



中微金融

CHINA VÊRED FINANCIAL

China Vered Financial
Holding Corporation Limited

中微金融控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 245

INTERIM REPORT
2023



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Lin Le (*Chairperson*) (Appointed as Chairperson and Executive Director on 29 August 2023)

Ni Xinguang (Retired on 16 June 2023)

Li Feng (*Chief Executive Officer*)

Du Lina (Appointed as Executive Director on 29 August 2023)

Tan Zhenyu (Resigned as Chairman and Executive Director on 29 August 2023)

Non-executive Director

Zhang Boyang

Independent Non-executive Directors

Zhou Hui

Dong Hao

Wen Yuanhua

Audit Committee

Zhou Hui (*Chairperson*)

Dong Hao

Wen Yuanhua

Nomination Committee

Lin Le (*Chairperson*) (Appointed as Chairperson and member on 29 August 2023)

Zhou Hui

Dong Hao

Wen Yuanhua

Tan Zhenyu (Resigned as Chairman and member on 29 August 2023)

Remuneration Committee

Wen Yuanhua (*Chairman*)

Zhou Hui

Dong Hao

Company Secretary

Wong Wai Yee Ella

Principal Bankers

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
China Merchants Bank, Hong Kong Branch
China Minsheng Bank, Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Industrial Bank Co., Ltd., Hong Kong Branch

Solicitors

Hong Kong Law
Herbert Smith Freehills

Independent Auditor

Mazars CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Registered Office

22/F, China Taiping Tower
8 Sunning Road
Causeway Bay
Hong Kong

Share Registrar and Transfer Office

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Stock Code

245 HK

Website

www.chinavered.com

MANAGEMENT DISCUSSION AND ANALYSIS

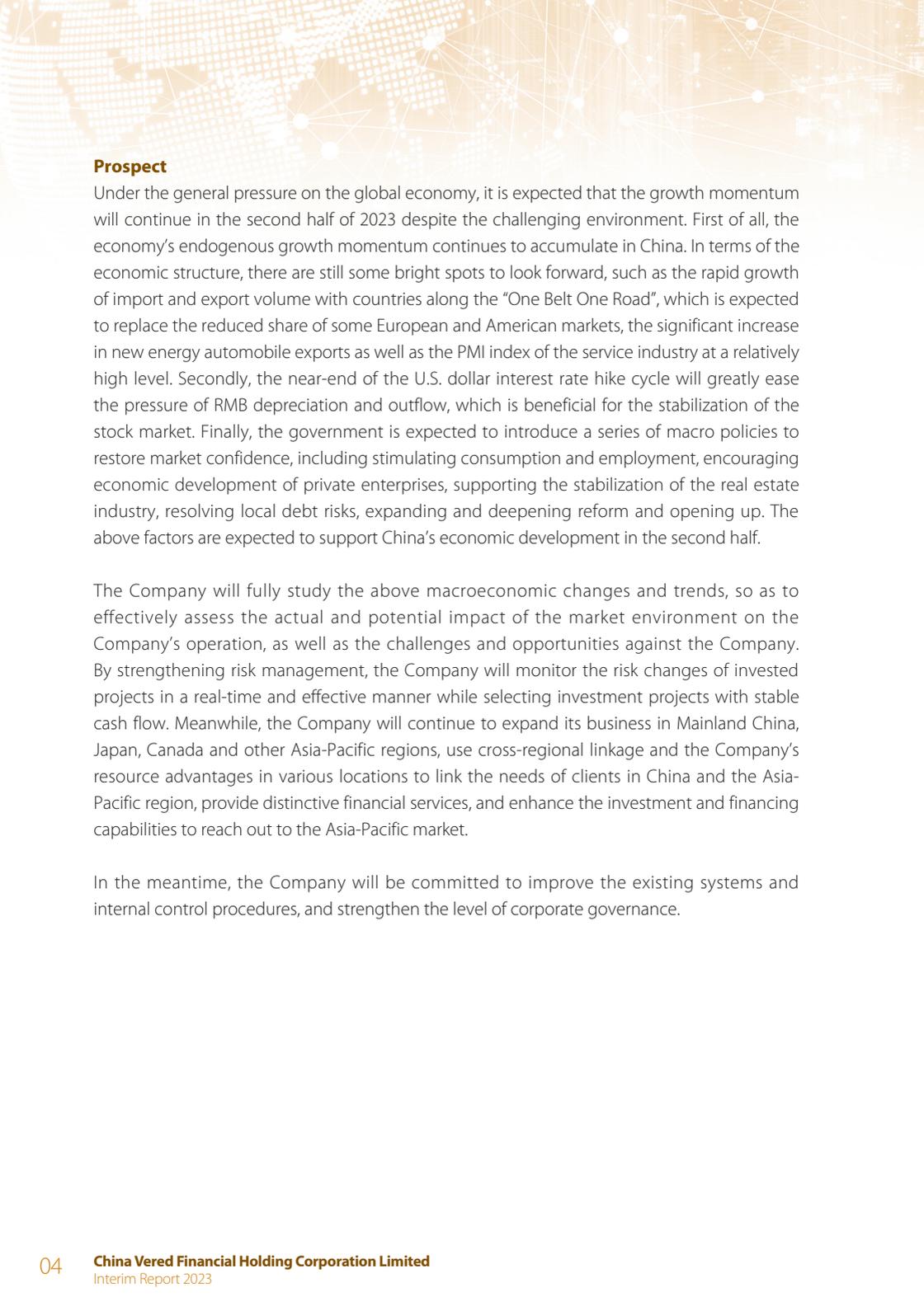
Review

In the first half of 2023, under the impact of the shifts in pandemic policies, the full resumption of work and production and other factors, the domestic economy in China recovered rapidly in the first quarter and transformed from “resilient growth” to “endogenous growth” in the second quarter. Despite the economic growth rate reached 5.5% in the first half, the growth momentum was still weak. In particular, the performance of investment, consumption and domestic and foreign demand was below expectations and the spot exchange rate of RMB against U.S. dollar fell sharply due to the combined effect of international geopolitical conflicts, the convergence in the Chinese and the U.S. bond yields, the sluggish real estate sector and high local debt, resulting a lack of confidence in the market’s economic expectations for the second half.

Due to the above factors, the A-share major stock indexes moved in different directions in the first half, creating disparity between markets. The Shanghai Composite Index and the Shenzhen Component Index rose by 3.65% and 0.1% respectively, while the GEM Index fell by 5.61%. The Hong Kong stock market performance was dismal. The Hang Seng Index fell by 4.37%, the Technology Index fell by 5.27%, and the China Enterprises Index fell by 4.18%. The Hong Kong IPO market also recorded a significant decrease in the first half of 2023, with the Stock Exchange of Hong Kong ranked sixth globally by IPO funds raised.

Looking back on the first half of 2023, although the value of the Group’s investment projects had increased, the Group’s interest income decreased due to the decrease in the scale of the bond portfolio. Also, the fair value of the Group’s equity and debt investments has declined. The Company recorded a net loss in the first half as a result of the aforementioned factors. The Company considered that the setback in performance was mainly due to the macroeconomic impact, especially the impact of the stock and bond markets, which was limited and temporary. Save as disclosed above, the financial position of the Company remained stable.

Thanks to the strong support from the shareholders and the efforts of all employees, the Company has successfully fulfilled all the resumption guidelines and resumed trading on 29 May 2023. We would like to express our gratitude to all shareholders. The Company will continue to strive to create performance and respond to the trust of its shareholders.



Prospect

Under the general pressure on the global economy, it is expected that the growth momentum will continue in the second half of 2023 despite the challenging environment. First of all, the economy's endogenous growth momentum continues to accumulate in China. In terms of the economic structure, there are still some bright spots to look forward, such as the rapid growth of import and export volume with countries along the "One Belt One Road", which is expected to replace the reduced share of some European and American markets, the significant increase in new energy automobile exports as well as the PMI index of the service industry at a relatively high level. Secondly, the near-end of the U.S. dollar interest rate hike cycle will greatly ease the pressure of RMB depreciation and outflow, which is beneficial for the stabilization of the stock market. Finally, the government is expected to introduce a series of macro policies to restore market confidence, including stimulating consumption and employment, encouraging economic development of private enterprises, supporting the stabilization of the real estate industry, resolving local debt risks, expanding and deepening reform and opening up. The above factors are expected to support China's economic development in the second half.

The Company will fully study the above macroeconomic changes and trends, so as to effectively assess the actual and potential impact of the market environment on the Company's operation, as well as the challenges and opportunities against the Company. By strengthening risk management, the Company will monitor the risk changes of invested projects in a real-time and effective manner while selecting investment projects with stable cash flow. Meanwhile, the Company will continue to expand its business in Mainland China, Japan, Canada and other Asia-Pacific regions, use cross-regional linkage and the Company's resource advantages in various locations to link the needs of clients in China and the Asia-Pacific region, provide distinctive financial services, and enhance the investment and financing capabilities to reach out to the Asia-Pacific market.

In the meantime, the Company will be committed to improve the existing systems and internal control procedures, and strengthen the level of corporate governance.

Significant Investments

As at 30 June 2023, the Group had investments in financial assets at fair value through profit or loss, finance assets at fair value through other comprehensive income and financial assets at amortised cost with an aggregate carrying amount of approximately HK\$2,959,872,000 (at 31 December 2022: HK\$2,864,859,000). The details of significant investments (each of which carrying value more than 5% of the total assets of the Group) as at 30 June 2023 are as follows:

Name of investee company/fund	Nature of investments	Investee's principal businesses	Number and percentage of shares/units held	Investment costs	Fair value/Carrying value as at 30 June 2023	Percentage of Group's total assets as at 30 June 2023	Unrealised gain on	
							30 June 2023	30 June 2023
eToro Group Ltd.	Investment in unlisted preferred shares [^]	Social investment trading network	1,196,438 (6.26%)	385,508	1,166,419	26.8%	63,101	-
Wison (Nantong) Heavy Industry Co., Ltd.	Investment in unlisted shares [^]	Marine engineering	Not applicable (4.67%)	298,167	332,613	7.6%	1,719	-

[^] Classified as financial assets at fair value through profit or loss

To the best knowledge of the Company, the investee companies as disclosed in the significant investments above, including Wison (Nantong) Heavy Industry Co. Ltd. which is the affiliate of a minority shareholder of the Company's major shareholder, are not connected persons of the Company.

The Group's investment objective is to increase the value of its investment holding business in order to enhance returns for its shareholders. Through a risk-balanced investment strategy of targeting an appropriate mix of different types of investment instruments in its portfolio, including but not limited to listed equity securities which provide liquidity and capital appreciation, debt securities and interest-bearing instruments which provide recurring and stable stream of interest income, and unlisted equity and fund investments which provide a potential higher return in a medium to long term horizon, the Group seeks not only to widen its source of revenue, but also to achieve risk adjusted return in its overall investment portfolio.

Looking ahead, the stock market is expected to remain volatile. The performance of proprietary investment will be affected by unstable market conditions. The Group will continue to implement strict risk control to minimise the impact of market volatility and will seek potential investment opportunities to diversify its investment portfolio with an aim to maximise value for the shareholders of the Company.

Financial Review

For the six months ended 30 June 2023, the unaudited condensed consolidated revenue of the Group was approximately HK\$59,260,000 (six months ended 30 June 2022: HK\$149,973,000), representing a decrease of approximately 60%, mainly due to decrease in interest income arising from reduction in scale of debt investments for the period under review.

The analysis of the Group's total revenue recognised in the unaudited condensed consolidated statement of profit or loss is as follows:

	Six months ended 30 June		
	2023	2022	Change
	HK\$'000	HK\$'000	
Interest income	41,147	130,025	(68%)
Commission and fee income	15,499	16,196	(4%)
Investment income	2,614	3,752	(30%)
Total revenue	59,260	149,973	(60%)

The Group recorded a loss of approximately HK\$36,399,000 for the six months ended 30 June 2023, as compared to a loss of HK\$300,072,000 for the six months ended 30 June 2022. The significant reduction in loss was mainly attributable to (i) a net gain on investments of HK\$33.5 million as compared to a net loss of approximately HK\$241.6 million in the six months ended 30 June 2022; and (ii) a significant decrease in provision for impairment of financial assets with amount of HK\$32.1 million recorded for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$119.5 million). The effects of the aforesaid factors are partially offset by a decrease in revenue as compared to the six months ended 30 June 2022.

The table below presents the breakdown of segment revenue (including net gain/(loss) on financial assets/liabilities) and reportable segment results during the six months ended 30 June 2023 with comparative figures in the six months ended 30 June 2022:

	Segment revenue and net gain/(loss) on financial assets/liabilities		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asset management	8,851	12,706	406	3,382
Securities brokerage	3,131	3,281	(1,179)	(1,286)
Investment holding	67,892	(108,365)	8,401	(271,709)
Investment banking	-	500	-	(1,317)
Total	79,874	(91,878)	7,628	(270,930)

Asset management segment

The Group's asset management business represents the provision of asset management services to clients. The Group's asset management segment recorded revenue of approximately HK\$8.9 million during the six months ended 30 June 2023 as compared to approximately HK\$12.7 million for the six months ended 30 June 2022 and profit of approximately HK\$0.4 million during the six months ended 30 June 2023 as compared to approximately HK\$3.4 million for the six months ended 30 June 2022. The decrease in segment revenue and profit was primarily due to the decrease in asset management fee income arising from the reduction of average aggregated net value of assets under management during the period under review.

Securities brokerage segment

The Group's securities brokerage business mainly includes the provision of brokerage services and securities margin financing to clients. During the six months ended 30 June 2023, the revenue contributed by the securities brokerage segment slightly reduced to approximately HK\$3.1 million, while the loss slightly reduced to approximately HK\$1.2 million, compared to the revenue and loss of approximately HK\$3.3 million and HK\$1.3 million, respectively, for the six months ended 30 June 2022. The decrease in segment revenue was mainly due to the decline in fees received from clients which was partially offset by the increase in interest income from margin financing, while the drop in loss was principally attributable to the decrease in segment operating costs during the period under review.

Investment holding segment

The Group's investment holding business mainly represents direct investments in investment funds, listed and unlisted debts and equities, alternative investments (such as real estate investments through investment funds) and private equities, and provision of loan financing services.

The Group's investment holding segment recorded revenue (including net gain/(loss) on financial assets/liabilities) of approximately HK\$67.9 million during the six months ended 30 June 2023 as compared to a net negative amount of approximately HK\$108.4 million for the six months ended 30 June 2022 and profit of approximately HK\$8.4 million during the six months ended 30 June 2023 as compared to loss of approximately HK\$271.7 million for the six months ended 30 June 2022. The improvement in segment revenue and results was mainly due to the net impact of (i) net gain on financial assets/liabilities of approximately HK\$33.5 million recorded for the six months ended 30 June 2023 as compared to a net loss of approximately HK\$241.6 million recorded for the six months ended 30 June 2022 as a result of the improvement of fair value of certain unlisted investments and the slowdown in decline in fair value of equity and debt investments; (ii) a significant decrease in provision of impairment of financial assets as a result of slowdown in incline of credit and default risk of debt investments for the period under review; and (iii) partially offset by a decrease in interest income arising from reduction in scale of debt investments.

Investment banking segment

The Group's investment banking business represents provision of underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, financial advisory and financial arrangement services to clients. During the six months ended 30 June 2023, the Group did not generate any segment revenue and result for the investment banking segment, as compared to revenue of approximately HK\$0.5 million and loss of approximately HK\$1.3 million for the six months ended 30 June 2022. No segment revenue was contributed during the period under review was mainly affected by resources allocation by the Company and the decline in the financing amount in the underwriting market amidst extremely sluggish and volatile capital market.

Total costs (including staff costs, premises expenses, legal and professional fees, depreciation, information technology expenses, finance costs, trading costs and other operating costs) for the six months ended 30 June 2023 was approximately HK\$71,399,000 (six months ended 30 June 2022: HK\$91,062,000), representing a decrease of approximately 22% which was mainly due to effective cost control measures implemented by the Group on the overall operating expenses for the period under review.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

For the financial position as at 30 June 2023, total assets of the Group were approximately HK\$4,357,325,000 (31 December 2022: HK\$4,464,246,000), representing a decrease of approximately 2.4%. Net cash (outflow)/inflow from operating activities, investing activities and financing activities for the period under review were approximately HK\$(299,288,000), HK\$1,949,000 and HK\$18,481,000 (six months ended 30 June 2022: HK\$(131,653,000), HK\$(16,690,000) and HK\$(165,622,000)), respectively. Depreciation for property, plant and equipment for the period under review was approximately HK\$898,000 (six months ended 30 June 2022: HK\$3,659,000).

Employee relations

As at 30 June 2023, the Group had 71 employees (as at 30 June 2022: 77 employees).

Total staff costs and related expenses for the six months ended 30 June 2023 were approximately HK\$39,540,000 (six months ended 30 June 2022: HK\$43,891,000).

The employees are remunerated based on their work performance, professional experience and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management. In addition, the Group adopts a share option scheme and a share award plan for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Liquidity and financial resources

As at 30 June 2023, the Group's cash and bank balances amounted to approximately HK\$733,334,000 (as at 31 December 2022: HK\$1,028,332,000) and the total debts amounted to approximately HK\$23,053,000 (as at 31 December 2022: Nil). The gearing ratio as at 30 June 2023 (total debts to total equity) was approximately 0.6% (as at 31 December 2022: 0%), which indicated that the Group's overall financial position remained strong.

Funding, capital structure and capital management

The main objective of the Group's funding activities is to ensure the availability of funds at reasonable costs to meet all contractual financial commitments and to generate reasonable returns from available funds. The Group has implemented adequate measures to monitor the liquidity for business operations and any investment opportunities, and the foreseeable funding requirements to ensure certain subsidiaries of the Company continuously comply with the relevant rules and regulations.

The Group relies principally on its share capital, internally generated capital and other borrowings to fund its investments and loan lending business. The Group's interest bearing borrowings in the form of repurchase agreements amounted to approximately HK\$23,053,000 as at 30 June 2023 (as at 31 December 2022: Nil). The Group's borrowings are mainly denominated in US dollars, have remaining average maturity period of less than one year and bear interest at floating rates. The Group's cash and cash equivalents are mainly denominated in US dollars, Renminbi, Japanese Yen, Canadian dollars and Hong Kong dollars. There were no foreign currency net investments hedged by foreign currency borrowings and other hedging instruments by the Group during the period under review.

There were no changes to the Group's capital structure during the six months ended 30 June 2023.

Segment information

Details of segment information are set out in Note 6 to the condensed consolidated financial statements.

Material acquisitions and disposals of subsidiaries and associates

The Group had no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2023.

Charges on Group's assets

The analysis of the charge on Group's assets is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial assets at fair value through profit or loss	75,882	–
Total charges on Group's assets	75,882	–

Financial assets at fair value through profit or loss were bonds pledged as collateral for the Group's borrowings.

Exposure to exchange rate fluctuation and related hedging

The Directors considered that the Group has certain exposures to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currency of the respective group entities such as Renminbi. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

Details of the Group's contingent liabilities as at 30 June 2023 and 31 December 2022 are set out in Note 24 to the condensed consolidated financial statements.

Future plans for material investments or capital assets

There was no specific plan for material investments or capital assets as at 30 June 2023. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as and when appropriate.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2023, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO") as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, are set out below:

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2023, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2023, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS AND SHARE AWARDS

Share Options

The Company adopted a new share options scheme on 9 December 2013 (the "2013 Share Option Scheme") to replace the share option scheme adopted on 28 May 2004 (the "2004 Share Option Scheme").

On 5 June 2015, an ordinary resolution was duly passed in an extraordinary general meeting to approve the refreshment of 2013 Share Option Scheme limit to 241,365,125 being 10% of the then total number of shares in issue.

There is no outstanding share options under the 2004 Share Option Scheme and the 2013 Share Option Scheme and no share options were granted or exercised during the period under review.

Share Awards

On 19 December 2018, the Company adopted a share award plan (“Share Award Plan”). The purpose of the plan is to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

No shares have been granted under the Share Award Plan up to the date of this report.

Details of the Share Award Plan are set out in the Company’s announcement dated 19 December 2018.

CHANGE ON DIRECTOR’S INFORMATION

According to Rule 13.51B(1) of the Listing Rules, since the publication of the Company’s 2022 Annual Report, the changes in directors’ information are set out as follows:

Ms. Lin Le has been appointed as an executive Director, chairperson of the Board, the chairperson of the nomination committee (the “Nomination Committee”) of the Company and an authorised representative of the Company, with effect from 29 August 2023.

Mr. Tan Zhenyu had resigned as an executive Director, the chairman of the Board, the chairman of the Nomination Committee of the Company and an authorised representative of the Company, with effect from 29 August 2023.

Ms. Du Lina has been appointed as an executive Director of the Company, with effect from 29 August 2023.

Save as disclosed above, since the publication of the Company’s 2022 Annual Report, no other changes in directors’ information should be disclosed according to Rule 13.51B(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2023, so far as was known to the Directors of the Company, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (e))
薔薇控股股份有限公司	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
薔薇控股(深圳)有限公司	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Holdings (Hong Kong) Limited ("Vered Hong Kong")	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Investment Co., Ltd ("Vered Investment")	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Holdings Group Ltd ("Vered Holdings")	Beneficial owner (Note (a))	10,049,310,000	28.95%
Liu Xueyi	Interest of controlled corporation (Note (b))	5,034,511,390	14.50%
Prosper Ascend Limited	Beneficial owner (Note (b))	5,034,511,390	14.50%
Shao Jinxia	Interest of controlled corporation (Note (c))	3,500,000,000	10.08%
Hong Kong Baohui Toda Limited	Beneficial owner (Note (c))	3,500,000,000	10.08%
China Minsheng Investment Group Corporation Ltd.	Interest of controlled corporation (Note (d))	2,072,618,610	5.97%

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (e))
China Minsheng Asia Asset Management Co, Ltd	Interest of controlled corporation (Note (d))	1,430,000,000	4.12%
	Beneficial owner (Note (d))	642,618,610	1.85%
CMI Financial Holding Company Limited	Interest of controlled corporation (Note (d))	1,430,000,000	4.12%
CMI Financial Holding Corporation	Beneficial owner (Note (d))	1,430,000,000	4.12%

Notes:

- (a) 10,049,310,000 shares were held by Vered Holdings, which is wholly owned by Vered Investment, and which in turn is wholly owned by Vered Hong Kong. Vered Hong Kong is wholly owned by 蔷薇控股(深圳)有限公司, which in turn is wholly owned by 蔷薇控股股份有限公司.
- (b) 5,034,511,390 shares were held by Prosper Ascend Limited, which is wholly owned by Mr. Liu Xueyi. By virtue of the SFO, Mr. Liu Xueyi was deemed to have interest in the shares held by Prosper Ascend Limited.
- (c) 3,500,000,000 shares were held by Hong Kong Baohui Toda Limited, which is wholly owned by Mr. Shao Jinxia. By virtue of the SFO, Mr. Shao Jinxia is deemed to have interest in the shares held by Hong Kong Baohui Toda Limited.
- (d) 1,430,000,000 shares were held by CMI Financial Holding Corporation, which is wholly owned by CMI Financial Holding Company Limited, and which in turn is wholly owned by China Minsheng Asia Asset Management Co, Ltd ("CM Asia"). CM Asia is wholly owned by China Minsheng Investment Group Corporation Ltd. CM Asia also directly holds 642,618,610 shares.
- (e) The percentage has been calculated based on the total number of 34,714,459,250 ordinary shares of the Company in issue as at 30 June 2023.

All the interests disclosed under this section represent long position in the shares of the Company.



Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 30 June 2023, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Other than as disclosed under the sections headed "Directors' Interest in Shares" and "Share Options and Share Awards" above, at no time during the period under review was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

Throughout the period under review, the Company has complied with the Code Provisions of the CG Code.

Review of Accounts

Disclosure of financial information in this report complies with Appendix 16 of the Listing Rules.

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and has discussed with the management the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2023.

The Company's independent auditor, Mazars CPA Limited, has reviewed the interim financial information for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors of the Board have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

OTHER INFORMATION

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

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

On behalf of the Board

China Vered Financial Holding Corporation Limited

Tan Zhenyu

Chairman

Hong Kong, 29 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
		2023	2022
	Note	HK\$'000	HK\$'000
Interest income		41,147	130,025
Commission and fee income		15,499	16,196
Investment income		2,614	3,752
Total revenue	7	59,260	149,973
Net gain/(loss) on financial assets/liabilities	8	33,534	(241,584)
Other (loss)/income		(3,356)	1,673
Trading costs		(1,569)	(8,020)
Staff costs and related expenses		(39,540)	(43,891)
Premises expenses		(6,259)	(10,088)
Legal and professional fees		(9,313)	(8,520)
Depreciation		(898)	(3,659)
Information technology expenses		(3,355)	(2,508)
Expected credit losses ("ECL")	10	(32,093)	(119,462)
Write-off of other intangible assets		(902)	–
Other operating expenses		(9,934)	(12,744)
Share of post-tax loss of associates	15	(5,733)	(17,604)
Finance costs	11	(531)	(1,632)
Loss before income tax	6	(20,689)	(318,066)
Income tax (expense)/credit	9	(15,710)	17,994
Loss for the period		(36,399)	(300,072)

		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
	Note		
(Loss)/profit attributable to:			
— Owners of the Company		(37,582)	(300,010)
— Non-controlling interests		1,183	(62)
		(36,399)	(300,072)
		HK Cents per share	HK Cents per share
Loss per share attributable to owners of the Company			
Basic loss per share	13	(0.11)	(0.91)
Diluted loss per share	13	(0.11)	(0.91)

The notes on pages 28 to 58 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Loss for the period	(36,399)	(300,072)
Other comprehensive (loss)/income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net change in fair value on equity instruments at fair value through other comprehensive income, net of tax	(92,806)	(264,663)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value on debt instruments at fair value through other comprehensive income, net of tax	(39,646)	(98,124)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	25,796	87,986
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	(77)	7,729
Exchange differences on translation of foreign operations	(19,469)	(28,718)
Other comprehensive loss for the period, net of tax	(126,202)	(295,790)
Total comprehensive loss for the period	(162,601)	(595,862)
Total comprehensive (loss)/income for the period attributable to:		
— Owners of the Company	(163,296)	(594,895)
— Non-controlling interests	695	(967)
	(162,601)	(595,862)

The notes on pages 28 to 58 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2023

	Note	30 June 2023 HK\$'000	31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,219	3,079
Right-of-use assets		6,593	10,743
Goodwill		5,079	5,079
Other intangible assets		–	902
Investments in associates	15	64,360	72,138
Rental and other deposits		3,130	3,130
Loan and interest receivables	19	79,901	–
Financial assets at fair value through profit or loss	16	2,077,823	1,906,019
Financial assets at fair value through other comprehensive income	17	349,256	376,103
Deferred tax assets	9	122,462	127,277
Total non-current assets		2,710,823	2,504,470
Current assets			
Margin receivables and other trade receivables	20	65,658	77,553
Other receivables, prepayments and deposits		33,078	30,934
Loan and interest receivables	19	151,228	117,723
Other interest receivables		14,342	22,354
Financial assets at fair value through profit or loss	16	497,890	487,814
Financial assets at fair value through other comprehensive income	17	31,170	59,361
Financial assets at amortised cost	18	3,733	35,562
Tax receivables		951	716
Deposits with brokers		115,118	99,427
Cash and cash equivalents		733,334	1,028,332
Total current assets		1,646,502	1,959,776
Total assets		4,357,325	4,464,246

		30 June 2023 HK\$'000	31 December 2022 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	4,454,374	4,454,374
Other reserves		(200,682)	(74,786)
Accumulated losses		(267,412)	(230,012)
		3,986,280	4,149,576
Non-controlling interests		6,319	5,624
Total equity		3,992,599	4,155,200
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	9	5,554	1,749
Lease liabilities		–	2,619
Total non-current liabilities		5,554	4,368
Current liabilities			
Accruals and other payables		148,789	107,273
Loan and interest payables	22	23,053	–
Financial liabilities at fair value through profit or loss	16	55,276	70,615
Current tax liabilities		125,031	118,064
Lease liabilities		7,023	8,726
Total current liabilities		359,172	304,678
Total liabilities		364,726	309,046
Total equity and liabilities		4,357,325	4,464,246
Net current assets		1,287,330	1,655,098
Total assets less current liabilities		3,998,153	4,159,568

The notes on pages 28 to 58 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company											
	Share capital	Capital reduction reserve	Shares held for share award plan	Special capital reserve	Foreign currency translation reserve	Statutory surplus reserve	Investment revaluation reserve non-recycling	Investment revaluation reserve recycling	Accumulated losses	Total	Non-controlling Interests	Total Equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2023	4,454,374	140,850	(178,764)	726,699	(29,443)	1,542	(764,779)	29,109	(230,012)	4,149,576	5,624	4,155,200
Comprehensive (loss)/income												
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(37,582)	(37,582)	1,183	(36,399)
Other comprehensive (loss)/income												
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(92,806)	(39,646)	-	(132,452)	-	(132,452)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	25,796	-	25,796	-	25,796
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(77)	-	(77)	-	(77)
Exchange differences on translation of foreign operations	-	-	-	-	(18,981)	-	-	-	-	(18,981)	(488)	(19,469)
Total comprehensive (loss)/income for the period ended 30 June 2023	-	-	-	-	(18,981)	-	(92,806)	(13,927)	(37,582)	(163,296)	695	(162,601)
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income to accumulated losses	-	-	-	-	-	-	(182)	-	182	-	-	-
At 30 June 2023	4,454,374	140,850	(178,764)	726,699	(48,424)	1,542	(857,767)	15,182	(267,412)	3,986,280	6,319	3,992,599

	Attributable to owners of the Company											
	Share capital	Capital reduction reserve	Shares held for share award plan	Special capital reserve	Foreign currency translation reserve	Statutory surplus reserve	Investment revaluation reserve non-recycling	Investment revaluation reserve recycling	Retained earnings	Total	Non-controlling Interests	Total Equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2022	4,454,374	140,850	(178,764)	726,699	6,429	1,542	(563,513)	(46,182)	393,251	4,934,686	5,989	4,940,675
Comprehensive loss												
Loss for the period	-	-	-	-	-	-	-	-	(300,010)	(300,010)	(62)	(300,072)
Other comprehensive (loss)/income												
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(264,663)	(98,124)	-	(362,787)	-	(362,787)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	87,986	-	87,986	-	87,986
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	7,729	-	7,729	-	7,729
Exchange differences on translation of foreign operations	-	-	-	-	(27,813)	-	-	-	-	(27,813)	(905)	(28,718)
Total comprehensive loss for the period ended 30 June 2022	-	-	-	-	(27,813)	-	(264,663)	(2,409)	(300,010)	(594,895)	(967)	(595,862)
At 30 June 2022	4,454,374	140,850	(178,764)	726,699	(21,384)	1,542	(828,176)	(48,591)	93,241	4,339,791	5,022	4,344,813

The notes on pages 28 to 58 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash used in operations	(124,155)	(312,549)
Purchases of financial assets at fair value through profit or loss	(396,114)	(1,267,112)
Purchases of financial assets at fair value through other comprehensive income	(170,728)	(343,471)
Proceeds from disposal of financial assets at fair value through profit or loss	231,133	1,186,046
Proceeds from disposal of financial assets at fair value through other comprehensive income	95,592	472,978
Proceeds from redemption of financial assets at amortised cost	29,305	–
Bank and other interest received	33,719	133,797
Dividend received	2,614	3,752
Interest paid	(282)	(4,931)
Income tax paid	(372)	(163)
Net cash used in operating activities	(299,288)	(131,653)

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from investing activities		
Increase in investments in associates	(902)	(16,664)
Distribution of capital received from an associate	1,548	–
Dividend received from an associate	1,399	–
Purchases of property, plant and equipment	(96)	(26)
Net cash from/(used in) investing activities	1,949	(16,690)
Cash flows from financing activities		
Proceeds from/(repayment of) loan payables	22,803	(159,890)
Net repayment of margin payables	–	(1,932)
Principal elements of lease rentals paid	(4,322)	(3,800)
Net cash from/(used in) financing activities	18,481	(165,622)
Net decrease in cash and cash equivalents	(278,858)	(313,965)
Cash and cash equivalents at the beginning of the period	1,028,332	780,823
Effect of exchange rate changes	(16,140)	(12,101)
Cash and cash equivalents at the end of the period	733,334	454,757

The notes on pages 28 to 58 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1 General information

China Vered Financial Holding Corporation Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of the Company's registered and business office is 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong.

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries include investment holding, provision of asset management services, consultancy services, financing services, securities advisory and securities brokerage services.

These condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The financial information relating to the year ended 31 December 2022 that is included in the condensed consolidated financial statements for the six months ended 30 June 2023 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor had reported on those consolidated financial statements. The auditor's report was qualified and did not include a reference to any matters to which auditor drew attention by way of emphasis without qualifying its report. It also contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance (Cap. 622). The auditor's report did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance (Cap. 622).

2 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and in compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial statements were reviewed by the Audit Committee of the Company. The Board of Directors of the Company has approved the condensed consolidated financial statements for issue on 29 August 2023.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2022, as disclosed in the Annual Report for 2022.

(a) *New and amended standards adopted by the Group*

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

- Disclosure of Accounting Policies — Amendments to HKAS 1
- Definition of Accounting Estimates — Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to HKAS 12.
- International Tax Reform — Pillar Two Model Rules — Amendments to HKAS 12

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (1) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (2) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (3) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have material impact on the Group's interim condensed consolidated financial information.

3 Accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

- (4) Amendments to HKAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new or amended HKFRSs and HKASs which are first effective or available for early adoption for accounting periods beginning on or after 1 January 2023.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no material changes in the risk management policies since year end.

5.2 Credit risk

The gross carrying amount of loan and interest receivables, margin receivables, financial assets at amortised cost, debt investments at fair value through other comprehensive income and other interest receivables and thus the maximum exposure to loss, is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Loan and interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	110,882	3,730
Stage 2 — Significant increase in credit risk	—	—
Stage 3 — Credit-impaired	376,352	374,259
Total gross loan and interest receivables	487,234	377,989
Less: ECL allowances	(256,105)	(260,266)
Loan and interest receivables, net of ECL	231,129	117,723
Margin receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	55,603	56,637
Stage 2 — Significant increase in credit risk	—	—
Stage 3 — Credit-impaired	63,563	63,563
Total gross margin receivables	119,166	120,200
Less: ECL allowances	(63,566)	(63,566)
Margin receivables, net of ECL	55,600	56,634

5 Financial risk management and financial instruments (Continued)

5.2 Credit risk (Continued)

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial assets at amortised cost		
Stage 1 — Unimpaired and without significant increase in credit risk	–	29,304
Stage 2 — Significant increase in credit risk	–	–
Stage 3 — Credit-impaired	140,767	140,037
Total gross financial assets at amortised cost	140,767	169,341
Less: ECL allowances	(137,034)	(133,779)
Financial assets at amortised cost, net of ECL	3,733	35,562
Debt investments at fair value through other comprehensive income		
Stage 1 — Unimpaired and without significant increase in credit risk	21,209	–
Stage 2 — Significant increase in credit risk	–	–
Stage 3 — Credit-impaired	31,170	60,349
Total debt investments at fair value through other comprehensive income	52,379	60,349
ECL allowances for debt investments at fair value through other comprehensive income	(587,096)	(561,300)
Other interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	13,193	12,395
Stage 2 — Significant increase in credit risk	668	569
Stage 3 — Credit impaired	25,182	26,888
Total gross other interest receivables	39,043	39,852
Less: ECL allowances	(24,701)	(17,498)
Other interest receivables, net of ECL	14,342	22,354

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk

Compared to 31 December 2022, the contractual undiscounted cash outflows for financial liabilities of the Group as at 30 June 2023 are as follows:

As at 30 June 2023

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Financial liabilities at fair value through profit or loss	55,276	-	-	-	55,276
Loan and interest payables	23,053	-	-	-	23,053
Lease liabilities	7,138	-	-	-	7,138
Accruals and other payables	114,602	-	-	-	114,602
	200,069	-	-	-	200,069

As at 31 December 2022

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Financial liabilities at fair value through profit or loss	70,615	-	-	-	70,615
Lease liabilities	9,001	2,638	-	-	11,639
Accruals and other payables	73,256	-	-	-	73,256
	152,872	2,638	-	-	155,510

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2023 and 31 December 2022.

As at 30 June 2023

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Finance assets at fair value through profit or loss				
— Unlisted equity investments	—	—	1,556,622	1,556,622
— Unlisted investment funds	—	—	530,450	530,450
— Unlisted debt investment	—	—	65,283	65,283
— Listed equity investments	282,213	57,224	—	339,437
— Listed debt investments	—	71,175	—	71,175
— Convertible loan	—	—	12,746	12,746
Total	282,213	128,399	2,165,101	2,575,713
Finance assets at fair value through other comprehensive income				
— Unlisted investment funds	—	—	109,997	109,997
— Listed equity investments	97,242	120,808	—	218,050
— Listed debt investments	—	52,379	—	52,379
Total	97,242	173,187	109,997	380,426
Total assets	379,455	301,586	2,275,098	2,956,139
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	—	55,276	—	55,276
Total liabilities	—	55,276	—	55,276

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

As at 31 December 2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	—	—	1,461,173	1,461,173
— Unlisted investment funds	—	—	402,590	402,590
— Unlisted debt investment	—	—	90,674	90,674
— Listed equity investments	292,198	66,658	—	358,856
— Listed debt investments	—	66,790	—	66,790
— Convertible loan	—	—	13,750	13,750
Total	292,198	133,448	1,968,187	2,393,833
Financial assets at fair value through other comprehensive income				
— Unlisted investment funds	—	—	146,648	146,648
— Listed debts investments	—	60,349	—	60,349
— Listed equity investments	148,675	79,792	—	228,467
Total	148,675	140,141	146,648	435,464
Total assets	440,873	273,589	2,114,835	2,829,297
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	—	70,615	—	70,615
Total liabilities	—	70,615	—	70,615

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

The fair value of financial instruments that are not traded in an active market 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 required to fair value an instrument are observable, the instrument is included in level 2.

Unlisted investment funds classified as level 3 is principally due to their underlying investments are unlisted equity or unlisted debt investments.

Below is the table setting out quantitative information about fair value measurements using significant unobservable inputs (Level 3).

Equity Investments	Fair value as at 30 June 2023 HK\$'000	Valuation techniques	Unobservable inputs	Range	Sensitivity of fair value to changes in unobservable inputs/ Relationship of unobservable inputs to fair value
Unlisted equity investments	1,166,419	Market approach	Price to sales ratio	4.9X	10% increase or decrease in the price to sales ratio, the fair value would be increased by HK\$117 million or decreased by HK\$117 million, respectively
			Discount rate for lack of marketability	9.56%	0.5% increase or decrease in discount rate for lack of marketability, the fair value would be decreased by HK\$6.4 million or increased by HK\$6.4 million, respectively
	332,613	Market approach	Volatility of comparable companies	44.14%	5% increase or decrease in the volatility of comparable companies, the fair value would be increased by HK\$730 thousand or decreased by HK\$784 thousand, respectively
	24,992	Market approach	Volatility of comparable companies	52.40%	The higher the volatility, the lower the fair value
Unlisted investment funds	32,598	Recent transaction	n/a	n/a	n/a
	132,490	Recent transaction	n/a	n/a	n/a
		433,265	Net asset value	n/a	n/a
	74,532	Market approach	Volatility of comparable companies	43.98%	The higher the volatility, the higher the fair value
Unlisted debt investment	65,283	Income approach	Discount rate	11.90%	The higher the discount rate, the lower the fair value
			Adjusted net asset value (Note a)	n/a	n/a
Convertible loan	12,746	Income approach	Discount rate	18.99%	The higher the discount rate, the lower the fair value
			Volatility of comparable companies	48.78%	The higher the volatility, the higher the fair value

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

Equity Investments	Fair value as at 31 December 2022 HK\$'000	Valuation techniques	Unobservable inputs	Range	Sensitivity of fair value to changes in unobservable inputs/ Relationship of unobservable inputs to fair value
Unlisted equity investments	1,103,318	Market approach	Price to sales ratio	4.0x	10% increase or decrease in the price to sales ratio, the fair value would be increased by HK\$110 million or decreased by HK\$110 million, respectively
			Discount rate for lack of marketability	11.27%	0.5% increase or decrease in discount rate for lack of marketability, the fair value would be decreased by HK\$6.2 million or increased by HK\$6.2 million, respectively
	330,894	Market approach	Price to book ratio	2.0x	10% increase or decrease in the price to book ratio, the fair value would be increased by HK\$33 million or decreased by HK\$33 million, respectively
			Discount rate for lack of marketability	15.65%	0.5% increase or decrease in discount rate for lack of marketability, the fair value would be decreased by HK\$2.0 million or increased by HK\$2.0 million, respectively
Unlisted investment funds	26,961	Market approach	Volatility of comparable companies	59.89%	The higher the volatility, the lower the fair value
	188,355	Recent transaction	n/a	n/a	n/a
	48,418	Market approach	Volatility of comparable companies	43.98%	The higher the volatility, the higher the fair value
	312,305	Net asset value	n/a	n/a	n/a
	160	Adjusted net asset value (Note a)	n/a	n/a	n/a
Unlisted debt investment	90,674	Recent transaction	n/a	n/a	n/a
Convertible loan	13,750	Income approach	Discount rate	28.11%	The higher the discount rate, the lower the fair value
			Volatility of comparable companies	52.62%	The higher the volatility, the higher the fair value
Unlisted notes	-	Broker quotation	n/a	n/a	n/a

Note a: Adjusted net asset value represents adjustments on the net asset value of the fund by making impairment on certain investments of the fund.

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

There have been no significant transfers between level 1, level 2 and level 3 for the period ended 30 June 2023.

There is no significant inter-relationship between unobservable inputs that materially affect fair values.

The following table presents the changes in level 3 items for the period/year ended 30 June 2023 and 31 December 2022 for recurring fair value measurements:

As at 30 June 2023

	Unlisted equity investments HK\$'000	Unlisted investment funds HK\$'000	Unlisted debt investment HK\$'000	Convertible loan HK\$'000	Total HK\$'000
Assets					
Opening balance as at beginning of the period	1,461,173	549,238	90,674	13,750	2,114,835
Purchases	32,597	112,338	-	-	144,935
Disposals	-	-	(31,530)	-	(31,530)
Currency translation difference	(1,969)	(3,443)	-	(1,004)	(6,416)
Net gain recognised in profit or loss*	64,821	18,965	6,139	-	89,925
Net loss recognised in other comprehensive income	-	(36,651)	-	-	(36,651)
Closing balance as at the end of the period	1,556,622	640,447	65,283	12,746	2,275,098
* includes unrealised gain recognised in profit or loss attributable to balances held at the end of the reporting period	64,821	18,965	6,139	-	89,925

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

As at 31 December 2022

	Unlisted equity investments HK\$'000	Unlisted investment funds HK\$'000	Unlisted debt investment HK\$'000	Unlisted notes HK\$'000	Convertible loan HK\$'000	Total HK\$'000
Assets						
Opening balance as at						
beginning of the year	1,620,791	712,791	–	21,415	14,912	2,369,909
Purchases	–	287,652	90,674	–	–	378,326
Disposals	–	(239,920)	–	–	–	(239,920)
Currency translation difference	(5,502)	(2,588)	–	–	(2,018)	(10,108)
Net (loss)/gain recognised in profit or loss*	(154,116)	(12,379)	–	(21,415)	856	(187,054)
Net loss recognised in other comprehensive income	–	(196,318)	–	–	–	(196,318)
Closing balance as at						
the end of the year	1,461,173	549,238	90,674	–	13,750	2,114,835
* includes unrealised (loss)/gain recognised in profit or loss attributable to balances held at the end of the reporting period						
	(154,116)	(13,946)	–	(21,415)	856	(188,621)

5 Financial risk management and financial instruments (Continued)

5.5 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Margin receivables and other trade receivables
- Financial assets at amortised cost
- Loan and interest receivables
- Other interest receivables
- Other receivables and deposits
- Deposits with brokers
- Cash and cash equivalents
- Other payables
- Loan and interest payables

6 Segment information

Chief operating decision maker (“CODM”) has been identified as the Executive Directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The Group’s operating segments are as follows:

- the “asset management” segment representing provision of asset management services to clients;
- the “securities brokerage” segment representing provision of brokerage services and securities margin financing services to clients;
- the “investment holding” segment representing direct investments in investment funds, listed and unlisted debts and equities, alternative investments (such as real estate investments through investment funds) and private equities, and provision of loan financing services; and
- the “investment banking” segment representing provision of underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, financial advisory and financial arrangement services to clients.

Each of the Group’s operating segments represents a strategic business unit that is managed by different business unit leaders. Information provided to the CODM is measured in a manner consistent with that in the condensed consolidated financial statements.

6 Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2023 and 2022 is as follows:

Six months ended 30 June 2023

	Reportable segment					Unallocated amount HK\$'000 (Note)	Total HK\$'000
	Asset management HK\$'000	Securities brokerage HK\$'000	Investment holding HK\$'000	Investment banking HK\$'000	Total HK\$'000		
Interest income	-	2,983	25,569	-	28,552	12,595	41,147
Commission and fee income	8,851	148	6,175	-	15,174	325	15,499
Investment income	-	-	2,614	-	2,614	-	2,614
Revenue from external customers	8,851	3,131	34,358	-	46,340	12,920	59,260
Net gain on financial assets/liabilities	-	-	33,534	-	33,534	-	33,534
	8,851	3,131	67,892	-	79,874	12,920	92,794
Segment profit/(loss) before income tax	406	(1,179)	8,401	-	7,628	(28,317)	(20,689)
Other segment information:							
Depreciation of property, plant and equipment	-	-	(24)	-	(24)	(874)	(898)
Depreciation of right-of-use assets	-	-	-	-	-	(4,150)	(4,150)
Reversal of/(provision for) ECL allowances	-	1	(32,094)	-	(32,093)	-	(32,093)
Write-off of other intangible assets	-	-	-	-	-	(902)	(902)
Staff costs and related expenses	(5,509)	(2,460)	(8,946)	-	(16,915)	(22,625)	(39,540)

Six months ended 30 June 2022

	Reportable segment					Unallocated amount HK\$'000 (Note)	Total HK\$'000
	Asset management HK\$'000	Securities brokerage HK\$'000	Investment holding HK\$'000	Investment banking HK\$'000	Total HK\$'000		
Interest income	-	2,563	127,343	-	129,906	119	130,025
Commission and fee income	12,706	718	2,124	500	16,048	148	16,196
Investment income	-	-	3,752	-	3,752	-	3,752
Revenue from external customers	12,706	3,281	133,219	500	149,706	267	149,973
Net loss on financial assets/liabilities	-	-	(241,584)	-	(241,584)	-	(241,584)
	12,706	3,281	(108,365)	500	(91,878)	267	(91,611)
Segment profit/(loss) before income tax	3,382	(1,286)	(271,709)	(1,317)	(270,930)	(47,136)	(318,066)
Other segment information:							
Depreciation of property, plant and equipment	(10)	(119)	(221)	-	(350)	(3,309)	(3,659)
Depreciation of right-of-use assets	-	-	-	-	-	(4,161)	(4,161)
Provision for ECL allowances	-	(15)	(119,447)	-	(119,462)	-	(119,462)
Staff costs and related expenses	(5,058)	(2,549)	(9,234)	(1,399)	(18,240)	(25,651)	(43,891)

Note: The "unallocated amount" primarily included unallocated interest income, service fee income and expenditures for head office operations as well as interest expenses incurred for general working capital.

6 Segment information (Continued)

Breakdown of the revenue from external customers and net gain/(loss) on financial assets and liabilities by geographical location is as follows:

Six months ended 30 June 2023

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Canada HK\$'000	Total HK\$'000
Revenue from external customers	49,261	1,529	7,660	810	59,260
Net gain on financial assets/liabilities	31,889	1,645	-	-	33,534
	81,150	3,174	7,660	810	92,794

Six months ended 30 June 2022

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Canada HK\$'000	Total HK\$'000
Revenue from external customers	144,969	1,333	3,451	220	149,973
Net loss on financial assets/liabilities	(196,913)	(44,671)	-	-	(241,584)
	(51,944)	(43,338)	3,451	220	(91,611)

Breakdown of the total non-current assets other than financial instruments and deferred tax assets by location of the assets is shown in the following:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Hong Kong	22,276	30,034
The PRC	55,916	61,840
Japan	8	11
Canada	51	56
	78,251	91,941

7 Revenue

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
<i>Interest income (Note i):</i>		
Interest income from loan lending business	648	1,780
Interest income from margin financing business	2,983	2,487
Interest income from investments in debt instruments classified as financial assets at amortised cost	628	2,170
Interest income from investment in debt instruments at fair value through other comprehensive income	12,645	85,731
Interest income from financial assets at fair value through profit or loss	11,531	37,443
Other interest income	12,712	414
	41,147	130,025
<i>Commission and fee income (Note ii):</i>		
Advisory fee income	7,885	2,409
Commission income from securities brokerage	473	866
Loan arrangement fee income	600	390
Fee income from asset management, net	6,541	12,531
	15,499	16,196
<i>Investment income:</i>		
Dividend income	2,614	3,752
	2,614	3,752
	59,260	149,973

Note i: Total interest income calculated using effective interest method from loan lending business, margin financing business, financial assets at amortised cost and financial assets at fair value through other comprehensive income amounted to HK\$16,904,000 (six months ended 30 June 2022: HK\$92,168,000).

Note ii: Commission and fee income is the only revenue arising from HKFRS 15, while interest income and investment income are under the scope of HKFRS 9. Included in revenue arising from contract with customers recognised at a point of time and over time were revenue of HK\$5,486,000 (six months ended 30 June 2022: HK\$2,100,000) and HK\$10,013,000 (six months ended 30 June 2022: HK\$14,096,000) respectively.

8 Net gain/(loss) on financial assets/liabilities

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Net gain/(loss) on financial assets/liabilities at fair value through profit or loss	33,457	(233,855)
Net gain/(loss) on disposal of financial assets at fair value through other comprehensive income	77	(7,729)
	33,534	(241,584)

9 Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period and taxation on profits assessable elsewhere have been calculated at the rates of income tax prevailing in the countries in which the Group operates respectively.

The PRC Enterprise Income Tax rate is 25% (six months ended 30 June 2022: 25%).

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— charge for the period	7,290	3,192
PRC Enterprise Income Tax		
— underprovision for prior year	—	59
Overseas income tax		
— charge for the period	—	6
— overprovision for prior year	(192)	(2)
Deferred tax		
— charge/(credit) for the period	8,612	(21,249)
	15,710	(17,994)

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of the reporting period.

9 Income tax (Continued)

The following is the analysis of the deferred tax balances for financial reporting purpose:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Deferred tax assets	122,462	127,277
Deferred tax liabilities	(5,554)	(1,749)
	116,908	125,528

The movement in deferred tax assets and liabilities during the period/year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses HK\$'000	Fair value change HK\$'000	Depreciation allowances HK\$'000	ECL allowances HK\$'000	Provision HK\$'000	Total HK\$'000
At 1 January 2022	158,396	(10,170)	(354)	720	–	148,592
(Charged)/credited to profit or loss	(28,000)	3,223	1,388	(720)	660	(23,449)
Exchange difference arising from translation of foreign operations	–	385	–	–	–	385
At 31 December 2022 and 1 January 2023	130,396	(6,562)	1,034	–	660	125,528
(Charged)/credited to profit or loss	(4,328)	(4,152)	–	41	(173)	(8,612)
Exchange difference arising from translation of foreign operations	–	(8)	–	–	–	(8)
At 30 June 2023	126,068	(10,722)	1,034	41	487	116,908

10 Expected credit losses

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
ECL recognised/(reversed) in profit or loss during the period		
— Debt investments at fair value through other comprehensive income	25,796	87,986
— Loan and interest receivables	(4,161)	4,871
— Margin receivables	—	15
— Financial assets at amortised cost	3,255	19,764
— Other interest receivables	7,203	6,826
	32,093	119,462

11 Finance costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Finance costs on repurchase agreements	348	616
Finance costs on lease liabilities	178	126
Finance costs on margin payables	5	219
Finance costs on leverage note	—	671
	531	1,632

12 Dividends

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

13 Loss per share

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$37,582,000 (six months ended 30 June 2022: loss of HK\$300,010,000) and the weighted average number of ordinary shares of approximately 32,979,049,000 (six months ended 30 June 2022: 32,979,049,000) in issue during the period (excluding the ordinary shares purchased by the Company under the share award plan).

Diluted loss per share

Diluted loss per share amount was the same as basic loss per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2023 and 30 June 2022.

14 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$96,000 (six months ended 30 June 2022: HK\$25,000).

Property, plant and equipment with a net book value of HK\$62,000 has been written off by the Group during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil), resulting in a loss on write-off of HK\$62,000 (six months ended 30 June 2022: Nil).

15 Investments in associates

Set out below is the details of the associate as at 30 June 2023 which, in the opinion of the directors, is material to the Group.

Name of entity	Place of business	Country of incorporation	Percentage of ownership interest	Nature of the relationship	Measurement method
Grand Flight Hooyoung Investment L.P.	The PRC	Cayman Islands	30%	Note 1	Equity

Note 1: Grand Flight Hooyoung Investment L.P. is an investment fund registered in Cayman Islands.

15 Investments in associates (Continued)

The following table shows the financial information of Grand Flight Hooyoung Investment L.P..

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue	-	-
Profit/(loss)	4,264	(49,215)
Total comprehensive income/(loss)	4,264	(49,215)
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Current assets	178,173	197,281
Current liabilities	-	(4,544)
Net assets	178,173	192,737
Carrying amount of the associate in the condensed consolidated statement of financial position (30%)	53,452	57,821

Aggregate financial information of associates that are not individually material:

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Aggregate carrying amount of individually immaterial associates in the condensed consolidated statement of financial position	10,908	14,317

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Aggregate amounts of the Group's share of those associates (Loss)/profit	(3,425)	129
Total comprehensive (loss)/income	(3,425)	129

16 Financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss include the followings:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments	1,556,622	1,461,173
Unlisted investment funds	530,450	402,590
Unlisted debt investment	65,283	90,674
Listed equity investments	339,437	358,856
Listed debt investments	71,175	66,790
Convertible loan	12,746	13,750
	2,575,713	2,393,833
Classified as:		
Non-current assets	2,077,823	1,906,019
Current assets	497,890	487,814
	2,575,713	2,393,833

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial liabilities at fair value through profit or loss		
Payable to holders of non-controlling interests in unlisted consolidated investment fund	55,276	70,615
Classified as:		
Current liabilities	55,276	70,615

The interest receivables derived from listed debt investments have been recognised as other interest receivables in the condensed consolidated statement of financial position.

16 Financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (Continued)

Payables to holders of non-controlling interests in the unlisted consolidated structured entity are recognised as a liability since the Group has the obligation to pay other investors of the consolidated structured entity after the lock-up period of the structured entity based on the net asset value and related terms of this consolidated structured entity. The amount ultimately paid by the Group depends on the fair values of these assets on the redemption date and may be different from the carrying amounts at the end of each reporting period.

Investment in Shareholder Value Offshore Fund

As at 30 June 2023, the investment in unlisted investment funds included an investment in an unlisted investment fund namely Shareholder Value Offshore Fund (the "Fund"), which was managed by the Group's asset management subsidiary, namely China Vered Asset Management (Hong Kong) Limited ("CVAM"), whose carrying value amounted to zero (31 December 2022: zero). As of 30 June 2023 and 31 December 2022, the original cost of investment in the Fund amounted to HK\$139,007,000 with an accumulated fair value loss of HK\$139,007,000. According to the financial information of the Fund, it was noted that the Fund invested into two segregated portfolios (the "Subject Fund A" and the "Subject Fund B") through its master fund, Shareholder Value Fund (the "Master Fund").

As at 30 June 2023 and 31 December 2022, taking into account the uncertainty on the recoverability of Subject Fund A and Subject Fund B and accordingly, the Group assessed the carrying value of the investment in the Fund as fully written down. The Group would continue to implement best efforts and take all possible actions to the recovery of the Fund's investment in relation to the Subject Fund A and the Subject Fund B in order to maximise the recoverable amount of the Group's interests in the Fund. Up to the date of this report, the above actions are still on-going and the assessment on the carrying value of the investment in the Fund remains unchanged.

In addition, on 7 June 2022, CVAM received a writ of summons (the "Writ of Summons") with an indorsement of claim issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Orient Finance Holdings (Hong Kong) Limited, as plaintiff (the "Plaintiff"), against CVAM, as a defendant. Subsequently, on 5 August 2022, the Fund was also included as a defendant. Please refer to Note 24 to these condensed consolidated financial statements for additional disclosures regarding the contingent liabilities.

17 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include the followings:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial assets at fair value through other comprehensive income		
Unlisted investment funds	109,997	146,648
Listed equity investments	218,050	228,467
Listed debt investments	52,379	60,349
	380,426	435,464
Classified as:		
Non-current assets	349,256	376,103
Current assets	31,170	59,361
	380,426	435,464

The interests receivables derived from listed debt investments have been recognised as other interest receivables in the condensed consolidated statement of financial position.

ECL allowances attributable to debt investments at fair value through other comprehensive income as at 30 June 2023 amounted to HK\$587,096,000 (31 December 2022: HK\$561,300,000). The increase in ECL allowances of HK\$25,796,000 (six months ended 30 June 2022: HK\$87,986,000) was recognised in the condensed consolidated statement of profit or loss during the period.

17 Financial assets at fair value through other comprehensive income (Continued)

Investment in Fund D

As at 30 June 2023, the financial assets included an investment in unlisted investment fund (the "Fund D"), which was managed by a licensed asset manager (an independent third party to the Group) (the "Third Party Manager C"), whose carrying value amounted to approximately HK\$160,000 (31 December 2022: HK\$160,000). According to the financial information of Fund D, it was noted that the underlying assets included a substantial portion of investments in two loans made by the Third Party Manager C.

In September 2022, the Group submitted a written request for the redemption of the Fund D based on the subscription agreement. The Third Party Manager C requested for the extension of redemption date, however, the Group rejected such extension request. Subsequently, the Third Party Manager C confirmed that they would formulate a plan to realise existing assets of the Fund D to implement the redemption. Based on the assessment of the realisation of underlying assets made by the Third Party Manager C, the listed equity securities would be realised at their fair values but, after further discussion with the borrowers, the Loan A and Loan B might not be repaid upon redemption request.

As at 30 June 2023 and 31 December 2022, taking into account all available information obtained and the recovery efforts implemented, the Group considered the recoverable amount of the two loans was minimal and accordingly, the Group assessed the carrying value of the loans and interest receivables recorded in Fund D as fully impaired and recorded as fair value loss. The fair value of the remaining net assets, including cash and other securities investment less liabilities recorded in the Fund D, was approximately HK\$0.2 million as at 30 June 2023 and 31 December 2022.

The Group would continue to implement all possible recovery efforts on the redemption in the Fund D and the recovery of the two loans in order to maximise the recoverable amount of the Fund D.

18 Financial assets at amortised cost

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Financial assets at amortised cost		
Not past due or less than 1 month past due	–	29,304
1–3 months past due	–	–
3–6 months past due	–	–
6–12 months past due	–	140,037
Over 12 months past due	140,767	–
	140,767	169,341
Less: ECL allowances	(137,034)	(133,779)
	3,733	35,562
Classified as:		
Current assets	3,733	35,562

As at 30 June 2023, these financial assets at amortised cost include unlisted bond investments and note receivables with effective interest rates at 7.6% per annum (31 December 2022: 7.6% to 10.0% per annum). Interest income derived from financial assets at amortised cost was recognised and presented under “Interest income from investments in debt instruments classified as financial assets at amortised cost” in Note 7 to these condensed consolidated financial statements.

ECL allowances attributable to financial assets at amortised cost as at 30 June 2023 amounted to HK\$137,034,000 (31 December 2022: HK\$133,779,000). The increase in ECL allowances of HK\$3,255,000 (six months ended 30 June 2022: HK\$19,764,000) was recognised in the condensed consolidated statement of profit or loss during the period.

19 Loan and interest receivables

The following is an aging analysis of loan and interest receivables based on the contract note at the reporting date:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Loan and interest receivables		
Not past due or less than 1 month past due	112,625	3,730
1–3 months past due	–	–
3–6 months past due	–	–
6–12 months past due	569	–
Over 12 months past due	374,040	374,259
	487,234	377,989
Less: ECL allowances	(256,105)	(260,266)
	231,129	117,723
Classified as:		
Non-current assets	79,901	–
Current assets	151,228	117,723
	231,129	117,723

As at 30 June 2023, these loan receivables bear interest at fixed rates ranging from 10% to 15% per annum (31 December 2022: 15% per annum). Interest income derived from loan receivables was recognised and presented under “Interest income from loan lending business” in Note 7 to these condensed consolidated financial statements.

ECL allowances attributable to loan and interest receivables as at 30 June 2023 amounted to HK\$256,105,000 (31 December 2022: HK\$260,266,000). The decrease in ECL allowances of HK\$4,161,000 (six months ended 30 June 2022: increase of HK\$4,871,000) was recognised in the condensed consolidated statement of profit or loss during the period.

20 Margin receivables and other trade receivables

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Margin receivables	119,166	120,200
Less: ECL allowances	(63,566)	(63,566)
	55,600	56,634
Trade receivables arising from the business of asset management	7,258	17,969
Trade receivables arising from the business of underwriting	2,800	2,950
	65,658	77,553

As at 30 June 2023, loans to margin clients are secured by client's pledged Hong Kong-listed securities at fair value of HK\$530,809,000 (31 December 2022: HK\$583,609,000) which can be sold at the discretion of a subsidiary of the Group to settle margin call requirements imposed by their respective securities transactions. The loans are repayable on demand and bear interest at commercial rates.

ECL allowances attributable to margin receivables as at 30 June 2023 amounted to HK\$63,566,000 (31 December 2022: HK\$63,566,000). No ECL allowances (six months ended 30 June 2022: increase of HK\$15,000) was recognised in the condensed consolidated statement of profit or loss during the period.

Except for those margin receivables in stage 3 of ECL assessment, the Group considered that the business nature of margin receivable is short-term and the directors are of the opinion that no further aging analysis is disclosed.

20 Margin receivables and other trade receivables (Continued)

Aging analysis of other trade receivables from the trade date is as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Other trade receivables		
0-90 days	3,029	4,125
91 days to 1 year	2,985	16,794
Over 1 year	4,044	-
	10,058	20,919

The carrying amounts of the margin receivables and other trade receivables approximate to their fair values.

21 Share capital

Ordinary shares, issued and fully paid:

	Number of shares '000	Share capital HK\$'000
At 31 December 2022, 1 January 2023 and 30 June 2023	34,714,459	4,454,374

22 Loan and interest payables

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Repurchase agreements	22,803	-
Interest payables	250	-
	23,053	-

22 Loan and interest payables (Continued)

The above borrowings are repayable as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 1 year	23,053	–

As at 30 June 2023, the borrowings in respect of repurchase agreements bore interest at floating rates. The carrying amount of the pledged bonds classified as financial assets at fair value through profit or loss was approximately HK\$75,882,000 (31 December 2022: Nil).

23 Related party transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Fee income received from asset management (Note i)	695	3,542
Dividend income (Note ii)	591	346

Note i: During the period ended 30 June 2023, the Group has received fund management fee and performance fee income of HK\$695,000 from a related party fund (six months ended 30 June 2022: HK\$3,542,000). Fund management fee and performance fee were determined with reference to the market rate offered to other third party investor of the fund.

Note ii: During the period ended 30 June 2023, the Group has received dividend income of HK\$591,000 from certain related party funds (six months ended 30 June 2022: HK\$346,000). Dividend income is determined with reference to market rate offered to other third party investor of the fund.

24 Contingent liabilities

On 7 June 2022, CVAM received the Writ of Summons with an indorsement of claim issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by the Plaintiff against CVAM, as a defendant. Details of the receipt of Writ of Summons are set out in the Company's announcement dated 10 June 2022. Subsequently, on 5 August 2022, the Fund was also included as a defendant.

As stated in the indorsement of claim attached to the Writ of Summons, the Plaintiff claims against the defendants, among others, for: (1) a sum of US\$17,090,460.61, being the original investment amount of US\$25,000,000.00 made by the Plaintiff in the Fund where CVAM serves as the investment manager, less US\$7,909,539.39, being the redemption proceeds paid to the Plaintiff; (2) interest for investment in the Fund; (3) loss and/or damages; (4) such further or other reliefs as the court shall deem fit; and (5) costs.

At the end of the reporting period and up to the date of approval of these condensed consolidated financial statements, based on the information available and the advice from external legal advisors, the Group's management assessed that whether any present obligation exists is still subject to high uncertainty. Accordingly, the Group has not made any provisions for any claim arising from the litigation, other than the related legal and other costs.

CVAM as a licensed corporation is registered with the Securities and Futures Commission ("SFC"). It may be required to assist in and/or subject to inquiries by relevant regulatory authorities in Hong Kong, including the SFC, if and when necessary. CVAM has been involved in ongoing communication with regulatory authorities in connection with the matters being investigated by the Group in prior year and no disciplinary action has been initiated by any regulatory authorities up to the date of this report. The Group has not made any provision for the aforementioned contingency.

Save as disclosed above, as at 30 June 2023, the Group and the Company did not have any significant contingent liabilities (31 December 2022: Nil).

25 Commitments

Capital commitments

The Group has entered into contracts to commit investing into certain unlisted investment funds and limited partnership. The aggregate non-cancellable capital commitments as at 30 June 2023 amounted to approximately HK\$285,485,000 (31 December 2022: HK\$292,829,000).

26 Events after the reporting period

There are no material subsequent events since the end of the reporting period and up to the date of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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To the board of directors of

China Vered Financial Holding Corporation Limited

(incorporated in Hong Kong with limited liability)

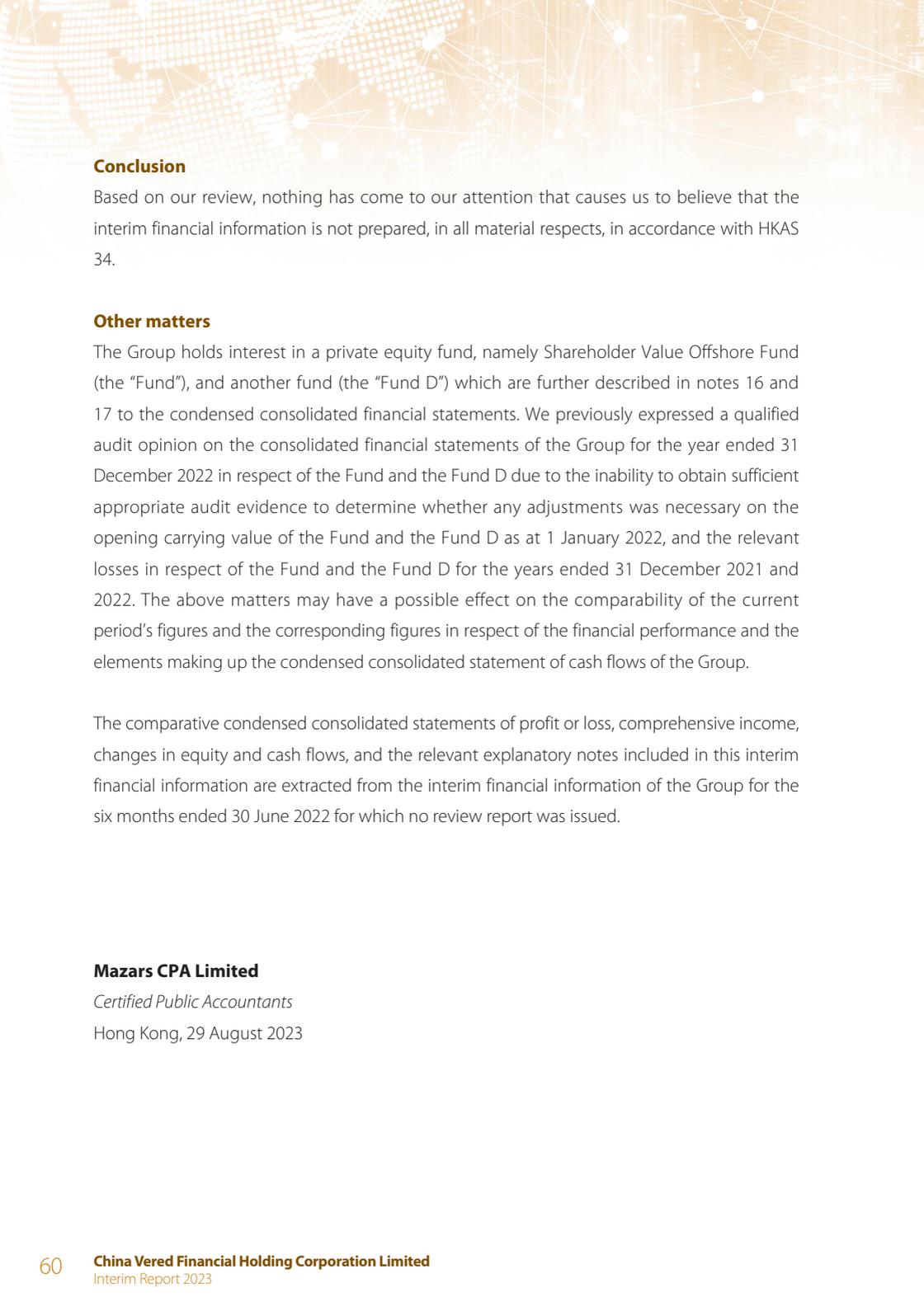
Introduction

We have reviewed the interim financial information set out on pages 19 to 58, which comprises the condensed consolidated statement of financial position of China Vered Financial Holding Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Other matters

The Group holds interest in a private equity fund, namely Shareholder Value Offshore Fund (the “Fund”), and another fund (the “Fund D”) which are further described in notes 16 and 17 to the condensed consolidated financial statements. We previously expressed a qualified audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2022 in respect of the Fund and the Fund D due to the inability to obtain sufficient appropriate audit evidence to determine whether any adjustments was necessary on the opening carrying value of the Fund and the Fund D as at 1 January 2022, and the relevant losses in respect of the Fund and the Fund D for the years ended 31 December 2021 and 2022. The above matters may have a possible effect on the comparability of the current period’s figures and the corresponding figures in respect of the financial performance and the elements making up the condensed consolidated statement of cash flows of the Group.

The comparative condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows, and the relevant explanatory notes included in this interim financial information are extracted from the interim financial information of the Group for the six months ended 30 June 2022 for which no review report was issued.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 29 August 2023