

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the “**Board**”) of Central Wealth Group Holdings Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”) together with comparative figures for the six months ended 30 June 2020 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	<b>For the six months ended 30 June 2020 (Unaudited) HK\$'000</b>
	<i>Note</i>	
<b>REVENUE</b>		
Financial investments and services	44,783	36,087
Brokerage and commission income	66,380	325,896
Advisory fee income	16,156	12,653
	3	374,636
Brokerage and commission expenses	(82,351)	(194,066)
Gross profit	44,968	180,570

		<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	For the six months ended 30 June 2020 (Unaudited) HK\$'000
	<i>Note</i>		
Other income and gains, net	3	1,844	23,543
Administrative expenses		(80,982)	(100,322)
Equity-settled share option arrangements		(11,880)	–
Other operating expenses		(3,884)	(5,737)
Finance costs	5	(17,126)	(27,212)
Unrealised fair value (loss)/gains on equity and fund investments at fair value through profit or loss		(50,600)	11,108
Unrealised fair value gains/(loss) on debt investments at fair value through profit or loss		7,196	(30,012)
Credit loss allowances on other financial assets		(25,732)	(15,758)
Loss on revaluation of investment property		–	(10,000)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT BEFORE TAX</b>	4	<b>(136,196)</b>	26,180
Income tax expense	6	(2,314)	(20,138)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(138,510)</b>	6,042
		<hr/>	<hr/>
<b>DIVIDENDS</b>	7	–	–
		<hr/>	<hr/>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	8		
Basic and diluted		<b>HK(0.87) cent</b>	HK0.04 cent
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2021 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2020 (Unaudited) <i>HK\$'000</i>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b><u>(138,510)</u></b>	<b><u>6,042</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>654</u>	<u>(1,752)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value, net of tax	<u>(1,375)</u>	<u>24,419</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(1,375)</u>	<u>24,419</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>(139,231)</u></b>	<b><u>28,709</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,254	6,682
Right-of-use assets		24,164	36,828
Intangible assets		500	500
Equity investments at fair value through other comprehensive income	9	286,041	344,559
Deferred tax assets		283	283
Loan receivables from money lending business	10	399,888	363,154
Deposits and prepayment		11,330	11,775
		723,460	763,781
Total non-current assets			
<b>CURRENT ASSETS</b>			
Loan receivables from money lending business	10	176,310	153,935
Trade receivables from securities and futures dealing business	11	258,655	306,785
Trade receivables from placing and asset management business	12	44,355	43,505
Prepayments, deposits and other receivables		225,035	91,995
Equity and fund investments at fair value through profit or loss	13	180,033	373,649
Debt investments at fair value through profit or loss		173,741	241,919
Cash and bank balances		83,233	140,440
Bank balances held on behalf of clients		181,146	436,471
		1,322,508	1,788,699
Total current assets			
<b>CURRENT LIABILITIES</b>			
Trade payables	14	181,583	440,015
Lease liabilities		24,763	29,295
Third party interest in consolidated investment fund		53,245	86,358
Other payables and accruals	15	45,638	67,558
Other borrowings	16	332,894	364,972
Bank borrowings	16	95,536	102,716
Bank overdrafts	16	63,285	86,408
Tax payable		12,110	9,854
		809,054	1,187,176
Total current liabilities			
<b>NET CURRENT ASSETS</b>		<b>513,454</b>	<b>601,523</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,236,914</b>	<b>1,365,304</b>

	<b>At 30 June 2021 (Unaudited) HK\$'000</b>	<b>At 31 December 2020 (Audited) HK\$'000</b>
<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>		
Notes payable	<b>86,574</b>	86,574
Lease liabilities	<b>331</b>	1,371
Deferred tax liabilities	<b>86</b>	85
	<hr/>	<hr/>
Total non-current liabilities	<b>86,991</b>	88,030
	<hr/>	<hr/>
<b>Net assets</b>	<b>1,149,923</b>	1,277,274
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<i>17</i> <b>159,697</b>	159,697
Reserves	<b>990,226</b>	1,117,577
	<hr/>	<hr/>
Total equity	<b>1,149,923</b>	1,277,274
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee (the "**Audit Committee**").

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 December 2020 except for the adoption of the new standards and interpretations as noted below. In addition, certain comparative figures in the unaudited interim condensed consolidated financial statements have been reclassified in order to conform to the current period's presentation.

#### 1.1 Changes in accounting policies and disclosures

In the current period, the Group has applied, for the first time, the following revised and amendments issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2021:

HKFRS 16 (Amendments)	Covid-19-related Rent Concessions
HKAS 39, HKFRS 9, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of the above revised HKFRS and amendments has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

## 2. SEGMENT INFORMATION

For the management purpose, the Group is currently organized into four operating segments – financial investments and services, brokerage and commission, property investment and corporate and others. An analysis of the Group’s revenue and results by business segment for the Period and the six months ended 30 June 2020 are as follows:

### For the six months ended 30 June 2021

	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Corporate & others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>					
External	45,626	65,537	–	16,156	127,319
Intersegment sales	–	830	–	475	1,305
	<u>45,626</u>	<u>66,367</u>	<u>–</u>	<u>16,631</u>	<u>128,624</u>
Elimination	–	(830)	–	(475)	(1,305)
<b>Total</b>	<u>45,626</u>	<u>65,537</u>	<u>–</u>	<u>16,156</u>	<u>127,319</u>
<b>Segment results</b>	<u>(29,645)</u>	<u>(67,083)</u>	<u>–</u>	<u>(21,900)</u>	<u>(118,628)</u>
<i>Reconciliation:</i>					
Bank interest income					12
Unallocated expenses					(454)
Finance costs					(17,126)
Loss before tax					(136,196)
Income tax expense					(2,314)
Loss for the Period					<u>(138,510)</u>
<b>Assets and liabilities</b>					
Segment assets	1,328,382	602,148	–	32,075	1,962,605
<i>Reconciliation:</i>					
Unallocated assets					83,363
Total assets					<u>2,045,968</u>
Segment liabilities	53,606	209,828	–	41,870	305,304
<i>Reconciliation:</i>					
Unallocated liabilities					590,741
Total liabilities					<u>896,045</u>

For the six months ended 30 June 2020

	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Corporate & others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>					
External	35,083	326,293	–	13,260	374,636
Intersegment sales	–	727	–	130	857
	<u>35,083</u>	<u>327,020</u>	<u>–</u>	<u>13,390</u>	<u>375,493</u>
Elimination	–	(727)	–	(130)	(857)
<b>Total</b>	<u>35,083</u>	<u>326,293</u>	<u>–</u>	<u>13,260</u>	<u>374,636</u>
<b>Segment results</b>	<u>10,154</u>	<u>57,735</u>	<u>(10,257)</u>	<u>(7,770)</u>	<u>49,862</u>
<i>Reconciliation:</i>					
Bank interest income					4,067
Unallocated expenses					(537)
Finance costs					(27,212)
Profit before tax					26,180
Income tax expense					(20,138)
Profit for the period					<u>6,042</u>

For the year ended 31 December 2020 (Audited)

<b>Assets and liabilities</b>					
Segment assets	1,503,702	872,393	–	35,495	2,411,590
<i>Reconciliation:</i>					
Unallocated assets					140,890
Total assets					<u>2,552,480</u>
Segment liabilities	81,942	492,994	–	42,623	617,559
<i>Reconciliation:</i>					
Unallocated liabilities					657,647
Total liabilities					<u>1,275,206</u>



### 3. REVENUE AND OTHER INCOME AND GAINS OR LOSSES

	For the six months ended 30 June 2021 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000
<b>Revenue</b>		
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time</i>		
Commission income from securities and futures dealing	5,748	3,299
Commission income from placing	43,616	300,436
Performance fee income	99	–
Management fee income	16,057	12,653
<i>Revenue from other sources outside the scope of HKFRS 15</i>		
Gains/(losses) on disposal of equity and fund investments at fair value through profit or loss	24,307	(7,886)
(Losses)/gains on disposal of debt investments at fair value through profit or loss	(7,857)	13,750
Dividend income from investment in equity investments	1,208	–
Interest income from money lending business	20,299	23,237
Interest income from securities margin	17,016	22,161
Interest income from debt investments	6,826	6,986
	<u>127,319</u>	<u>374,636</u>
<b>Other income and gains, net</b>		
Bank interest income	12	4,067
Handling fee income	56	62
Third party interest in consolidated investment fund	(898)	16,083
Wages subsidies of the Employment Support Scheme	–	351
Rental income	890	149
Others	1,784	2,831
	<u>1,844</u>	<u>23,543</u>

### 4. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	For the six months ended 30 June 2021 (Unaudited) HK\$'000	For the six months ended 30 June 2020 (Unaudited) HK\$'000
Depreciation on property, plant and equipment	5,550	5,596
Depreciation on right-of-use assets	12,673	15,231
	<u>18,223</u>	<u>20,827</u>

## 5. FINANCE COSTS

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	For the six months ended 30 June 2020 (Unaudited) HK\$'000
Interest on bank borrowings	888	4,453
Interest on other borrowings	11,927	16,578
Interest on bank overdrafts	1,701	2,987
Interest on notes payable	2,222	2,208
Interest on lease liabilities	373	707
Others	15	279
	<u>17,126</u>	<u>27,212</u>

## 6. INCOME TAX EXPENSE

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	For the six months ended 30 June 2020 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	2,314	20,156
Overprovision in prior years	–	(18)
	<u>2,314</u>	<u>20,138</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2021.

## 7. DIVIDEND

The Board has resolved not to pay any interim dividend for the Period (2020: Nil).

## 8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss attributable to owners of the Company for the Period of HK\$138,510,000 (2020: profit of HK\$6,042,000) and the weighted average number of ordinary shares in issue of 15,969,650,461 (2020: 15,578,166,945) during the Period.

No adjustment has been made to the basic loss per share amounts presented for the Period in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted earnings/(loss) per share are based on:

	<b>Number of shares</b>	
	<b>For the period ended 30 June 2021 (Unaudited) '000</b>	<b>For the period ended 30 June 2020 (Unaudited) '000</b>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculations	<b>15,969,650</b>	15,578,167
Share options issued by the Company ( <i>Note</i> )	<b>502,762</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the period used in the diluted (loss)/earnings per share calculations	<b>16,472,412</b>	15,578,167
	<hr/> <hr/>	<hr/> <hr/>

*Note:* The computation of diluted earnings per share for the period ended 30 June 2020 did not assume the exercise of the Company's outstanding share options since the exercise prices of the share options were higher than the share price of the Company.

#### 9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>At 30 June 2021 (Unaudited) HK\$'000</b>	<b>At 31 December 2020 (Audited) HK\$'000</b>
<b>Equity investments at fair value through other comprehensive income</b>		
Listed equity investments, at fair value:	<b>286,041</b>	344,559
	<hr/> <hr/>	<hr/> <hr/>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

#### 10. LOAN RECEIVABLES FROM MONEY LENDING BUSINESS

	<b>At 30 June 2021 (Unaudited) HK\$'000</b>	<b>At 31 December 2020 (Audited) HK\$'000</b>
Loan receivables	<b>600,758</b>	541,649
Less: credit loss allowances	<b>(24,560)</b>	(24,560)
	<hr/>	<hr/>
Less: non-current portion	<b>576,198</b>	517,089
	<b>(399,888)</b>	(363,154)
	<hr/>	<hr/>
Current portion	<b>176,310</b>	153,935
	<hr/> <hr/>	<hr/> <hr/>

Loan receivables represented loans of approximately HK\$600,758,000 (31 December 2020: HK\$541,649,000) granted by the Group to a number of independent third parties. The loans bore interest at rates ranging from 5% to 9% per annum (31 December 2020: ranging from 5% to 12% per annum) and were repayable within three years. The grants of these loans were approved and monitored by the Group's management.

The Group holds collateral or other credit enhancement over its loan receivable balances of approximately HK\$556,351,000 (31 December 2020: HK\$526,230,000). The carrying amount of the loan receivables approximates their fair values.

## 11. TRADE RECEIVABLES FROM SECURITIES AND FUTURES DEALING BUSINESS

	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
Trade receivables arising from the securities and futures dealing business		
– Clearing houses	–	11,158
– Cash clients	18,619	16,955
– Margin clients	448,665	461,569
	<hr/>	<hr/>
	467,284	489,682
Less: credit loss allowances	(208,629)	(182,897)
	<hr/>	<hr/>
	<b>258,655</b>	<b>306,785</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables from cash clients, clearing houses and brokers arising from the securities and futures dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of the said trade receivables are, in general, within 2 days after the trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances. The Group is allowed to dispose of the securities or futures deposited by the customers with the Group to settle any overdue amount.

Trade receivables are unsecured, interest free and repayable on the settlement date of the relevant trades, except for the receivables from margin clients of approximately HK\$448,665,000 (31 December 2020: HK\$461,569,000) which bears interest at a range of 6% to 12.25% (31 December 2020: at a range of 6% to 12.25%) per annum and are secured by investments held by cash and margin clients of approximately HK\$774,886,000 (31 December 2020: HK\$940,472,000) as at 30 June 2021. The carrying amount of the trade receivables approximates their fair values.

The Group maintains accounts with the clearing houses through which it conducts securities and futures trading transactions and settlement on a net basis.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

## 12. TRADE RECEIVABLES FROM PLACING AND ASSET MANAGEMENT BUSINESS

	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
Trade receivables arising from the placing and asset management business		
– Corporate clients	25,985	29,079
– Individual clients	215	285
– Investment funds	19,663	15,649
	<hr/>	<hr/>
	45,863	45,013
Less: credit loss allowances	(1,508)	(1,508)
	<hr/>	<hr/>
	<b>44,355</b>	<b>43,505</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables from corporate clients and investment funds which are past due but not credit-impaired represent receivables arising from placing and asset management business which have not yet been settled by clients after the Group's normal credit period. Except for the credit loss allowances provided, the outstanding trade receivables from corporate clients and investment funds as at 30 June 2021 were considered not to be credit impaired as the credit rating and reputation of the trade counterparty are sound.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of business nature.

## 13. EQUITY AND FUND INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
Listed securities, mandatorily measured at fair value		
– Equity securities listed in Hong Kong	138,293	321,699
Unlisted fund investments, mandatorily measured at fair value		
– Investment fund in the Cayman Islands	850	855
– Investment fund in the PRC	40,890	51,095
	<hr/>	<hr/>
	<b>180,033</b>	<b>373,649</b>
	<hr/> <hr/>	<hr/> <hr/>

The above equity and fund investments at 30 June 2021 and 31 December 2020 were classified as fair value through profit or loss as they were held for trading.

#### 14. TRADE PAYABLES

	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
Trade payables arising from the securities and futures dealing business		
– Clearing houses	644	–
– Cash clients	122,219	364,774
– Margin clients	58,720	75,241
	<u>181,583</u>	<u>440,015</u>

Trade payables arising from securities dealing business bear interest at 0.01% per annum and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

Trade payables arising from futures dealing business are non-interest bearing and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in the view of the business nature.

#### 15. OTHER PAYABLES AND ACCRUALS

The Group's payables and accruals are non-interest-bearing and are normally settled within three months. The carrying amount of financial liabilities included in other payables and accruals approximates their fair values.

## 16. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

	At 30 June 2021 (Unaudited)			At 31 December 2020 (Audited)		
	Effective interest rate per annum (%)	Maturity	HK\$'000	Effective interest rate per annum (%)	Maturity	HK\$'000
<b>Current</b>						
Bank overdrafts – secured	4.8 to 5.3	On demand	<u>63,285</u>	4.8 to 5.3	On demand	<u>86,408</u>
Bank borrowings – secured	1.0 to 2.4	2021	<u>95,536</u>	3.0 to 4.9	2021	<u>102,716</u>
Other borrowings – unsecured	5.3 to 7.0	On demand	237,200	5.3 to 8.0	On demand	245,200
Other borrowings – secured	2.7 to 12.0	2021	<u>95,694</u>	9.0 to 13.0	2021	<u>119,772</u>
			<u>332,894</u>			<u>364,972</u>
			<u>491,715</u>			<u>554,096</u>

## 17. SHARE CAPITAL

	At 30 June 2021 (Unaudited) HK\$'000	At 31 December 2020 (Audited) HK\$'000
<b>Authorised:</b>		
80,000,000,000 (31 December 2020: 80,000,000,000) ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
<b>Issued and fully paid:</b>		
15,969,650,461 (31 December 2020: 15,969,650,461) ordinary shares of HK\$0.01 each	<u>159,697</u>	<u>159,697</u>

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
<b>Financial assets</b>				
Equity investments at fair value through other comprehensive income	286,041	344,559	286,041	344,559
Equity and fund investments at fair value through profit or loss	180,033	373,649	180,033	373,649
Debt investments at fair value through profit or loss	173,741	241,919	173,741	241,919
	<u>639,815</u>	<u>960,127</u>	<u>639,815</u>	<u>960,127</u>

Management has assessed that the fair values of cash and bank balances, bank balances held on behalf of clients, loan receivables, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, third party interest in consolidated investment fund, other borrowings, bank borrowings and bank overdrafts approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the notes payable and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

The fair values of equity investments at fair value through other comprehensive income, equity and fund investments at fair value through profit or loss and debt investments at fair value through profit or loss are based on quoted market prices. The fair values of fund investments at fair value through profit or loss are based on the fair values of the underlying assets of the funds of which the quoted prices could be observed in dealing markets.



## Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments and non-financial instruments measured at fair value:

### Assets measured at fair value

#### At 30 June 2021

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	286,041	–	–	286,041
Equity and fund investments at fair value through profit or loss	138,293	41,740	–	180,033
Debt investments at fair value through profit or loss	–	173,741	–	173,741
	<u>424,334</u>	<u>215,481</u>	<u>–</u>	<u>639,815</u>

#### At 31 December 2020

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	344,559	–	–	344,559
Equity and fund investments at fair value through profit or loss	321,699	51,950	–	373,649
Debt investments at fair value through profit or loss	–	241,919	–	241,919
	<u>666,258</u>	<u>293,869</u>	<u>–</u>	<u>960,127</u>

During the six months ended 30 June 2021, there were no transfers of fair value measurements between Level 1 and Level 2 (31 December 2020: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

## 19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the Period.

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	For the six months ended 30 June 2020 (Unaudited) HK\$'000
Interest income on margin financing from directors arising from securities dealing transactions	1,149	866
Commission income received from directors arising from securities dealing transactions	174	5
	<u>1,323</u>	<u>871</u>

Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June 2021 (Unaudited) HK\$'000</b>	For the six months ended 30 June 2020 (Unaudited) HK\$'000
Salary, allowances and benefits in kind	1,995	3,501
Equity-settled share option expense	3,616	–
Retirement scheme contribution	41	47
	<u>5,652</u>	<u>3,548</u>

## 20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 25 August 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Results

The Group recorded a revenue of approximately HK\$127.3 million for the six months ended 30 June 2021 (the “**Period**”), compared to a revenue of approximately HK\$374.6 million for the six months ended 30 June 2020. It was mainly attributable to the commission income generated from the provision of Debt Capital Market (“**DCM**”) services of approximately HK\$43.6 million. The net loss before tax for the Period was approximately HK\$136.2 million as compared to the profit before tax of approximately HK\$26.2 million for the six months ended 30 June 2020. The turnaround from profit to loss was mainly attributable to (i) the significant decrease in revenue from the provision of DCM services by approximately HK\$256.8 million, (ii) recognition of unrealized fair value loss on equity and fund investments at fair value through profit or loss of approximately HK\$50.6 million, and (iii) recognition of equity-settled share option arrangement of approximately HK\$11.9 million.

The net loss after tax for the Period was approximately HK\$138.5 million as compared to the net profit after tax of approximately HK\$6.0 million for the six months ended 30 June 2020. Basic loss per share attributable to owners of the Company for the Period was approximately HK0.87 cent (30 June 2020: basic earnings per share of approximately HK0.04 cent).

### Economy Review

In the first half 2021 COVID-19 cases fell across much of the world signals a new dawn in the fight of the disease. Vaccines are proving effective and most of the world have taken the stringent anti-epidemic measures including travel bans, social distancing, city and regional lockdowns in order to keep people apart and suppress the virus. The global economy gradually recovered.

In Hong Kong, the economy recovered visibly in the first half of 2021. The seasonally adjusted unemployment rate decreased to 6.0% from March to May 2021. However, the economic recovery was uneven and overall economic activity remained below the pre-recession level, as the pandemic, social distancing measures and travel restrictions continued to weigh on certain economic segments.

In line with real economy, the local stock market rebound as investor sentiment getting better. Global equity had a very strong quarterly performance, amid the economic recoveries and rising inflationary expectations, which had resulted in continuous rotation from bonds to stocks.

In the China’s US dollar bonds market, the issuance volume in the first half of this year reached its peak in January, hit the bottom in the next two months, and resumed steadily from April. The issuance of China US dollars bonds mainly concentrated real estate financial institutions and urban construction investments. According to Bloomberg, the total issuance volume of the China’s US dollar bonds, in the primary market for the Period was approximately US\$104.6 billion, representing an increase of approximately 4.09% compared to corresponding period last year.

## **Business Review**

### ***Brokerage & margin financing***

The business are carried on through Instant Achieve Limited (“**IAL**”), a wholly owned subsidiary of the Group, which in turn owned 100% equity interest in Central Wealth Securities Investment Limited (“**CWSI**”) and Central Wealth Futures Limited (“**CWF**”). CWSI and CWF are incorporated in Hong Kong with limited liability and are carrying on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance.

During the Period, the commission income from securities and futures dealing was approximately HK\$5.7 million (30 June 2020: HK\$3.3 million) and the interest income from the securities margin was approximately HK\$17.0 million (30 June 2020: HK\$22.2 million). The Group will maintain its prudent credit policy and risk management approach with a view to achieve a sustainable business environment.

### ***Debt capital market business***

The business are carried on through IAL, which in turn owned 100% equity interest in CWSI. CWSI is incorporated in Hong Kong with limited liability and is carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

In recognition of the robust potential of the China US dollar bonds market, the Group has established a foothold and teamed up to participate as a major player in this growing market in 2017. The market is principally classified into, by industry four business segments, namely industrial, property development, financial and urban construction investment (“**Chengtou**”).

During the Period, the Company has so far participated in 21 debt issues with roles of joint global coordinator, joint book-runner, joint lead manager or placing agent with an aggregate issue size of approximately US\$4,173 million as at 30 June 2021. The debts are issued through either private or public offerings with coupon rates ranging from 2.5% to 14% per annum. According to the information published on Bloomberg 2021, CWSI ranked as the 50th manager in the issuance of offshore China bonds in the first half of 2021 based on the issuance volume credited to each involved party. During the Period, the provision of DCM services has recorded a commission income of approximately HK\$43.6 million. The Group will continue to strengthen our services in the coming period and broaden our service range with an aim to provide one stop service to our customers.

### ***Asset management***

The business are carried on through IAL, which in turn owned 100% equity interest in Central Wealth Asset Management Limited (“**CWAM**”). CWAM is incorporated in Hong Kong with limited liability and is carrying on business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

During the Period, the Group engages in the provision of investment management services on diversified and comprehensive investment products including private funds and discretionary accounts to individual, corporate and institutional clients. Currently, our investment fund, namely the Central Wealth Investment Fund SPC (“CWIF”), mainly focus on the China’s bond market as it is the second largest bond market in the world and offers attractive yield opportunities. It is expected that the market will continue to grow and transform with the global economy. The Group believes it will become more capital market oriented and open to foreign investors. Besides, CWAM also served as an investment advisor for clients providing advice for equity fund, fixed income funds and other investment products.

#### *About Central Wealth Investment Fund SPC*

CWIF is a segregated portfolio company incorporated in Cayman Islands with limited liabilities in June 2018. CWIF has twelve segregated portfolios as at 30 June 2021. The investment objectives of CWIF are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security.

#### *Investment strategies*

The investment manager seeks to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives. The portfolios now mainly invest in offshore US dollar denominated bonds issued by Chinese institutions. The investment manager will seek to diversify the investment portfolios when opportunities arise.

#### *Fund growth*

As at 30 June 2021, the assets under management have reached approximately US\$617.6 million (31 December 2020: US\$714.1 million). The management and advisory fee income are approximately HK\$16.2 million during the Period.

### **Financial Investments and Services**

#### ***Financial investments and trading***

During the Period, the Hang Seng Index starts at 27,087 points and closed at 28,828 points. Despite the local stock market rebounded, the Group recorded unrealized loss on equity and fund investments at fair value through profit or loss of approximately HK\$50.6 million and an realized gain on disposal of equity and fund investments at fair value through profit and loss of approximately HK\$24.3 million.

During the Period, the Group has an unrealized fair value gain of debt investments at fair value through profit or loss of approximately HK\$7.2 million and realised losses on disposal of debt investments at fair value through profit or loss of approximately HK\$7.9 million. During the Period, the interest income from debt investments amounted to approximately HK\$6.8 million.

## ***Money lending business***

During the Period, the interest income from the money lending business was approximately HK\$20.3 million. The net balance of loan book recorded an increase of approximately HK\$59.1 million to approximately HK\$576.2 million as compared to approximately HK\$517.1 million as at 31 December 2020. The money lending business charged annual interest rates at a range from 5% to 9% (30 June 2020: range from 5% to 12%). The Group will continue to maintain its prudent credit policy and risk management approach with a view to achieve a sound financial management and sustainable business environment.

## **Prospects**

The global economy is in a better shape at the start of the second half of 2021, thanks to a combination of mass vaccinations and the flexible fiscal policies from major economies. The government and business units have made continuous adaptation of economic activity to subdued mobility. Economic is more likely to pick up in the second half of the year. China and Hong Kong are expected to benefit further from reopening, strong corporate earnings and performance.

However, we shall not overlook the downside risks due to the expectation of US interest hike and the threat of geopolitical tension which continue to cloud the global economic recovery. Also, the Group will evaluate the economic impact of a weaker yuan as China may use it as the countermeasure to US tariffs.

In light of these macroeconomic challenges, the Group will continue to stay alert, but positive, to pursue its prudent investment strategy in developing its existing and new businesses.

## **Financial Review**

The Group for the Period recorded a revenue of approximately HK\$127.3 million as compared to the revenue of approximately HK\$374.6 million last period. The Group's revenue principally comprised the interest income from money lending business of approximately HK\$20.3 million, commission income from provision of DCM services of approximately HK\$43.6 million, commission income from securities and futures dealing of approximately HK\$5.7 million and interest income from securities margin of approximately HK\$17.0 million and interest income from debt investments of approximately HK\$6.8 million.

The Group recorded net other comprehensive loss of approximately HK\$1.4 million for the Period (net other comprehensive gain for the six months ended 30 June 2020: approximately HK\$24.4 million). It was mainly attributable to a fair value loss of approximately HK\$1.4 million on equity investments at fair value through other comprehensive income (for the six months ended 30 June 2020: fair value gain of approximately HK\$24.4 million). As at 30 June 2021, the Group's net asset value was approximately HK\$1,149.9 million (31 December 2020: HK\$1,277.3 million).

## **Liquidity and Financial Resources**

During the Period, the Group generally financed its operation with internally generated cash flow, overdrafts, bank and other borrowings and other fund-raising activities. The Group's cash and bank balances as at 30 June 2021 were approximately HK\$83.2 million (31 December 2020: HK\$140.4 million).

As at 30 June 2021, the Group had bank overdrafts of approximately HK\$63.3 million (31 December 2020: HK\$86.4 million), interest-bearing bank borrowings of approximately HK\$95.5 million (31 December 2020: HK\$102.7 million), interest-bearing other borrowings of approximately HK\$332.9 million (31 December 2020: HK\$365.0 million) and non-current notes payable of approximately HK\$86.6 million (31 December 2020: HK\$86.6 million).

As at 30 June 2021, the Group's current ratio was approximately 1.63 times (31 December 2020: 1.51 times) based on current assets of approximately HK\$1,322.5 million (31 December 2020: HK\$1,788.7 million) and current liabilities of approximately HK\$809.1 million (31 December 2020: HK\$1,187.2 million). As at 30 June 2021, the Group has no capital commitment (31 December 2020: Nil). The Group also had no other contingent liabilities (31 December 2020: Nil).

## **Capital Structure**

As at 30 June 2021, the Group's gearing ratio was approximately 50.3% (31 December 2020: 50.2%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$578.3 million includes bank and other borrowings, bank overdraft and notes payable.

The Group's bank balance, borrowings and interest payment are mainly denominated in Hong Kong and US dollars. Most of the Group's revenue are made in Hong Kong dollars and US dollars. Therefore, the exchange risks that the Group is exposed to are insignificant.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.



## Significant Investments

As at 30 June 2021, the Group maintained a portfolio of investments including equity investments at fair value through other comprehensive income, equity and fund investments at fair value through profit or loss and debt investments at fair value through profit or loss with total carrying amount of approximately HK\$639.8 million. The Directors consider that equity investments, debt investments and fund investments with a market value that account for more than 5% of the Group's net assets at the reporting date as significant investments. The details of the portfolio of equity investments, fund investments and debt investments as at 30 June 2021 are set out as follows:

Stock Code	Name of the investees	Percentage of shareholding in investments held by the Group as at 30 June 2021	Percentage of the investments to total assets of the Group as at 30 June 2021	Fair value of investments as at 30 June 2021 HK\$'000	Carrying value of investments as at 30 June 2021 HK\$'000	Fair value gains/(losses) of investments as at 30 June 2021 HK\$'000	Realised gain/(losses) for the period ended 30 June 2021 HK\$'000
<b>Equity investments at fair value through other comprehensive income</b>							
412	China Shandong Hi-Speed Financial Group Limited	2.34%	12.27%	251,088	208,889	42,199	-
	Others	N/A	1.71%	34,953	94,181	(59,228)	(123,935)
	Total			286,041	303,070	(17,029)	(123,935)
<b>Equity and fund investments at fair value through profit or loss</b>							
708	China Evergrande New Energy Vehicle Group Limited	0.02%	2.90%	59,231	83,777	(24,546)	31,555
	Others #	N/A	5.90%	120,802	146,856	(26,054)	7,507
	Total			180,033	230,633	(50,600)	39,062
<b>Debt investments at fair value through profit or loss *</b>							
	Total	N/A	8.49%	173,741	166,545	7,196	-
	Grand total			639,815	700,248	(60,433)	(84,873)

# None of the equity and fund investments account for more than 5% of the Group's net assets at the reporting date.

\* None of the debt investments account for more than 5% of the Group's net assets at the reporting date.



## ***Performance and prospects of the investees***

### ***1. China Shandong Hi-Speed Financial Group Limited (“China Shandong Hi-Speed”)***

China Shandong Hi-Speed together with its subsidiaries (the “**China Shandong Hi-Speed Group**”) are principally engaged in the financial leasing, money lending, asset management, operation of an asset trading platform, financial investments, financial technology and related financial services.

As mentioned on its annual report for the year ended 31 December 2020, the China Shandong Hi-Speed Group recorded a total revenue and other income of approximately HK\$1,318.5 million for the year ended 31 December 2020. The China Shandong Hi-Speed Group has reported a net loss for the year of approximately HK\$18.3 million. The basic and diluted loss per share were both HK1.17 cents. As at 31 December 2020, the audited consolidated net asset of the China Shandong Hi-Speed Group was approximately HK\$9,656.7 million. China Shandong Hi-Speed Group has not declared any dividend for the year ended 31 December 2020.

China Shandong Hi-Speed Group developed in line with the China’s industrial policies, explored different high-quality investment opportunities in the countries along the “Belt and Road” Initiative and the Guangdong-Hong Kong-Macao Greater Bay area. Moreover, with the strong support of its controlling shareholder, Shandong Hi-Speed Group Co., Ltd, with value of assets exceeding RMB one trillion, its market credibility and reputation have been significantly enhanced, strengthening its competitive advantage.

The Company has confidence that China Shandong Hi-Speed Group can further improve its asset-liability structure and the stability of probability. The management of the Group considers the investment in China Shandong Hi-Speed is for long term purpose. However, the Group would not rule out the possibility of realizing the investments from time to time where to do so is to be in the best interest of the Group or where the term on which such realization to be particularly favorable to the Group.

As at 30 June 2021, the Group held 564,242,000 shares of China Shandong Hi-Speed. China Shandong Hi-Speed closed at HK\$0.445 as at 30 June 2021.

2. *China Evergrande New Energy Vehicle Group Limited (“CENEV”)*

CENEV together with its subsidiaries (the “**CENEV Group**”) are principally engaged in technology research and development and production of, and sales services of new energy vehicles in China and in other countries, as well as health management businesses including “Internet+” community health management, international hospitals, elderly care and rehabilitation in China. As mentioned in its annual report for the year ended 31 December 2020, the CENEV Group recorded a total revenue of approximately RMB15,486.6 million for the year ended 31 December 2020. The CENEV Group has reported a net loss of approximately RMB7,664.9 million attributable to owners of CENEV Group. The basic and diluted loss per share were both RMB85.1 cents. As at 31 December 2020, the audited consolidated net liabilities of the CENEV Group was approximately RMB5,838.5 million. CENEV Group has not declared a final dividend for the year ended 31 December 2020.

CENEV Group’s entry into the new energy vehicle industry marks an important milestone to actively implement the strategy of building up a strong technological nation, as well as to protect the environment and benefit the mass public. CENEV adheres to its development direction of “achieving world-leading core technology and world-class product quality while sustaining significant cost reduction”, and possesses top-tier technology research & development teams and innovation capabilities.

CENEV Group also proactively implements the national strategy of “Healthy China”. Adhering to its corporate vision of “enhancing the healthy living standards for the general public”, and centering on the healthcare needs of the general public, CENEV Group has created a membership mechanism for all-round healthy life for all-age population, and established a multi-level hierarchical medical, high-precision health management, all-age health care and diversified elderly care system, thereby enhancing the healthy living standards for the general public.

The Company has confidence in the experienced and competent management team of CENEV Group that they can lead CENEV to perform much better in the future and improve the earnings. The Group would not rule out the possibility of realizing the investments from time to time where to do so is to be in the best interests of the Group or where the terms on which such realization to be particularly favorable to the Group.

As at 30 June 2021, the Group held 2,049,500 shares of CENEV. CENEV closed at HK\$28.9 as at 30 June 2021.

### 3. *Fortune China Bond SP II*

Fortune China Bond SP II now mainly invests in the US dollar denominated bonds including the Chengtou Bonds issued by Chinese institutions. The coupon rate of the bonds as at 30 June 2021 are 7.8% per annum with maturity periods of three years.

The investment objectives of Fortune China Bond SP II are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security. The investment manager seeks to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives.

In recent years, the Chinese government has done a series of fruitful work in simplifying the overseas debt issuance approval process and procedures. It has further implemented measures in the area of bond connection, capital use, and financing leverage. The Chinese government maintains a relatively loose regulatory policy for China's bond market and encourages Chinese companies to raise funds overseas. This helps to accelerate the internationalization of Reminbi and Chinese enterprises.

Since China's bond yield is lower than that of last year, the return for investors is not attractive. Although the Chengtou Bonds is limited by its lower credit rating, it has local government's credit and pays a higher yield. It is expected that the demand and issuance of the Chengtou Bonds will rise in the future.

As at 30 June 2021, the Group held 7,363 shares of Fortune China Bond SP II representing 54.01% of shares of Fortune China Bond SP II.

#### **Details of Charges on Assets**

As at 30 June 2021, the Group had pledged certain listed equity investments of approximately HK\$55.6 million (31 December 2020: HK\$174.2 million) to secure the other borrowings. The Group had pledged listed equity investments and debt investments held by certain margin clients of approximately HK\$256.7 million to secure the bank overdraft and bank borrowings (31 December 2020: HK\$343.7 million).

#### **Employment, Training and Development**

As at 30 June 2021, the Group had a total of 114 employees. The Group is committed to staff training and development and structured training programs for all employees. Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

## **CORPORATE GOVERNANCE**

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 December 2020.

The Company has complied with the code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules throughout the Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

## **AUDIT COMMITTEE**

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, namely, Mr. Kwok Chi Kwong (Chairman of the Audit Committee), Mr. Liu Hongwei and Mr. Wu Ming, all of whom are independent non-executive directors of the Company.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "**Own Code**") on terms no exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the requirements set out in the Model Code and the Own Code during the Period.

On behalf of the Board  
**Central Wealth Group Holdings Limited**  
**Chen Xiaodong**  
*Chairman*

Hong Kong, 25 August 2021

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chen Xiaodong, Mr. Xu Ke, Mr. Yu Qingrui and Ms. Lam Hay Yin; and three independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Wu Ming and Mr. Liu Hongwei.*