(30,270)	(354,860)
Finance costs	—	(29,541)	(20,795)	(62,117)	(112,453)
Impairment losses under expected credit loss model, net of reversal	(38,055)	(206,438)	79	(87)	(244,501)
Operating (loss)/profit	(61,384)	174,897	(147,526)	(69,853)	(103,866)
Other income, gains or losses					(19,408)
Investment loss arising from certain incidental and ancillary investments					(171,489)
Share of results of associates					(430)
Share of results of a joint venture					(5,814)
Change in fair value of call option					(82,000)
Loss before tax					(383,007)
Income tax expense					(70,971)
Loss for the year					(453,978)

Segment profit or loss represents the results of each segment without allocation of corporate items including other income, gains or losses, investment loss arising from certain incidental and ancillary investments, 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 reported to the CODM 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. There is a reversal of unrealized income from Carried Interest of RMB1,133,465,000 for the year ended December 31, 2023 (2022: a reversal of unrealized income from Carried Interest of RMB791,193,000), which are based on the underlying fair value change of the respective funds managed by the Group. The associated expense of the proportion of unrealized Carried Interest is a reversal of carried interest to management team and other parties of RMB797,442,000 for the year ended December 31, 2023 (2022: a reversal of carried interest to management team and other parties of RMB574,563,000), that would be payable to fund management teams and other third parties. The unrealized income from Carried Interest is allocated to the general partners based on the cumulative fund performance to date, subject to the achievement of minimum return levels to limited partners on an as-if liquidation basis. At the end of each reporting period, the general partners calculate the income from Carried Interest that would be due to the general partners for each fund, pursuant to the fund agreements, as if the fair value of the underlying investments were realized as of such date, irrespective of whether such amounts have been realized.

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

However, during the year ended December 31, 2023, except for RMB151,855,000 (2022: RMB402,353,000) of Carried Interest realized for certain funds, no income from Carried Interest for other funds was recognized as revenue and it will not be recognized as revenue until (a) it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, or (b) the uncertainty associated with the variable consideration is subsequently resolved. All allocations of Carried Interest as an expense are recognized only when the amounts that will be eventually be paid out can be reliably measured, which is generally at the later stage of the applicable commitment period when the amounts are contractually payable, or "crystallized".

Segment assets and liabilities

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

Geographical information

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

	Revenue from external customers		Non-current assets (<i>note</i>)	
	Year ended December 31,		At December 31,	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	862,258	1,301,970	160,605	233,128
Hong Kong	125,660	246,731	13,821	25,765
USA	18,176	36,679	1,986	2,558
	<u>1,006,094</u>	<u>1,585,380</u>	<u>176,412</u>	<u>261,451</u>

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

Timing of revenue recognition for revenue from contract of customers

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
A point of time	464,798	981,225
Over time	456,432	529,032
	<u>921,230</u>	<u>1,510,257</u>

Transaction price allocated to remaining performance obligation for contract with customers

The Group receives management fees associated with the management services for the funds that it manages, at a fixed percentage of the commitment under management. The Group also receives management fees associated with the value-added wealth management services provided to high-net-worth individuals and other high net worth groups, at a fixed percentage of assets under each investment management account. The transaction price allocated to the performance obligations in relation to the management fees that were unsatisfied as at December 31, 2023 and 2022 will be recognized as revenue on a straight-line basis over the subscription period as follows:

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	11,804	13,775
More than one year but not more than two years	109	3,445
More than two years but not more than three years	—	685
	<u>11,913</u>	<u>17,905</u>

The transaction price allocated to the remaining performance obligations in relation to transaction and advisory fees that were unsatisfied as at December 31, 2023 and 2022 and expected timing of recognizing revenue are as follows:

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	4,780	9,970
More than one year but not more than two years	314	1,786
	<u>5,094</u>	<u>11,756</u>

Other segment information

	Year ended December 31, 2023				
	Investment	Investment	CR Securities	Others	Total
	banking	management			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	33,982	14,827	36,911	2,844	88,564
Losses on disposal of property and equipment	28	—	—	—	28

	Year ended December 31, 2022				
	Investment	Investment	CR Securities	Others	Total
	banking	management			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss:					
Depreciation and amortization	33,583	19,078	29,192	4,290	86,143
Losses on disposal of property and equipment	48	—	—	—	48

Information about major customers

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

		Year ended December 31,	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Customer A	Investment management	140,019	208,186

4. NET INVESTMENT (LOSSES)/GAINS

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net realized and unrealized gains or losses from financial assets at FVTPL		
— Wealth management related products	7,385	(17,408)
— Asset management schemes	53,435	51,218
— Structured finance related products	1,160	4,053
— Financial bonds	4,459	19,264
— Listed equity security investments	82,960	5,647
— Convertible notes (<i>note 15</i>)	(110,655)	12,736
— Unlisted investment funds at fair value	(207,860)	(87,045)
— Foreign currency forward contracts	—	43,808
Net realized gains from financial assets at FVTOCI		
— Financial bonds	390	59
Net realized gains from partially transferred investment portfolio		
— Unlisted debt security investments (<i>note</i>)	—	106,340
Gross gain/(loss) from consolidated structured entities		
— Asset management schemes	1	(2,310)
Gross loss from investments in associates measured at fair value		
— Investment in funds	(47,386)	(154,193)
Dividend income from		
— Wealth management related products	7,914	10,790
— Listed equity security investments	1	3,660
— Asset management schemes	46	4,890
	<u>(208,150)</u>	<u>1,509</u>

Note:

As the ordinary course of the investment management business, the Group holds several investment portfolios for the newly established fund managed by the Group prior to the fund's closing.

During the year ended December 31, 2022, as agreed in advance, after the first closing of the fund, the Group transferred to the fund partial interests in several subsidiaries which only hold FVTPL investments amounting to RMB1,717,435,000, and hold the remaining interest in these FVTPL investment through several structured entities accounted for as investments in associates. Total consideration of such transfer was RMB1,823,775,000 and resulted in a gain of RMB106,340,000.

5. OTHER OPERATING EXPENSES

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Professional service fees	84,672	77,156
Project related and business development expenses	67,844	62,377
Short-term lease expense	2,390	982
Office expenses	29,284	46,489
Technology expenses	40,940	39,171
Depreciation and amortization	88,564	86,143
Auditor's remuneration	13,010	8,460
Others	32,984	34,082
	<u>359,688</u>	<u>354,860</u>

6. FINANCE COSTS

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings	32,063	87,685
Interest on lease liabilities	2,138	4,028
Interest on financial assets sold under repurchase agreements	10,496	13,532
Interest on structured notes	5,856	7,208
	<u>50,553</u>	<u>112,453</u>

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

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses recognized on:		
Accounts receivables	(28,187)	38,331
Other receivables	(3,634)	(55)
Loans to third parties (<i>note 17</i>)	24,463	115,599
Amounts due from related parties (<i>note 20</i>)	24,197	90,685
Financial assets at FVTOCI	(24)	(59)
	<u>16,815</u>	<u>244,501</u>

8. OTHER INCOME, GAINS OR LOSSES

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (<i>note a</i>)	25,657	37,553
Net exchange loss	(7,248)	(53,282)
Gain on partially disposal of an associate	—	24,837
Impairment loss on investment in a joint venture	—	(37,492)
Losses on disposal of property and equipment	(28)	(48)
Others (<i>note b</i>)	9,759	9,024
	<u>28,140</u>	<u>(19,408)</u>

Notes:

- a) The government grants were mainly incentives provided by local government authorities, which primarily included tax incentive awards, 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 and government grants related to Employment Support Scheme provided by Hong Kong government.
- b) Others mainly included:
 - i. An aggregated amount of RMB9,384,000 investment losses attributable to other interest holders of consolidated structured entities holding incidental and ancillary investments of the Group for the year ended December 31, 2023 (2022: RMB19,595,000 investment losses).
 - ii. An aggregated amount of RMB181,000 charitable donations were made by the Group during the year ended December 31, 2023 (2022: RMB5,243,000).

9. INVESTMENT LOSS ARISING FROM CERTAIN INCIDENTAL AND ANCILLARY INVESTMENTS

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Investment loss from		
— Unlisted debt security investments	(18,311)	(144,878)
— Unlisted equity security investments	—	3,590
— Convertible notes	—	(30,201)
	<u>(18,311)</u>	<u>(171,489)</u>

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

10. INCOME TAX EXPENSE

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Mainland China	90,413	48,581
Hong Kong	1,040	13,991
	<u>91,453</u>	<u>62,572</u>
Deferred tax:		
Current year	28,890	8,399
Total income tax expense	<u>120,343</u>	<u>70,971</u>

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Loss before tax	<u>(340,650)</u>	<u>(383,007)</u>
Income tax expense calculated at 25%	(85,163)	(95,752)
Effect of expenses that are not deductible	110,203	204,903
Effect of share of results of associates	(347)	108
Effect of share of results of a joint venture	—	1,454
Effect of income that are not taxable	(62,939)	(75,185)
Effect of tax losses not recognized	123,757	44,963
Utilization of tax losses previously not recognized	(40)	(7,800)
Effect of different tax rates of subsidiaries	<u>34,872</u>	<u>(1,720)</u>
Income tax expense	<u><u>120,343</u></u>	<u><u>70,971</u></u>

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Directors' remuneration:		
— Fees	902	862
— Salaries and other benefits	9,640	9,477
— Performance related bonus	—	—
— Retirement benefit scheme contributions	274	292
— Equity-settled share-based payments expenses	11,769	23,463
Other staff costs:		
— Salaries, bonus and other allowances	385,878	605,477
— Retirement benefit scheme contributions	20,050	23,646
— Equity-settled share-based payments expenses	<u>49,663</u>	<u>90,015</u>
Total staff costs	<u><u>478,176</u></u>	<u><u>753,232</u></u>
Depreciation of property and equipment	60,702	68,659
Amortization of intangible assets	27,862	17,484
Losses on disposal of property and equipment	<u>28</u>	<u>48</u>

12. LOSS PER SHARE

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

	Year ended December 31,	
	2023	2022
Loss for the purpose of calculating basic and diluted loss per share:		
Loss for the year attributable to owners of the Company (RMB'000)	<u>(471,903)</u>	<u>(429,901)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>504,515,369</u>	<u>507,207,390</u>
Basic and diluted loss per share (RMB)	<u><u>(0.94)</u></u>	<u><u>(0.85)</u></u>

The computation of diluted loss per share for the year ended December 31, 2023 and 2022 has not considered the effect of share options and restricted share units given that the effects are anti-dilutive.

13. DIVIDENDS

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Dividends to the shareholders of the Company	—	201,114

For the year ended December 31, 2022, a final dividend of RMB38 cents per share in respect of the year ended December 31, 2021 was declared to owners of the Company. The aggregate amount of the final dividend declared in the year ended December 31, 2022 amounted to RMB201,114,000, and such cash dividend was paid on July 22, 2022. For the year ended December 31, 2023, the directors do not recommend the payment of a final dividend.

14. INVESTMENTS IN ASSOCIATES

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Investments in unlisted companies (a)	14,967	13,353
Investments in funds (b)	1,276,689	1,404,604
	<u>1,291,656</u>	<u>1,417,957</u>

(a) Investments in unlisted companies

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of unlisted investments in associates	63,976	63,976
Share of post-acquisition profit or loss and other comprehensive income	(10,566)	(11,952)
Impairment loss	(39,721)	(39,721)
Exchange adjustments	1,278	1,050
	<u>14,967</u>	<u>13,353</u>

(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:

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of investments in funds	883,562	936,720
Fair value change in funds	329,929	414,148
Exchange adjustments	63,198	53,736
	<u>1,276,689</u>	<u>1,404,604</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Current		
Unlisted cash management products (<i>note a</i>)	58,243	456,515
Money market funds (<i>note b</i>)	468,329	579,909
Listed financial bonds (<i>note c</i>)	2,415,343	1,854,255
Trust products (<i>note d</i>)	—	21,652
Listed equity security investments (<i>note e</i>)	—	216,611
Convertible notes (<i>note f</i>)	61,335	186,852
	<u>3,003,250</u>	<u>3,315,794</u>

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Non-current		
Unlisted investment funds at fair value (<i>note g</i>)	680,854	1,092,716
Unlisted debt security investments (<i>note h</i>)	439,873	429,195
Unlisted equity security investments (<i>note i</i>)	66,022	91,368
Call option for obtaining non-controlling interests (<i>note j</i>)	282,032	436,080
	<u>1,468,781</u>	<u>2,049,359</u>

Notes:

- a) The Group purchased cash management products with expected rates of return per annum ranging from 4.17% to 5.43% as at December 31, 2023 (2022: 1.69% to 4.26%). The fair values are based on cash flow discounted using the expected rate of return based on management judgment.
- b) 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.
- c) The Group invested in financial bonds with fixed interest rates ranging from 0.10% to 5.08% as at December 31, 2023 (2022: 0.10% to 5.08%) 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.
- d) The Group invested in trust products with expected return rate ranging from 11.00% to 12.00% per annum as at December 31, 2022. 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.
- e) These investments represent equity investments in listed companies, and subsequent fair value change of the investments are recorded in the net investment (losses)/gains in the consolidated statement of profit or loss and other comprehensive income.
- f) The Group invested in convertible notes with fixed interest rates of 10% (2022: 10%) and with terms of within one year, which may be extended by the investee pursuant to its terms. The Group had conversion right to convert notes into equity shares of investee before the maturity date. On February 13, 2023, the final repayment date was extended by the investee to April 11, 2024 pursuant to its terms. In 2024, the Group and other lenders of the syndicated convertible note facility entered into a standstill agreement with the investee for a period ending October 11, 2024, whereby the lenders agreed not to make any claim, enforcement action or proceeding against the investee, whilst the investee explored other refinancing opportunities. The Group has the right to terminate the standstill agreement early. Convertible notes were transferred from level 2 hierarchy to level 3 hierarchy during the year. Since there is no recent transaction prices available for these investments as at December 31, 2023, the fair value was measured using a valuation technique with significant unobservable inputs. The significant unobservable input is default rate. The higher the default rate, the lower the fair value of the convertible notes will be.
- g) 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 (losses)/gains in the consolidated statement of profit or loss and other comprehensive income.
- h) These investments represent investments in the preferred shares of unlisted companies, and subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the consolidated statement of profit or loss and other comprehensive income.
- i) These investments represent equity investments in the unlisted companies, and subsequent fair value change of the investments are recorded in the investment loss arising from certain incidental and ancillary investments in the consolidated statement of profit or loss and other comprehensive income.
- j) The Group holds a call option to obtain any non-controlling interests from the non-controlling shareholders of a subsidiary of the Group, 華興證券有限公司 (“**CR 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, 2023 amounted to RMB282,032,000 (2022: RMB436,080,000). The call option is not traded in an active market and the respective fair value is determined by using valuation technique. The fair value has been determined in accordance with Black Scholes model based on fair value of underlying net assets of CR Securities and the estimate of the exercise time of the call option.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Listed financial bonds	49,629	357,672
Less: non-current portion	<u>(49,629)</u>	<u>(111,908)</u>
	<u>—</u>	<u>245,764</u>

The total cost of the financial bonds as of December 31, 2023 was RMB50,000,000 (2022: RMB348,971,000) and the fair value as of December 31, 2023 was RMB49,629,000 (2022: RMB357,672,000), 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 RMB12,000 as of December 31, 2023 (2022: RMB36,000) was recognized in other reserves.

17. LOANS TO THIRD PARTIES

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Wallaby Medical Holding, Inc. (“ Wallaby ”) (<i>note a</i>)	209,846	192,717
Song Huanping (“ Song ”) (<i>note b</i>)	—	11,418
Less: impairment loss allowance	<u>(142,024)</u>	<u>(117,561)</u>
	<u>67,822</u>	<u>86,574</u>
Less: non-current portion	<u>(67,822)</u>	<u>(86,574)</u>
	<u>—</u>	<u>—</u>

Notes:

- (a) In March 2022, the Group entered into agreement with Wallaby, a third party. A loan amounting to US\$24,935,000 (equivalent to approximately RMB173,662,000) as at December 31, 2022 was made to Wallaby. The loan will be repaid on the second anniversary of the loan origination, which could be extended for 12 months by Wallaby pursuant to its terms. The interest rates from first year to third year were 8%, 8.5% and 9.5% per annum, respectively, plus 7% compound interest per annum. In February 2024, the maturity date of the loan was extended by Wallaby for 12 months to April 2025 pursuant to its terms. There was evidence indicating the asset is credit-impaired. As of December 31, 2023, impairment allowance of RMB142,024,000 was made on credit-impaired debtor.
- (b) In January 2022, the Group entered into agreement with Song, a third party. A loan amounting to RMB10,000,000 as at December 31, 2022, at an interest rate of 15% was made to Song. The loan will be repaid on the fourth anniversary of the loan origination. The loan was guaranteed by a third-party company and was secured by a pledge over the restricted shares of a third-party company. The loan was early repaid with an interest rate of 7.5% during the year ended December 31, 2023.

18. ACCOUNTS AND OTHER RECEIVABLES

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Accounts receivables		
— Accounts receivable (<i>note a</i>)	44,398	93,032
— Open trade receivable (<i>note b</i>)	599,807	977,380
Advance to suppliers	8,296	17,160
Prepayment for wealth management related products	—	8,567
Other receivables		
— Refundable deposits (<i>note c</i>)	86,320	110,309
— Restricted Amounts (<i>note 27</i>)	77,669	—
— Staff loans	28,179	45,482
— Value-added tax recoverable	1,820	2,347
Others	41,668	37,141
	<u>888,157</u>	<u>1,291,418</u>
Less: impairment loss allowance	<u>(2,571)</u>	<u>(38,688)</u>
	<u><u>885,586</u></u>	<u><u>1,252,730</u></u>

Notes:

- (a) 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)

	At December 31,	
	2023	2022
	RMB'000	RMB'000
0–30 days	30,232	39,473
31–60 days	2,593	2,680
61–90 days	2,239	4,365
91–180 days	4,904	5,279
181–360 days	1,594	1,815
Over 1 year	411	1,067
	<u>41,973</u>	<u>54,679</u>

- (b) 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.
- (c) Refundable deposits mainly represent deposits in Stock Exchange.

19. FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Analysed by collateral type:		
— Debt securities	—	4,713
Add: Interest receivable	—	2
	—	4,715
	—	4,715
Analysed by market:		
— Stock exchanges	—	4,715
	—	4,715
	—	4,715

As at December 31, 2022, the fair value of the collateral was RMB4,715,000.

20. AMOUNTS DUE FROM RELATED PARTIES

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.

Amounts due from related parties — trade nature

		As at December 31,	
		2023	2022
	Note	RMB'000	RMB'000
無錫江陰鐸興領傑股權投資合夥企業(有限合夥) (“Wuxi Jiangyin Huaxing Lingjie Equity Investment Partnership (Limited Partnership)”) (“ HGC RMB Fund IV ”)	i	893,907	1,076,392
深圳華晟領翔股權投資合夥企業(有限合夥) (“Shenzhen Huasheng Lingxiang Equity Investment Partnership (Limited Partnership)”)	i	34,441	44,331
Huaxing Growth Capital IV, L.P.	i	30,698	20,425
Huaxing Capital Partners II, L.P.	i	10,532	36,260
CR Life Star Fund LLC	i	5,791	6,235
Huaxing Yihui LLC	i	5,682	3,742
Huaxing Capital Partners, L.P.	i	1,394	3,861
Huaxing Yichong LLC	i	914	599
HX Premium Selection Limited	i	567	469
HX Quality Selection Limited	i	496	488

		As at December 31,	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
上海華晟領錦投資合夥企業(有限合夥) (“Shanghai Huasheng Lingjin Equity Investment Partnership (Limited Partnership)”)	i	190	245
CR HB XI Venture Feeder, LP	i	149	585
寧波梅山保稅港區華興領鴻股權投資合夥企業 (有限合夥) (“Ningbo Meishan Bonded Port Area Huaxing Linghong Equity Investment Partnership (Limited Partnership)”)	i	61	—
華傑(天津)醫療投資合夥企業(有限合夥) (“Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)”)	i	—	217,243
天津華傑海河醫療投資合夥企業(有限合夥) (“Tianjin Huajie Haihe Health Investment Partnership (Limited Partnership)”)	i	—	2,954
Huaxing IV Colt, Ltd.	i	—	1,290
HX Pioneer Selection Limited	i	—	1,231
HX Advanced Selection Limited	i	—	625
上海華晟領勢創業投資合夥企業(有限合夥) (“Shanghai Huasheng Lingshi Venture Capital Partnership (Limited Partnership)”)	i	—	12
Less: Impairment loss allowance		(116,344)	(92,206)
		<u>868,478</u>	<u>1,324,781</u>

The trade balance represents (i) the fee and carried interest receivable of gross carrying amount of RMB103,979,000 in relation to the fund management service provided by the Group, which is non-interest bearing; and (ii) the receivable of gross carrying amount of RMB880,843,000 in relation to investment portfolio transferred by the Group to HGC RMB Fund IV (note 4).

For amounts due from related parties of trade nature, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit loss (“ECL”). The Group determines the ECL 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. Impairment allowance of RMB978,000 were made based on the Group’s provision matrix within lifetime ECL (not credit-impaired) as of December 31, 2023. For debtors with credit-impaired, the Group assesses individually. As of December 31, 2023, gross carrying amounts of RMB916,067,000 were credit-impaired. Impairment allowance of RMB115,366,000 were made on credit-impaired debtors.

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:

	At December 31,	
	2023	2022
	RMB'000	RMB'000
0–30 days	46,817	274,438
31–60 days	1,451	3,991
61–90 days	1,342	4,380
91–180 days	3,706	16,387
181–360 days	7,715	1,001,429
> 1 year	807,447	24,156
	868,478	1,324,781

Amounts due from related parties — non-trade nature

	<i>Notes</i>	At December 31,	
		2023	2022
		RMB'000	RMB'000
達孜縣崇鏵企業管理有限公司 (“Dazi Chonghua Enterprise Management Co., Ltd.”)	ii	2,796	2,796
北京瑞智醫療股權投資合夥企業(有限合夥) (“Beijing Ruizhi Medical Equity Investment Partnership (Limited Partnership)”))	i	708	695
Huaxing Yihui LLC	i	622	277
HX Pioneer Selection Limited	i	614	—
廈門鏵展祺舸創業投資合夥企業(有限合夥) (“Xiamen Huazhan Qige Venture Capital Partnership (Limited Partnership)”))	i	549	549
Huaxing Growth Capital Medley Platform, L.P.	i	409	418
廈門鏵興豐績創業投資合夥企業(有限合夥) (“Xiamen Huaxing Fengji Venture Capital Partnership (Limited Partnership)”))	i	358	358
Huaxing Capital Partners II, L.P.	i	236	—
Huaxing Growth Capital Visions Feeder L.P.	i	—	273
Huaxing Growth Capital Associates Feeder, L.P.	i	—	61
Other funds managed by the Group	i	1,188	450
Less: Impairment loss allowance		(340)	(281)
		7,140	5,596

The balances are unsecured, interest free and repayable on demand.

Notes:

- (i) Funds managed by the Group in which the Group has significant influence.
- (ii) Entities controlled by shareholders of the Company.

21. ACCOUNTS AND OTHER PAYABLES

	At December 31,	
	2023	2022
	RMB'000	RMB'000
Salaries, bonus and other benefit payables	102,551	385,574
Open trade payable (<i>note a</i>)	628,104	979,576
Other payables	66,875	50,841
Consultancy fee payables	38,347	20,626
Carried interests to management team and other parties (<i>note b</i>)	46,077	238,122
Other tax payables	6,961	11,826
Accrued expenses	16,008	21,949
Dividend payable	—	10,414
	904,923	1,718,928

Notes:

- (a) 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 the business.
- (b) During the year ended December 31, 2022, the Group received shares of listed equity securities as carried interests income, and the portion of carried interests to management team and other parties will be settled in cash after corresponding listed equity securities are disposed of by the Group. Accordingly, this carried interests payable to management team and other parties is measured at fair value according to the share price of listed equity securities. As of December 31, 2023 and 2022, carried interests to management team and other parties measured at fair value is nil and RMB31,158,000, respectively.

22. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed by collateral type:		
— Debt securities	482,034	150,000
Add: interest payable	544	65
	<u>482,578</u>	<u>150,065</u>
Analysed by market:		
— Stock exchanges	<u>482,578</u>	<u>150,065</u>

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

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Since the Group transfers contractual rights to receive the cash flows of the securities, it does not have the ability to sell or repledge these transferred securities during the term of these arrangements. Financial assets sold under repurchase agreements bear effective interest from 2.39% to 2.60% (2022: 3.50% to 3.95%) 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:

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred assets		
— Financial assets at FVTPL	982,011	480,785
— Financial assets at FVTOCI	49,629	357,672
Carrying amount of associated liabilities	<u>(482,578)</u>	<u>(150,065)</u>
Net position	<u>549,062</u>	<u>688,392</u>

23. SHORT-TERM DEBT INSTRUMENT ISSUED

	As at December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Structured notes	<u>93,806</u>	<u>236,648</u>

As at December 31, 2023, the interest rates of structured notes range from 3.10% to 3.30% per annum (2022: from 3.30% to 6.08% per annum).

24. BANK BORROWINGS

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Unsecured bank borrowing at fixed rate	—	339,462
Unsecured bank borrowing at variable rate	—	<u>1,785,031</u>
	<u>—</u>	<u>2,124,493</u>

The carrying amounts of the above borrowings are repayable:

	At December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	—	611,927
Within a period of more than one year but not exceeding two years	—	<u>1,512,566</u>
	—	2,124,493
Less: Amounts due within one year shown under current liabilities	—	<u>(611,927)</u>
Amounts shown under non-current liabilities	<u>—</u>	<u>1,512,566</u>

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

	Year ended December 31,	
	2023	2022
Effective interest rate:		
Fixed-rate borrowings	N/A	4.15% to 5.00%
Variable-rate borrowings	N/A	LIBOR + 2.00%

25. LEASE LIABILITIES

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities payable:		
Within one year	35,540	55,366
Within a period of more than one year but not more than two years	12,364	38,269
Within a period of more than two years but not more than five years	5,120	16,191
	<u>53,024</u>	109,826
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(35,540)</u>	<u>(55,366)</u>
Amount due for settlement after 12 months shown under non- current liabilities	<u>17,484</u>	<u>54,460</u>

The weighted average incremental borrowing rates applied to lease liabilities is 2.87% (2022: 2.98%).

26. SHARE CAPITAL

	Number of shares	Nominal value per share US\$	Share capital US\$	Amount shown in the financial statement RMB
Authorized				
At January 1, 2022, December 31, 2022 and December 31, 2023	2,000,000,000	0.000025	50,000	
Issued				
At January 1, 2022	550,364,776		13,759	90,156
Shares issued to the Trusts	12,000,000	0.000025	300	2,022
Exercise of share options	6,033,000	0.000025	151	1,016
At December 31, 2022 and December 31, 2023	<u>568,397,776</u>		<u>14,210</u>	<u>93,194</u>
			At December 31	
			2023	2022
			RMB'000	RMB'000
Presented as			<u>93</u>	<u>93</u>

27. CONTINGENT LIABILITIES

As disclosed in the Company's announcements dated February 16, 2023, February 26, 2023, August 9, 2023, that the board of directors of the Company noted that Mr. Bao Fan, the controlling shareholder of the Company, previous chairman of the board of directors, executive director and chief executive officer of the Company was in cooperation with an investigation by the relevant authority in the PRC (the "**Matter**"). Subsequent to the end of the reporting period, the Company also announced on February 2, 2024 that, with effect from that date, Mr. Bao Fan resigned as an executive director, the chairman of the board of directors and the chief executive officer of the Company (see announcement dated 2 February 2024 for details). In the last quarter of 2023, as per notification received, the Group paid certain restricted amounts of approximately RMB77,669,000 in relation to the Matter (the "**Restricted Amounts**"). All of these events are collectively referred to as the "Incidents".

Due to the uncertainties in relation to the Incidents, the directors of the Company are of the view that it is premature to determine the possible outcome and their related impact. Accordingly, no provision has been provided for the Incidents for the year ended December 31, 2023.

Save as disclosed above and elsewhere in these consolidated financial statements, the directors of the Company are not aware of any other significant impact on the business operation of the Group arising from the Incidents. Should the Company become aware of any changes with respect to this assessment, it would make further announcements as and when appropriate.

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.huaxing.com. The annual report of the Company for the year ended December 31, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

By order of the Board
China Renaissance Holdings Limited
Xie Yi Jing
Chairman of the Board and Executive Director

Hong Kong, September 5, 2024

As at the date of this announcement, the Board comprises Mr. Xie Yi Jing as Chairman and Executive Director, Mr. Lam Ka Cheong Jason, Mr. Du Yongbo and Mr. Wang Lixing as Executive Directors, Mr. Lin Ning David and Ms. Sun Chin Hung as Non-executive Directors, and Ms. Yao Jue, Mr. Ye Junying and Mr. Zhao Yue as Independent Non-executive Directors.