



申萬宏源香港
SHENWAN HONGYUAN

SHENWAN HONGYUAN (H.K.) LIMITED
申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 218)

20
INTERIM
REPORT 22

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Wu Meng (*Chairman*)
Zhang Jian
Liang Jun (*Chief Executive Officer*)
Hu Jing

Non-executive Director

Zhang Lei

Independent Non-executive Directors

Ng Wing Hang Patrick
Kwok Lam Kwong Larry
Chen Liqiang

AUDIT COMMITTEE

Ng Wing Hang Patrick (*Chairman*)
Kwok Lam Kwong Larry
Chen Liqiang

REMUNERATION COMMITTEE

Kwok Lam Kwong Larry (*Chairman*)
Ng Wing Hang Patrick
Chen Liqiang

NOMINATION COMMITTEE

Wu Meng (*Chairman*)
Ng Wing Hang Patrick
Kwok Lam Kwong Larry
Chen Liqiang

RISK COMMITTEE

Ng Wing Hang Patrick (*Chairman*)
Liang Jun
Hu Jing
Kwok Lam Kwong Larry
Chen Liqiang

ENVIRONMENTAL SOCIAL AND GOVERNANCE COMMITTEE

Wu Meng (*Chairman*)
Liang Jun
Hu Jing
Kwok Lam Kwong Larry
Chen Liqiang

COMPANY SECRETARY

Wong Che Keung Leslie

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Limited Macau Branch
Bank of Shanghai (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
China Merchants Bank Co., Ltd. Hong Kong Branch
China Minsheng Banking Corp., Ltd.

Hong Kong Branch

China Zheshang Bank Co., Ltd. Hong Kong Branch

Chong Hing Bank Limited

CMB Wing Lung Bank Limited

Hua Xia Bank Co., Limited Hong Kong Branch

Industrial and Commercial Bank of

China (Asia) Limited

Industrial Bank Co., Ltd. Hong Kong Branch

Nanyang Commercial Bank, Limited

OCBC Wing Hang Bank Limited

Shanghai Pudong Development Bank Co., Ltd.,

Hong Kong Branch

Standard Chartered Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

AUDITORS

KPMG

Certified Public Accountants

Public Interest Entity Auditor registered in
accordance with the Financial Reporting
Council Ordinance

REGISTERED OFFICE

Level 19

28 Hennessy Road

Hong Kong

SHARE REGISTRARS & TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

WEBSITE

<http://www.swhyhk.com>

RESULTS

The board of directors (the “**Board**”) of Shenwan Hongyuan (H.K.) Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period of last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	(Restated) 2021 (Unaudited) HK\$'000
REVENUE	3	281,338	450,052
— Interest income calculated using the effective interest method		55,297	104,626
— Revenue from contracts with customers within the scope of HKFRS 15		136,814	214,326
— Revenue from other sources		89,227	131,100
Other (losses)/gains, net	3	(35,166)	5,777
Commission expenses*		(29,770)	(79,190)
Employee benefit expenses		(134,405)	(154,063)
Depreciation		(30,615)	(20,607)
Interest expenses		(45,745)	(54,987)
Net charges for expected credit losses		(70,775)	(19,650)
— from financial assets at amortised cost		(31,899)	(15,515)
— from financial assets at fair value through other comprehensive income		(38,876)	(4,135)
Other expenses, net		(62,388)	(66,895)
(LOSS)/PROFIT BEFORE TAXATION		(127,526)	60,437
Income tax	4	4,096	(6,771)
(LOSS)/PROFIT FOR THE PERIOD		(123,430)	53,666
Attributable to:			
Ordinary equity holders of the Company		(123,430)	53,666
Non-controlling interests		—	—
		(123,430)	53,666
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (BASIC AND DILUTED)	5	HK(7.91) cents	HK3.44 cents

Details of the proposed dividend (if any) for the period are disclosed in note 6 to the financial statements.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
(LOSS)/PROFIT FOR THE PERIOD	(123,430)	53,666
OTHER COMPREHENSIVE INCOME:		
<i>Items that may be reclassified to the consolidated statement of profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income		
— Net movement in fair value reserve (recycling)	(25,597)	(2,146)
— Exchange loss on translation of financial statements of foreign operations	(8,009)	(4,769)
OTHER COMPREHENSIVE INCOME, NET OF TAX[#]	(33,606)	(6,915)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(157,036)	46,751
Attributable to:		
Ordinary equity holders of the Company	(157,036)	46,751
Non-controlling interests	—	—
	(157,036)	46,751

Notes:

* For the period ended 30 June 2021, commission expense of HK\$25.33 million and financial consulting income of HK\$26.82 million are related income and expenses in a project (2022: Nil).

Other comprehensive income refers to other changes to the equity which does not form part of the consolidated statement of profit or loss.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		8,064	11,360
Stock and Futures Exchange trading rights		4,212	4,212
Other assets		24,807	23,125
Other financial assets	7	317,747	791,263
Right-of-use assets		122,429	149,227
Deferred tax assets		247,488	116,646
Total non-current assets		724,747	1,095,833
CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	7,029,217	6,106,058
Other financial assets	7	697,875	991,448
Accounts receivable	9	5,538,812	4,894,775
Loans and advances	10	1,789,034	2,556,416
Prepayments, deposits and other receivables		564,344	1,158,863
Reverse repurchase agreement		568,717	809,294
Tax recoverable		41,850	42,138
Bank balances held on behalf of clients	11	5,180,193	4,675,752
Cash and bank balances		571,227	576,706
Total current assets		21,981,269	21,811,450
CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss		2,275,478	5,400,052
Accounts payable	12	9,330,335	8,333,954
Contract liabilities		2,505	1,560
Other payables and accruals	13	1,313,065	774,949
Repurchase agreement		1,173,607	798,717
Interest-bearing bank borrowings		2,990,088	3,500,796
Lease liabilities		52,921	60,237
Debt securities in issue		1,569,600	–
Tax payable		217,083	74,995
Total current liabilities		18,924,682	18,945,260
NET CURRENT ASSETS		3,056,587	2,866,190
TOTAL ASSETS LESS CURRENT LIABILITIES		3,781,334	3,962,023



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

<i>Notes</i>	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
	706	803
	85,631	106,561
	86,337	107,364
	3,694,997	3,854,659
NET ASSETS		
EQUITY		
Equity attributable to ordinary equity holders of the Company		
	2,782,477	2,782,477
	912,520	1,069,556
	3,694,997	3,852,033
	–	2,626
	3,694,997	3,854,659
	3,694,997	3,854,659

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary equity holders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2022 (Audited)	2,782,477	15	138	(18,827)	7,320	1,080,910	3,852,033	2,626	3,854,659
Loss for the period	–	–	–	–	–	(123,430)	(123,430)	–	(123,430)
Other comprehensive income:									
Financial assets at fair value through other comprehensive income									
— net movement in fair value reserve (recycling)	–	–	–	(25,597)	–	–	(25,597)	–	(25,597)
Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(8,009)	–	(8,009)	–	(8,009)
Total comprehensive income	–	–	–	(25,597)	(8,009)	(123,430)	(157,036)	–	(157,036)
Disposal of a subsidiary	–	–	–	–	–	–	–	(2,626)	(2,626)
At 30 June 2022 (Unaudited)	2,782,477	15	138	(44,424)	(689)	957,480	3,694,997	–	3,694,997

	Attributable to ordinary equity holders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2021 (Audited)	2,782,477	15	138	10,112	4,192	1,239,106	4,036,040	2,626	4,038,666
Profit for the period	–	–	–	–	–	53,666	53,666	–	53,666
Other comprehensive income:									
Financial assets at fair value through other comprehensive income									
— net movement in fair value reserve (recycling)	–	–	–	(2,146)	–	–	(2,146)	–	(2,146)
Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(4,769)	–	(4,769)	–	(4,769)
Total comprehensive income	–	–	–	(2,146)	(4,769)	53,666	46,751	–	46,751
Final 2020 dividend declared and paid	–	–	–	–	–	(62,446)	(62,446)	–	(62,446)
At 30 June 2021 (Unaudited)	2,782,477	15	138	7,966	(577)	1,230,326	4,020,345	2,626	4,022,971



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	(Restated) 2021 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(127,526)	60,437
Adjustments for:		
Depreciation — Properties, plant and machinery	4,189	4,923
Depreciation — Right-of-use assets	26,426	15,684
Interest income	(14,255)	(7,277)
Interest expenses	45,745	54,987
Net expected credit loss expense	70,775	19,650
	5,354	148,404
(Increase)/decrease in other assets	(1,682)	9,716
Decrease in other financial assets	697,775	138,717
Increase in investments at fair value through profit or loss	(923,159)	(2,360,200)
Increase in accounts receivable	(671,095)	(3,853,518)
Decrease/(increase) in reverse repurchase agreement	240,577	(698,242)
Decrease/(increase) in loans and advances	767,382	(4,793,110)
Decrease in prepayments, deposits and other receivables	594,933	314,026
(Increase)/decrease in bank balances held on behalf of clients	(504,441)	328,841
Increase in accounts payable	996,381	2,978,218
Increase in repurchase agreement	374,890	999,867
Increase/(decrease) in contract liabilities	945	(497)
Increase in other payables and accruals	527,481	219,432
(Decrease)/increase in financial liabilities at fair value through profit or loss	(3,124,574)	2,399,688
Cash used in operations	(1,019,233)	(4,168,658)
Hong Kong profits tax refunded	15,538	5,437
Overseas taxes (paid)/refunded	(5)	83
Net cash flows used in operating activities	(1,003,700)	(4,163,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(893)	(5,972)
Interest received	10,896	6,628
Net cash flows from investing activities	10,003	656

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	(Restated) 2021 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from bonds payable	1,569,600	–
Net (repayments to)/proceeds from bank loans	(514,897)	4,399,976
Dividend paid	–	(62,445)
Interest paid	(38,822)	(54,104)
Principal portion of lease payment	(24,929)	(13,853)
Interest portion of lease liabilities	(2,734)	(1,013)
Net cash flows from financing activities	988,218	4,268,561
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(5,479)	106,079
Cash and bank balances at beginning of period	576,706	414,929
CASH AND BANK BALANCES AT END OF PERIOD	571,227	521,008



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are in compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“the HKICPA”).

The financial information relating to the year ended 31 December 2021 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) (the “**Hong Kong Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

CHANGE IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2021.

The HKICPA has issued following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, Plant and Equipment — Proceeds before Intended Use*
- Amendments to HKAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*
- Annual Improvements to HKFRSs 2018–2020

Neither of these amendments to HKFRSs have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 30 JUNE 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the period ended 30 June 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKAS 1	<i>Classification of liabilities as current or non-current¹</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of accounting policies¹</i>
Amendments to HKAS 8	<i>Definition of accounting estimates¹</i>
Amendments to HKAS 12	<i>Deferred tax related to assets and liabilities arising from a single transaction¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective time to be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2. OPERATING SEGMENT INFORMATION

The Group's unaudited segment results are as follows:

	Enterprise finance		Wealth management	Institutional services and trading	Asset management	Others	Total
	Corporate finance	Principal investment					
	HK\$'000	HK\$'000					
Six months ended 30 June 2022							
Segment revenue and other losses from external customers	25,038	2,563	124,289	113,870	15,578	(35,166)	246,172
Segment results and profit/(loss) before tax	(19,432)	1,555	5,496	(74,432)	(5,547)	(35,166)	(127,526)
Six months ended 30 June 2021 (restated)							
Segment revenue and other gains from external customers	28,330	(4,395)	208,016	206,305	11,796	5,777	455,829
Segment results and profit/(loss) before tax	633	(4,395)	28,717	32,933	(3,228)	5,777	60,437

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. REVENUE AND OTHER LOSSES, NET

An analysis of revenue, which is also the Group's turnover, and other (losses)/gains are as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	(Restated) 2021 (Unaudited) HK\$'000
<i>Fee and commission income:</i>		
<u>Revenue from contracts with customers</u>		
<u>within the scope of HKFRS 15:</u>		
Commission on securities dealing		
— Hong Kong securities	51,074	93,314
— Other than Hong Kong securities	15,393	20,749
Commission on futures and options contracts dealing	9,632	11,812
Initial public offering, placing, underwriting and sub-underwriting commission	17,264	23,937
Financial advisory, compliance advisory, sponsorship fee income and others	17,486	46,708
Management fee, investment advisory fee income and performance fee income	15,579	11,796
Handling fee income	2,331	2,224
Research fee income and other service fee income	8,055	3,786
	136,814	214,326
<i>Income from interest-bearing transactions:</i>		
<u>Interest income calculated using the effective interest method:</u>		
Interest income from banks and others	14,255	7,277
Interest income from initial public offering loans	5	27,228
<u>Revenue from other sources:</u>		
Interest income from loans to cash clients and margin clients	79,591	74,637
	93,851	109,142



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

3. REVENUE AND OTHER LOSSES, NET (Cont'd)

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	(Restated) 2021 (Unaudited) HK\$'000
Income from investment business:		
<u>Interest income calculated using the effective interest method:</u>		
Interest income:		
— Debt securities	41,037	70,121
Revenue from other sources:		
Net realised and unrealised gains/(losses) on financial instruments:		
— Listed equities and futures	66,760	7,262
— Debt securities and derivatives	(54,753)	19,197
— Structured products	(2,371)	30,004
	<u>50,673</u>	<u>126,584</u>
	281,338	450,052
Other (losses)/gains, net:		
Exchange (losses)/gains, net	(47,835)	1,264
Change in net assets value attributable to other holders of a consolidated investment fund	<u>12,669</u>	<u>4,513</u>
	(35,166)	5,777

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

4. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current — Hong Kong Profits Tax		
Provision for the period	124,870	9,200
Over-provision in respect of prior period	(38)	(34)
Current tax — Elsewhere	164	—
Deferred tax	(129,092)	(2,395)
Total tax (credit)/charge for the period	(4,096)	6,771

5. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The Group had no potentially dilutive ordinary shares in issue during these periods. As at 30 June 2022, the total number of the issued ordinary shares was 1,561,138,689 shares.

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit for the period attributable to ordinary equity holders of the Company (HK\$'000)	(123,430)	53,666
Number of shares		
Weighted average number of ordinary shares in issue (in thousands)	1,561,139	1,561,139
(Loss)/earnings per share, basic and diluted (HK cents per share)	(7.91)	3.44



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

6. DIVIDEND

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interim — Nil (2021: Nil)	—	—

7. OTHER FINANCIAL ASSETS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<u>Non-current portion</u>		
Financial assets measured at amortised cost		
— Unlisted debt investments	176,791	—
Financial assets measured at FVOCI (recycling)		
— Unlisted debt investments	140,956	791,263
Total amount of non-current portion	317,747	791,263
<u>Current portion</u>		
Financial assets measured at amortised cost		
— Unlisted debt investments	134,401	535,076
Financial assets measured at FVOCI (recycling)		
— Unlisted debt investments	563,474	456,372
Total amount of current portion	697,875	991,448
Total	1,015,622	1,782,711

During the period, the loss in respect of changes in fair value of the Group's financial assets at fair value through other comprehensive income recognised in other comprehensive income amounted to approximately HK\$66,320,000 (30 June 2021: Gain of HK\$6,280,000).

Interest incomes derived from financial assets at FVOCI and at amortised cost were recognised as "Interest income from debt securities" in the consolidated statement of profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

7. OTHER FINANCIAL ASSETS (Cont'd)

(a) Changes in expected credit losses for financial assets carried at amortised cost are as follows:

	2022				2021			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January (audited)	5,407	–	36,643	42,050	19,206	–	–	19,206
Impairment loss (credited)/ charged to profit or loss	(5,099)	–	9,939	4,840	(7,460)	–	–	(7,460)
At 30 June (unaudited)	308	–	46,582	46,890	11,746	–	–	11,746

(b) Changes in expected credit losses on financial assets (reversible) at fair value through other comprehensive income are as follows:

	2022				2021			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January (audited)	10,969	41,487	116,243	168,699	5,866	–	–	5,866
Impairment loss (credited)/ charged to profit or loss	(3,108)	(41,390)	83,374	38,876	4,134	22,976	–	27,110
At 30 June (unaudited)	7,861	97	199,617	207,575	10,000	22,976	–	32,976

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Investments at fair value through profit or loss:		
Debt securities	6,071,482	5,402,133
Listed equities	342,061	439,596
Unlisted equities	401,055	–
Unlisted funds	133,100	161,806
Derivative financial instruments	80,284	98,274
Financial guarantee contract	1,235	4,249
Total	7,029,217	6,106,058



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. ACCOUNTS RECEIVABLE

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
(i) Measured at amortised cost:		
Accounts receivable arising from securities dealing:		
— Cash Clients	3,511,693	2,650,600
— Brokers and dealers	1,674,136	2,044,914
— Clearing houses	299,095	139,834
	<u>5,484,924</u>	<u>4,835,348</u>
Accounts receivable arising from corporate finance, advisory and other services:		
— Corporate Clients	34,459	34,272
	<u>5,519,383</u>	<u>4,869,620</u>
Less: Expected credit losses (Stage 1)	(1,955)	(1,955)
Less: Expected credit losses (Stage 3)	(27,038)	—
	<u>5,490,390</u>	<u>4,867,665</u>
(ii) Measured at FVPL:		
Accounts receivable arising from securities dealing:		
— Advances to cash clients	48,422	27,110
	<u>5,538,812</u>	<u>4,894,775</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. ACCOUNTS RECEIVABLE (Cont'd)

Ageing analysis of accounts receivable

An ageing analysis of accounts receivable from cash clients before provision for impairment based on the trade date is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 1 month	3,539,868	2,660,210
1 to 2 months	1,123	2,921
2 to 3 months	1,472	1,102
Over 3 months	17,652	13,477
	3,560,115	2,677,710

The ageing of accounts receivable from clearing houses, brokers and dealers are within one month and are not past due. They represent (1) pending trades arising from business of dealing in securities, which are normally due within a few days after the trade date, (2) deposits at clearing house arising from the business of dealing in securities, futures and options contracts and (3) cash and deposits balances at brokers and dealers.

The ageing of accounts receivable from corporate clients arising from corporate finance, advisory and other services are mostly one to two months. As at 30 June 2022, balances of HK\$141,000 (31 December 2021: HK\$Nil) were over 3 months past due, balances of HK\$45,000 (31 December 2021: HK\$328,000) were 1 to 3 months past due, balances of HK\$943,000 (31 December 2021: HK\$50,000) were within 1 month past due and balances of HK\$33,471,000 (31 December 2021: HK\$33,894,000) were not past due balances.

Save for the credit period allowed by the Group, the accounts receivable from cash clients shall be due on the settlement dates of the respective securities and futures contract transactions. In view of the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Although the Group does not hold any collateral or other credit enhancements over its accounts receivable from cash clients, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Overdue accounts receivable from cash clients of HK\$48,422,000 (31 December 2021: HK\$27,110,000) bear interest at interest rates mainly with reference to Hong Kong dollar prime rate (31 December 2021: with reference to the Hong Kong dollar prime rate).



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. ACCOUNTS RECEIVABLE (Cont'd)

Ageing analysis of accounts receivable (Cont'd)

The ageing analysis of accounts receivable from cash clients that are not individually nor collectively considered to be impaired, i.e. based on the settlement date, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Not past due	3,511,693	2,485,469
Less than 1 month past due	28,275	174,888
1 to 3 months past due	2,499	3,925
Over 3 months past due	17,648	13,428
	3,560,115	2,677,710

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default or are covered by securities deposited with the Group.

Receivables that were past due but not impaired relate to a large number of diversified cash clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as they are covered by securities deposited with the Group and there has not been a significant change in credit quality. The balances are therefore considered to be fully recoverable.

10. LOANS AND ADVANCES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Loans and advances to customers, secured — At FVTPL	1,789,034	2,556,416

The Group's loans and advances to customers were repayable on demand at the end of these periods.

11. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits for varying periods of less than one year.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

12. ACCOUNTS PAYABLE

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Accounts payable		
— Client	7,288,974	6,842,694
— Brokers and dealers	2,041,361	1,296,653
— Clearing houses	—	194,607
	9,330,335	8,333,954

All of the accounts payable are aged and due within one month or on demand.

13. INTEREST-BEARING BANK BORROWINGS

As at the end of the period, the Group's interest-bearing bank borrowings had different maturities of less than three months.

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value of financial instruments that are not traded in an active market (for example, over-the-counter) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs used in the valuation for financial instruments are observable, the financial instruments are included in Level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is included in Level 3.
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2022 (Unaudited)				
Financial assets at fair value through profit or loss:				
Listed equities	342,061	–	–	342,061
Unlisted equities	–	–	401,055	401,055
Debt securities	602,180	4,892,527	576,775	6,071,482
Unlisted funds	–	–	133,100	133,100
Loans and advances	–	1,789,034	–	1,789,034
Derivative financial instruments	14,766	65,518	–	80,284
Advances to cash clients	–	48,422	–	48,422
Financial guarantee contracts	–	–	1,235	1,235
Financial assets at fair value through other comprehensive income:				
Debt securities	–	519,531	184,899	704,430
	<u>959,007</u>	<u>7,315,032</u>	<u>1,297,064</u>	<u>9,571,103</u>
Financial liabilities at fair value through profit or loss:				
Funding note issued	–	784,244	–	784,244
Structured note issued	–	649,174	–	649,174
Short position in debt securities	–	658,855	–	658,855
Derivative financial instruments	–	13,672	169,533	183,205
	<u>–</u>	<u>2,105,945</u>	<u>169,533</u>	<u>2,275,478</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (Cont'd)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2021 (Audited)				
Financial assets at fair value through profit or loss:				
Listed equities	439,596	–	–	439,596
Debt securities	92,818	5,071,755	237,560	5,402,133
Unlisted funds	–	–	161,806	161,806
Loans and advances	–	2,556,416	–	2,556,416
Derivative financial instruments	3,260	79,366	15,648	98,274
Advances to cash clients	–	27,110	–	27,110
Financial guarantee contracts	–	–	4,249	4,249
Financial assets at fair value through other comprehensive income:				
Debt securities	468,271	504,026	275,338	1,247,635
	<u>1,003,945</u>	<u>8,238,673</u>	<u>694,601</u>	<u>9,937,219</u>
Financial liabilities at fair value through profit or loss:				
Funding note issued	–	1,555,982	–	1,555,982
Structured note issued	–	2,495,847	–	2,495,847
Short position in debt securities	533,591	635,823	–	1,169,414
Derivative financial instruments	4,562	152,921	21,326	178,809
	<u>538,153</u>	<u>4,840,573</u>	<u>21,326</u>	<u>5,400,052</u>

During the six months ended 30 June 2022 and year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

15. COMMITMENTS

As at the end of the period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within one year	290	835
In the second to fifth years, inclusive	—	—
	290	835

16. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

The Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Commission expenses for brokerage services in relation to the PRC capital markets paid to a wholly-owned subsidiary of the ultimate holding company	(i)	126	867
Research fee for supporting services in relation to research paid to a subsidiary of the ultimate holding company	(ii)	976	3,048
Investment operational supporting services fee paid to the wholly-owned subsidiary of the ultimate holding company	(iii)	2,079	1,670
Investment operational supporting services fee income in relation to Hong Kong and overseas markets paid by wholly-owned subsidiaries of the ultimate holding company	(iv)	9,105	3,455
Principal-to-principal trading of financial products with a wholly-owned subsidiary of the ultimate holding company	(v)	56,057	346,755

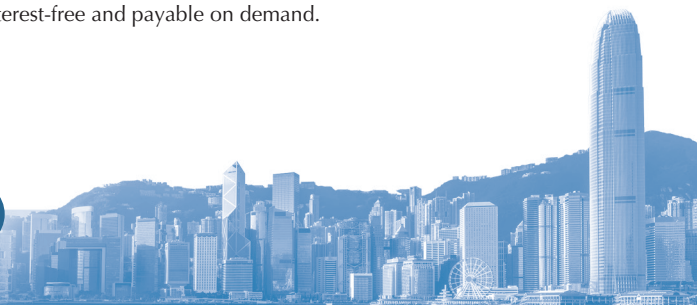
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

16. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Material related party transactions (Cont'd)

Notes:

- (i) The commission expenses paid to a wholly-owned subsidiary of the ultimate holding company were calculated based on the prescribed percentage stated in the signed cooperation agreement for clients' transaction amount in Shenzhen and Shanghai B shares.
- (ii) The research fee paid to a subsidiary of the ultimate holding company was charged at a fixed amount in accordance with the signed agreement with reference to actual cost incurred.
- (iii) The investment operational supporting services fee paid to the wholly-owned subsidiaries of the ultimate holding company was charged at a fixed amount in accordance with the signed agreement with reference to actual cost incurred.
- (iv) The investment operational supporting services fee income in relation to Hong Kong and overseas markets paid by wholly-owned subsidiaries of the ultimate holding company was calculated based on the prescribed percentage in accordance with the signed agreement.
- (v) The principal-to-principal transactions between the Shenwan Hongyuan Group Co., Limited and the Group include, but are not limited to, trading of debt securities on the primary and secondary debt markets, trading of structured products including, but are not limited to, interest rate-linked notes, Over-The-Counter derivatives, equity-linked notes and total return swaps. All principal-to-principal transactions will be conducted between the Shenwan Hongyuan Group Co., Limited (via Shenwan Hongyuan Securities Co., Limited) and the Group on the basis that the Group has a back-to-back demand from its clients of the same transactions.
- (vi) Included in the accounts receivable balances as at 30 June 2022 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$10,456,000 (31 December 2021: HK\$1,690,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (vii) Included in the accounts receivable balances as at 30 June 2022 was a supporting service fee receivable due from wholly-owned subsidiaries of the ultimate holding company of HK\$7,041,000 (31 December 2021: HK\$8,026,000) arising from investment operational supporting services in relation to Hong Kong and overseas markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (viii) Included in the other receivable balance as at 30 June 2022 was a supporting service fee receivable due from wholly-owned subsidiaries of the ultimate holding company of HK\$26,172,000 (31 December 2021: HK\$15,178,000) arising from investment operational supporting services in relation to Hong Kong and overseas markets. This balance is unsecured, interest-free and repayable on settlement date of the relevant transactions.
- (ix) Included in the accounts payable balance as at 30 June 2022 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$3,429,000 (31 December 2021: HK\$664,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (x) Included in the other payables and accruals balance as at 30 June 2022 was a supporting service fee payable due to a wholly-owned subsidiary of the ultimate holding Company of the Company of HK\$2,570,000 (31 December 2021: HK\$Nil). This balance is unsecured, interest-free and payable on demand.



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

16. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Material related party transactions (Cont'd)

Notes: (Cont'd)

- (xi) Included in the accounts payable balance as at 30 June 2022 was the amount segregated client money held on behalf of an intermediate holding company of the Company of HK\$32,584,000 (31 December 2021: HK\$32,463,000). This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (xii) Included in the corporate finance business revenue was a compliance advisory fee earned from the ultimate holding Company of HK\$Nil (From 1 January 2021 to 30 June 2021: HK\$178,000) arising from compliance advisory services for IPO project in Hong Kong market, which was charged at a fixed amount according to signed agreements.
- (xiii) Included in the brokerage business revenue was a commission rebate paid to a subsidiary of the ultimate holding company of the Company of HK\$2,432,000 (From 1 January 2021 to 30 June 2021: HK\$2,138,000), which charged at a fixed percentage of commission income based on the signed agreement.

(b) Key management personnel compensation

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short term employee benefits	37,652	38,503
Post-employment benefits	2,236	1,979
	39,888	40,482

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

17. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	As at 30 June 2022 (Unaudited)					
	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments HK\$'000	Cash collateral received HK\$'000	Net amount HK\$'000
Assets						
Accounts receivable	5,652,615	(113,803)	5,538,812	–	–	5,538,812
Reverse repurchase agreement	568,717	–	568,717	(568,717)	–	–

	As at 30 June 2022 (Unaudited)					
	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Liabilities						
Accounts payable	9,444,138	(113,803)	9,330,335	–	–	9,330,335
Repurchase agreement	1,173,607	–	1,173,607	(1,173,607)	–	–



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

17. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont'd)

As at 31 December 2021 (Audited)						
	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial assets HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position	Cash collateral received HK\$'000	Net amount HK\$'000
Assets						
Accounts receivable	5,089,316	(194,541)	4,894,775	–	–	4,894,775
Reverse repurchase agreement	809,294	–	809,294	(809,294)	–	–

As at 31 December 2021 (Audited)						
	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position	Cash collateral pledged HK\$'000	Net amount HK\$'000
Liabilities						
Accounts payable	8,528,495	(194,541)	8,333,954	–	–	8,333,954
Repurchase agreement	798,717	–	798,717	(798,717)	–	–

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

18. REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.



MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board of directors (the “**Board**”) of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

First Half of 2022 Market Review

In terms of the global environment, the first half of 2022 was dominated by a deepening of stagflation overseas and a shift towards tangible tightening by developed country central banks. The Russia-Ukraine conflict had a huge impact on the global supply chain, pushing up global energy prices, leading to higher-than-expected inflation in developed countries and dampening general demand and industrial production. Although the Omicron variant pandemic had subsided in the first half of the year, the global pandemic remains highly uncertain and the recovery of the global service sector remains difficult. As the stagflation pattern deepened, major overseas developed countries accelerated their monetary and fiscal tightening in the first half of the year, and the Federal Reserve started to raise the interest rate in March, the pace of tightening accelerated rapidly thereafter, raising the rate by 75 points in July. Currency tightening, coupled with the Russia-Ukraine conflict and the resurgence of the pandemic, has led to increased expectations of economic recession in overseas developed countries.

In terms of the macro-economic in the Chinese Mainland, the pandemic in Shanghai and Jilin had once an impact on both the supply and demand sides of the economy, yet before and after the reopening of Shanghai, the industrial production showed positive signs of recovery without significant fiscal stimulus, and the toughness of China’s industrial chain has once again withstood a severe test, and no shift in the chain has occurred. Coupled with the demand gap for products overseas remains sizable, the export amount in US Dollars grew by 14.2% year-on-year. In addition to the strong exports, the increase in the size of the tax credit rebate pushed manufacturing investment and infrastructure investment to grow rapidly, and consumer consumption for services has resumed strong in June. At the same time, weak real estate completion and weak fiscal spending weighed on real GDP in the second quarter, which fell back to 0.4% increase year-on-year, and real GDP in the first half of the year was RMB52,664.2 billion, up 2.5% year-on-year. In terms of price level, despite the conflict between Russia and Ukraine aggravated the tightness of overseas energy supply, and the surge in oil prices raised the domestic industrial output producer price index (PPI) in the first half of the year, the overall consumer price index (CPI) rose at a relatively moderate rate (1.7% in the first half of the year) due to the still pending recovery of overall consumer demand in the Chinese Mainland and the continued strengthening of the coal supply and price stabilization policy, resulting in a smaller and relatively controllable overall pressure of inflation compared to that of overseas.

The capital market of the Chinese Mainland experienced a pullback in the first half of 2022, with the Shanghai Stock Exchange Index down 6.4% in the first half of the year, the GEM Index down 13.5%, and the SSE 50 Index, which reflects the blue chips in the stock market, is down 6.3%. The IPO market is structurally fragmented, the main board IPO fundraising dropped significantly to RMB54.493 billion, down nearly 40% year-on-year, but the SSE Star Market and the GEM saw significant growth in fundraising as the registration system reform progressed, with total IPO fundraising on the SSE Star Market reaching RMB111.442 billion and total fundraising on the GEM exceeding RMB90 billion.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In Hong Kong, under the influence of the fifth wave of the pandemic, the interest rate hike by the Federal Reserve, rising commodity prices, and the Russia-Ukraine conflict, Hong Kong stocks failed to continue their strong start of the year and started to go downward from mid to late February, falling to 18,235 points in March. Later, with the gradual stabilization of the pandemic and the intensive release of various economic stabilization policies in the Chinese Mainland, southbound capital continued to flow in, and the Hang Seng Index rebounded and fell by about 6% in the first half of the year. The total net inflow of southbound funds in the first half of the year was HK\$207.633 billion, concentrated in the leading enterprises in the industries. IPOs in Hong Kong continued the recession during the second half of 2021, with 26 IPOs raising HK\$17.8 billion in the first half of the year, down about 92% compared to the same period last year. The establishment of the Special Purpose Acquisition Company (SPAC) listing mechanism by the HKEx, which has been in effect since early 2022, resulted in two SPAC listings in the first half of the year, and will further enhance Hong Kong's competitiveness as an international financial center.

During the first half of 2022, the overall financing environment remained tense, with credit events continued to dominate the offshore Chinese-issued US Dollar bond market, the volatility in the Chinese Mainland real estate sector, and the significant interest rate hike by the US Federal Reserve, all impacted the bond market. The cliff fall in the size of Chinese-issued US Dollar bond, especially for high-yield bonds, severely undermined market confidence, and the secondary market remained under pressure due to the continued emergence of defaulting real estate companies.

Review of Operations

In the first half of 2022, at the strategic level, the Group continued to serve the overall national strategy, and promoted business transformation and constructed an integrated financial services platform. At the operational level, in view of the material volatility in both domestic and overseas market conditions, the Group implemented risks management, adopted various risk mitigation measures and actively processed the reserve of risky projects, while vigorously promoting the light capital business, practicing the development strategy of "investment + investment banking", creating new growth points by establishing new products, expanding new businesses, providing new services and developing business synergies. In terms of management, the Company will further improve its corporate governance by strengthening organization construction, system construction, process optimization and other refining management efforts.

In the first half of 2022, the revenue of the Group decreased to HK\$281 million from HK\$450 million in the first half of 2021, representing a decrease of 37% as compared to that of the corresponding period of last year. Due to the repeated coronavirus epidemics, geopolitical tensions, and the tightening of global monetary policy as a result of hikes in the federal funds rate, fee and commission income and interest income have decreased. In the first half of 2022, the Group recorded a loss before tax of HK\$128 million, compared with a profit before tax of HK\$60.44 million in the first half of 2021; and a loss attributable to shareholders of HK\$123 million, compared with a profit attributable to shareholders of HK\$53.67 million in the first half of 2021. It was mainly due to an increase in the expected credit loss provision of fixed income products in the institutional services and trading business. The expected credit loss provision is not a realized loss. The business of the Group operates as usual and the overall financial, business and operating positions of the Group remain sound.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

	For the six months ended 30 June			
	2022		(Restated) 2021	
	HK\$'000	Ratio	HK\$'000	Ratio
Fee and commission income	136,814	49%	214,326	48%
Interest income	93,851	33%	109,142	24%
Income from investment business	50,673	18%	126,584	28%
	281,338	100%	450,052	100%

During the period under review, as the debt and equity trading, sponsoring and underwriting businesses were affected by the highly volatile debt and equity market, fee and commission income decreased by 36% to HK\$136 million. Interest income was relatively less affected, representing a year-on-year decrease of 14% to HK\$93.85 million. The fixed income trading business was affected by the volatility of the offshore US dollar bond market, dragging the revenue of the investment business by 60% to HK\$50.67 million.

Wealth Management Business

The wealth management business mainly provides a series of comprehensive financial services including securities, futures and options brokerage, the sales of financial products such as wealth management, over-the-counter, as well as securities margin financing to individual customers and non-professional institutional investors through a combination of online and offline methods.

	For the six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	Change
Fee and commission income	55,202	107,831	(49%)
Interest income	69,107	100,181	(31%)
— Loan to clients	58,779	94,909	(38%)
— Others	10,328	5,272	96%
Income from investment business	(20)	4	(600%)
	124,289	208,016	(40%)

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In the first half of 2022, the stock market was shaken by geopolitical conflicts, repeated coronavirus epidemics from overseas and domestic, and hikes in the federal funds rate. The Hang Seng Index fell to a low of 18,235 points in March, with a high and low volatility of over 6,800 points in the first half year. A number of liquidity indicators such as Hong Kong's foreign exchange reserves, Hong Kong dollar M1 and M2 growth rates were at historic lows, and market turnover declined year-on-year, the average daily turnover of Hong Kong stocks in the first half of 2022 was HK\$138.26 billion, a decrease of 26.5% from the average daily turnover of HK\$188.15 billion in the first half year of 2021. Equity financing activities in Hong Kong were also at a low ebb, with the scale of IPO fallen by approximately 90% in the first half of the year. During the period under review, income from the Group's wealth management business decreased by 40%, with fee and commission income from wealth management business amounting to HK\$55.2 million, a decrease of 49% compared to HK\$107.83 million in the first half of 2021. As for interest income, interest income from customer loans amounted to HK\$69.11 million in the first half of the year, representing a decrease of 31% from HK\$100.18 million in the first half of 2021.

The Group will continue to build its wealth management brand "Wynner", promote the internationalization and informatization of its wealth management platform, optimize its business practices, boost customer loyalty, so as to provide integrated, one-stop wealth management services to high net worth clients. In the face of the complex and challenging market environment and the constant challenges from internet brokerage firms, the Group insists on focusing on its services to customers, expanding diversified product platforms and deepening the use of financial technology, in order to support the transformation and development of its wealth management business based on its financial technologies.

Enterprise Finance Business

The enterprise finance business consists of corporate finance business and investment business. The corporate finance business provides corporate clients with stock underwriting sponsorship, bond underwriting and financial advisory services, while investment business mainly includes self-financing equity investment, debt investment and other investments.

	For the six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	Change
Fee and commission income	25,038	28,330	(12%)
Income from investment business	2,563	(4,395)	158%
	27,601	23,935	15%

During the first half of 2022, the Group's sponsorship and underwriting business was impacted by the slowdown in the Hong Kong IPO and offshore US dollar bond market, and the fee and commission income of the enterprise finance business decreased by 12% year-on-year to HK\$25.04 million during the period under review. In addition, the Group utilized its own funds to make investments and recorded an investment income of HK\$2.56 million.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

— *Sponsorship and underwriting and financial advisory*

In the first half of the year, the Group completed one sponsorship project in the face of the severe market environment and the sharp decrease in the overall primary market issuance. It assisted Huaxin Cement Co., Ltd. to be successfully listed on the Main Board of the HKEx by way of introduction. As the first B-share to H-share conversion project on the Shanghai Stock Exchange (i.e. listing of domestic listed foreign capital shares switching to the HKEx), the listing project is highly innovative and exemplary in China's stock market, and has received strong support from both the Hong Kong and Chinese Mainland regulators. At the same time, the Group is steadfast in its strategies of internationalization and domestic/overseas integration, and has increased its sponsorship and underwriting project reserves compared to the past, as well as maintained the development and follow-up on a wide range of financial advisory projects. With the support of the parent company, the Group will continue to expand its sponsorship and underwriting project reserves, actively participate in mergers and acquisitions of related financial advisory projects to expand revenue sources, and strengthen the collaboration with the parent company's domestic team to increase potential client coverage in the enterprise finance business.

— *Equity capital market*

In the first half of 2022, the equity capital market team participated in 3 IPO underwriting projects and 1 B to H listing project in a volatile market. The team will continue to actively position itself in key sectors, and serve quality companies to be listed in Hong Kong. In response to the impact of changes in regulatory policies on business development, the Group will explore business opportunities, expand its sales network, strengthen its equity capital market team and enhance cooperation between domestic and overseas business teams to provide better and more comprehensive services to clients.

— *Debt capital market*

Benefitting from the collaboration between both domestic and overseas teams and the project accumulation in first half of 2022, the Group completed a total of 60 bond issuance projects as at 30 June 2022 (including 57 underwriting projects and 3 financial advisory projects), among which 45 are state-owned enterprises and local government financing vehicles (LGFVs) projects, 2 real estate projects, 12 financial institutional-related projects and 1 industry-related project which raised US\$7.053 billion, US\$0.3 billion, US\$2.45 billion and US\$0.154 billion for clients, respectively. In the face of the challenges and opportunities arising from the ever-changing offshore US dollar bond market, the Group will continue to explore overseas bond issuance projects for quality enterprises, such as large-scale government-controlled enterprises and state-owned conglomerates, continue to enhance the collaboration capabilities of its domestic and overseas teams, and will continue to recruit talents to improve on the business capacity of the team, in an effort to increase its market share and revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Institutional Services and Trading Business

The institutional services and trading business mainly provides one-stop integrated financial services for institutional clients, such as brokerage and trading of global markets, sales and trading of fixed income bonds, currencies and commodities, research advisory, and investment and financing solutions.

	For the six months ended 30 June								Change
	Fee and commission income		Interest income		Income from investment business (Restated)		Total (Restated)		
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	
Fixed income, currencies and commodities	–	–	–	–	50,501	100,971	50,501	100,971	(50%)
Structured products	–	–	–	–	(2,371)	30,004	(2,371)	30,004	(108%)
Stock business	40,996	66,369	24,744	8,961	–	–	65,740	75,330	(13%)
	40,996	66,369	24,744	8,961	48,130	130,975	113,870	206,305	(45%)

The global financial markets were highly volatile in the first half of 2022, with significant volatility in US dollar interest rate hitting a multi-decade high, the overall US dollar bond market was weak, with dull trading and weak demand in new bond issuance. In the face of the severe market environment, the fixed income transaction team flexibly adjusted its strategy, adjusting its hedging positions to reduce risks, and closing most of its short positions at the previous lows, while increasing the transactions in gaming, technology and banking sectors, as well as continuing to reduce its real estate positions to maintain stability. In the face of adverse market conditions, the fixed income portfolio still delivered an annualized return of 5.15%, noticeably outperforming the annualized return rate of the Bloomberg Barclays Comparable Bond Index and similar large cap funds in high yield offshore US dollar bonds. In addition, we actively achieved our environmental, social and governance (ESG) obligations through bond investments, reaching HK\$991 million in green bonds during the first half of the year. To facilitate business transformation, the fixed income transaction team will continue to strengthen its secondary market trading business, as well as the development and trading of foreign exchange and interest rate products.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The financial products team has been steadily developing its business and continues to diversify its product range and revenue streams. Under the volatile market, the team closely monitored market dynamics and changes in regulatory policies to adjust portfolio strategies and actively mitigate the risks of existing projects, while transforming underlying assets in order to control business risks. In the first half of 2022, back-to-back hedging OTC transactions were active, with clients and business volume doubling over the period; cooperation and collaboration with domestic securities companies further deepened, and the scale of cross-border business continued to expand, amounting to over HK\$7 billion, with underlying targets covering offshore funds, offshore US dollar bonds, A-shares, Hong Kong stocks, US ADRs and Chinese government bonds, etc., and the financial innovation business became an important platform for the Group's cross-border business. In the face of the credit turmoil of domestic real estate enterprises and the volatile high-yield offshore US dollar bond market, the financial products team actively adopted risk management measures to achieve stable growth in revenue of the business. To promote innovative business in low-risk categories and accelerate asset structure adjustment, the team will continue to actively promote the development and sale of structured products, explore structured notes projects with LGFVs investment bonds and financial bonds as the underlying assets, and prepare to apply for the launch of market-making of derivatives and issuance of warrants in the Hong Kong Stock Exchange.

During the period under review, due to severe market volatility, the institutional services and trading business recorded a revenue of HK\$48.13 million from investment business, a decrease of 63% year-on-year.

In terms of equity sales, the institutional sales, trading and corporate relations team continued to strengthen the coverage of institutional clients, promote the upgrading of the trading system, and actively organize various corporate communication activities to further demonstrate the strength of the Shenwan Hongyuan brand. The team deepened the collaboration with domestic resources and further leverage on the complementary advantages of domestic and international resources, so as to develop new clients and restart trading for important institutional clients, providing new and existing clients with more diversified and comprehensive research resources, investment products, securities margin financing and trading experience. During the period under review, fee and commission income from institutional services and trading business amounted to HK\$41 million, a decrease of 38% year-on-year, while interest income amounted to HK\$24.74 million, an increase of 176% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Asset Management Business

The asset management business mainly provides public fund management, private fund management, investment advisory and discretionary managed account services.

	For the six months ended 30 June		
	2022 HK\$'000	2021 HK\$'000	Change
Fee and commission income	15,578	11,796	32%

In the first half of 2022, the Group continued to pay attention to regulatory policies and clients' demand for cross-border asset management, persisted in business innovation, and with its excellent product design capabilities, implemented a number of cross-border asset management products, which were well received by the market. On this basis, the Group further optimized its business layout, actively explored private equity investment business and expanded its product range, which effectively drove business growth.

During the period under review, the scale of asset management increased significantly, amounted to HK\$11.9 billion as at the end of June 2022, representing a year-on-year growth of 18%, while the fee and commission income from asset management business amounted to HK\$15.58 million, representing a year-on-year increase of 32%.

The Group will continue to seize the policy opportunities, taking Hong Kong as an entry point to the Greater Bay Area, while maintaining its strength in cross-border business and actively expand its business scope, so as to develop private equity business to meet the needs of clients in different markets. At the same time, we will further broaden our sales channels, realize the linkage of different business segments, expand our asset management scale, and strive to become the preferred cross-border asset management service provider for our clients.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

PROSPECTS

From the perspective of the global financial market environment, the overseas monetary environment will continue to tighten in the second half of 2022, but may slow down marginally by the end of the year. With the monetary tightening operations in the first half of the year gradually reflected in the economy, the possibility of recession may force the Federal Reserve to end interest rate hikes early by the end of the year, and the impact of the Russia-Ukraine conflict on the eurozone economy has driven the European Central Bank to fully consider the possibility of recession in making decisions to raise the interest rates. Meanwhile, emerging countries also face greater pressure, whereas the developed countries tightened their monetary policies, and the impact of the Russia-Ukraine conflict spillover may have a lagging impact on their economic development and should not be taken lightly.

For Chinese Mainland, with the implementation of six new measures to stabilize growth by the State Council, infrastructure investment has appropriately stimulated, real estate investment completion has improved, consumer consumption of goods and services has moderately and steadily recovered, and the current momentum of export driven by external demand remained strong. The economy is expected to return to normal growth in the second half of the year, avoiding short-term overheat and long-term expected chaos.

In Hong Kong, the outbreak of the Omicron variant continued to rage at the beginning of 2022 and has not yet subsided, casting a shadow over the economic outlook once again. As central banks around the world begin to tighten their monetary policies, Hong Kong equity market will face a macro environment of continued liquidity tightening. With the US Holding Foreign Company Accountable Act coming into effect, more China concept stocks are expected to return. From the market's perspective, the overall valuation level is relatively low and the market is expected to have limited room for further downside, but the upside will depend more on the combined effects of the continued strength of various growth stabilization policies in the Chinese Mainland, the implementation of regulatory measures, and the macro environment overseas.

In the US dollar bond market, market confidence has remained weak since 2022 and the high yield bond market has been under pressure. In the second half of the year, the Federal Reserve is expected to maintain its decision to raise interest rates, and the primary market for offshore US dollar bonds is expected to remain volatile. In the secondary market, although the Chinese Mainland will maintain abundant capital amidst the demand for stable growth, market confidence is unlikely to recover in the near future and the high yield bond market is expected to remain under downward pressure.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In the second half of 2022, the global macro economy is still uncertain and the pandemic is expected to continue to affect various economic and social activities. The Group will continue to pay close attention to the changes in the pandemic and the macro-economic and regulatory development trends, proactively respond to such changes and actively promote its business to strive for stable and rapid development. The main measures are: Firstly, we will stabilize the business fundamentals, continue to actively resolve the risk of stocks, and adhere to effective risk management and compliant operation as the bottom line; secondly, we will improve our efficiency, standards, optimize procedures and enhance our system to cultivate a better corporate governance capabilities, thereby strengthening performance oriented business; thirdly, we will develop financial technology as a guide to create an integrated, one-stop wealth management platform, enhance customer experience and strengthen our business competitiveness; fourthly, we will do everything possible to develop new customers, new products and new services, and strive to create new revenue growth plan. We are committed to becoming an integrated financial services provider with market recognition and international competitiveness.

CAPITAL STRUCTURE

During the period under review, there was no change to the share capital of the Company. As at 30 June 2022, the total number of the issued ordinary shares was 1,561,138,689 shares and total equity attributable to ordinary equity holders was approximately HK\$3.69 billion (31 December 2021: HK\$3.85 billion).

DEBENTURES ISSUED

On 27 January 2022, the Company issued unsecured and unguaranteed bonds in principal amount of US\$200 million which is listed on The Stock Exchange of Hong Kong Limited. The bond carries a fixed interest rate of 1.5% per annum with a maturity period of 364 days. The principal will be fully repayable on the maturity date on 26 January 2023. Please refer to the Company's announcements dated 21 January 2022, 27 January 2022 and 28 January 2022 for details of the issuance of bonds.

TREASURY POLICIES

The Group generally finances its business operations with internally generated cash flow and bank borrowings. The Group's banking facilities are mainly renewable on a yearly basis and are on floating interest rates basis. In addition, it has been the policy of the Group to maintain adequate liquidity at all times to meet its liabilities as and when they fall due.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2022, the Group had cash and bank balances of HK\$571 million (31 December 2021: HK\$577 million) and investments at fair value through profit or loss of HK\$7,029 million (31 December 2021: HK\$6,106 million). As at 30 June 2022, the Group's total unutilised banking facilities amounted to approximately HK\$8,217 million (31 December 2021: approximately HK\$7,353 million), of which approximately HK\$8,217 million (31 December 2021: approximately HK\$7,353 million) could be drawn down without the need of notice nor completion of condition precedent.



MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

As at 30 June 2022, the Group had outstanding short-term bank borrowings amounting to HK\$2,990 million (31 December 2021: HK\$3,501 million). The liquidity ratio (current assets to current liabilities) and gearing ratio (bank borrowings to net asset value) were 116% (31 December 2021: 115%) and 81% (31 December 2021: 91%) respectively.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

During the period under review, the Group did not hold any significant investment and did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

CHARGES ON THE GROUP'S ASSET

No asset of the Group was subject to any charge as at 30 June 2022.

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to mitigate any risk that the Group may encounter. As at 30 June 2022, the advances to customers were overdue accounts receivable from cash clients, margin financing and structured products.

As at 30 June 2022, the balance of overdue accounts receivable from cash clients and margin financing amounted to HK\$48 million (31 December 2021: HK\$27 million) and HK\$1,789 million (31 December 2021: HK\$2,556 million) respectively.

As at 30 June 2022, 41% (31 December 2021: 43%) of margin financing was attributable to corporate customers with the rest attributable to individual customers.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's exposure to fluctuations in exchange rates arises from its dealings in overseas share markets. Such dealings are entered into on behalf of clients of the Group and accounted for a small portion of the Group's revenue. A material portion of such overseas transactions is denominated in United States dollars and Renminbi. The pegged exchange rate between United States dollars and Hong Kong dollars kept the Group's exchange risk exposure to a minimum and thus, no hedging was required. Exchange gains and/or losses are dealt with in the consolidated statement of profit or loss. The Group has endeavored to closely monitor its foreign currency positions and takes measures when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph of “Prospects”, the Group had no other future plans for material investments or capital assets as at 30 June 2022.

CHANGES SINCE 30 JUNE 2022

As at the date of this report, there were no important events affecting the Group since 30 June 2022.

EMPLOYEES AND TRAINING

As at 30 June 2022, the total number of full-time employees was 311 (31 December 2021: 303). The total staff costs for the period under review amounted to approximately HK\$134 million (30 June 2021: HK\$154 million).

The Group maintains policies for the recruitment, compensation, promotion and training of staff. Pay surveys are conducted periodically by independent consultants appointed by the Group to maintain the Group's competitiveness in the market. With reference to market conditions, the Group will formulate relevant and proper remuneration and incentive plans to attract and retain talent. The Group supports equal opportunities and recruits competent candidates globally.

The Group is committed to professional training for its employees. In compliance with the relevant requirement of the Securities and Futures Commission, the Group has organised a total of 5 (2021: 7) Continuous Professional Training seminars for all licensed staff members during the six months ended 30 June 2022.



OTHER INFORMATION

DIRECTOR'S INTERESTS IN SHARES

As at 30 June 2022, none of the directors and the chief executive of the Company was taken to be interested or deemed to have any interest, long position or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2022, the interests of substantial shareholders, other than directors or chief executive of the Company, who had interests, long positions or short positions of 5% or more of the issued shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares interested (Notes)	Percentage of the Company's issued shares
Shenwan Hongyuan Holdings (B.V.I.) Limited (“SWHYHBVI”)	Directly beneficially owned	402,502,312 ⁽¹⁾	25.78
Shenwan Hongyuan (International) Holdings Limited	Through controlled corporation	402,502,312 ⁽¹⁾	25.78
	Directly beneficially owned	768,306,257 ⁽²⁾	49.22
Shenwan Hongyuan Securities Co., Ltd.	Through controlled corporation	1,170,808,569 ⁽¹⁾⁽²⁾	75.00
Shenwan Hongyuan Group Co., Ltd.	Through controlled corporation	1,170,808,569 ⁽¹⁾⁽²⁾	75.00

OTHER INFORMATION (Cont'd)

Notes:

- (1) SWHYHBVI is held directly as to 60.82% by Shenwan Hongyuan (International) Holdings Limited. Shenwan Hongyuan (International) Holdings Limited is wholly-owned by Shenwan Hongyuan Securities Co., Ltd. which in turn a wholly-owned subsidiary of Shenwan Hongyuan Group Co., Ltd.. Hence, Shenwan Hongyuan (International) Holdings Limited, Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. are deemed to be interested in the same parcel of 402,502,312 shares held by SWHYHBVI under the SFO.
- (2) Shenwan Hongyuan (International) Holdings Limited also held directly 768,306,257 shares of the Company. Hence, Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. are also deemed to be interested in the same parcel of 768,306,257 shares held by Shenwan Hongyuan (International) Holdings Limited under the SFO.

Save as disclosed above, as at 30 June 2022, the Company had not been notified of any person who had interests, long positions or short positions in the shares or underlying shares of the Company, which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period under review.

CORPORATE GOVERNANCE CODE

To improve the Company's transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. Throughout the six months ended 30 June 2022, the Company has met all applicable code provisions set out in Appendix 14, Corporate Governance Code, of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on replies from the Company's directors on specific enquiry, all the directors complied with required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee has reviewed the interim results announcement and interim report of the Company for the six months ended 30 June 2022.



OTHER INFORMATION (Cont'd)

CHANGES IN INFORMATION OF DIRECTORS

Set out below are the changes and updated information of the directors subsequent to the date of the annual report of the Company for the year ended 31 December 2021:

- (1) Mr. Guo Chun resigned as deputy chairman of the board of directors, executive director, member of each of the risk committee, environmental, social and governance committee and executive committee of the Company on 29 March 2022.
- (2) Mr. Hu Jing was appointed as executive director, member of each of the risk committee, environmental, social and governance committee and executive committee of the Company on 11 July 2022.

Save as disclosed above, as at 30 June 2022 and up to the date of this interim report, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DIRECTORS

As at the date of this interim report, the Board of the Company comprises 8 directors, of which Ms. Wu Meng, Mr. Zhang Jian, Mr. Liang Jun and Mr. Hu Jing are the executive directors, Mr. Zhang Lei is the non-executive director, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Chen Liqiang are the independent non-executive directors.

By Order of the Board
Shenwan Hongyuan (H.K.) Limited
Wu Meng
Chairman

Hong Kong, 26 August 2022



SHENWAN HONGYUAN (H.K.) LIMITED
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