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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)

SUPPLEMENTAL ANNOUNCEMENT TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report of the China Vered Financial Holding Corporation Limited (the “**Company**”) for the year ended 31 December 2023 (the “**2023 Annual Report**”). Unless otherwise specified, capitalised terms used herein have the same meanings defined in the 2023 Annual Report.

In addition to the information disclosed in the section “Independent Auditor’s Report” in the 2023 Annual Report, the Board would like to provide the following additional information in respect of the audit qualification issued by Mazars CPA Limited (the “**Auditor**”) on Fund F:

BACKGROUND OF THE INVESTMENT IN FUND F

The investment in Fund F was made by the Company in January 2022. Fund F is in the form of partnership regulated by the Cayman Islands Monetary Authority. The general partner of the Fund F (i.e. the “Fund Manager E” as referred to in the 2023 Annual Report) (the “**Fund Manager**”) is an exempted limited partnership established in the Cayman Islands. The management, operation, policy and conduct of Fund F’s business are vested exclusively with the Fund Manager.

The amended and restated limited partnership agreement of the Fund F provided that the Fund Manager shall use commercially reasonable efforts to deliver to the limited partners semi-annual reports, annual reports and audited financial statements of the Fund F, and that the books of accounts of the Fund F shall be open to inspection by the limited partners and their accredited representatives after reasonable advance notice. Furthermore, the Company requested the Fund Manager to provide further updates on the Fund F’s investments and entered into the side letter (the “**Side Letter**”) regarding the subscription of the Fund F.

The Side Letter stipulates that the Fund Manager agreed to use commercially reasonable efforts to further provide (a) monthly update on information relating to the partnership and (b) quarterly summary updates on the progress of certain key investments of the partnership, the details of which to be determined by the Fund Manager in its reasonable discretion. These provisions are considered applicable to all limited partners of the Fund F and in line with market practice.

DETAILS OF THE AUDIT MODIFICATIONS

According to the fund statement of Fund F provided by the Fund Manager, the reason for the fair value loss recognized by the Company was due to fund management fee and other fund operating expenses incurred by the Fund F and the investment loss of the underlying investments made the Fund F. The Fund Manager has replied to the Company that they were in the progress of finalizing the valuations with the Fund F's auditor as at the period when the Group was preparing for its annual results/annual report.

To the best of the Company's knowledge, the Company is not aware that the investment in Fund F is associated with other investments/transactions under the independent investigation conducted in 2022. For completeness, the Company noted that the brother-in-law of Ms. Lin Le (a then executive director and chairperson of the Company) indirectly owned 50% of the equity interests of the Fund Manager, and that the Fund F is within the scope of the investigation conducted by Grant Thornton Advisory Services Limited (the "**Investigation**"). Please refer to the Company's announcements dated 22 February 2024, 13 March 2024 and 24 May 2024 for further details of the Investigation.

MANAGEMENT POSITION AND AUDIT COMMITTEE'S VIEW

In respect of the audit modification on comparability of the current year's figures and the corresponding figures for the year ended 31 December 2022, the Company's management considered that the investment losses recognized for the Fund and the Fund D only affected the comparative figures in relation to the opening carrying value of the Fund and the Fund D for the year ended 31 December 2022 and have not affected the opening balance on the consolidated financial statements of the Company for the year ended 31 December 2023. The Company would like to emphasize that the carrying amounts of investments in the Fund and the Fund D as at 31 December 2022 and 2023 were not qualified. In this regard, the Audit Committee was of the view that the qualified opinion for the year ended 31 December 2023 was a consequential effect of the qualified opinion relating to the audit of the consolidated financial statements of the Group for the year ended 31 December 2022. The Audit Committee also reviewed the matters after discussion with the Auditor and the management, and confirmed that it agreed with the management's position and basis of the qualified opinion.

In respect of the audit modification on investment in an unlisted fund (i.e. the Fund F), during the year ended 31 December 2023 and up to the date of the 2023 Annual Report, the Company has made its best efforts to obtain certain available financial information of the Fund F and regular investor update in relation to the status of underlying assets of the Fund F from the Fund Manager in order to satisfy auditor's request. The fair value of the Fund F as at 31 December 2023 was reference to the net assets value approach based on the fund statement as at 31 December 2023 provided by the Fund Manager. The Company considered that the basis applied in the fair value assessment of the Fund F represented the best estimate. In this regard, the Audit Committee reviewed the audit modifications and understood that the Auditor was unable to obtain all required audit evidence in relation to the audit work. The Audit Committee also reviewed and understood the position of the management and advised that the Company should come up with a plan to resolve the audit modifications. In this regard, the Audit Committee agreed with the view of the management's position described above.

ACTION PLAN

As at the date of this announcement, the Company had arranged two staff to visit the Fund Manager's office in Canada and successfully conducted a meeting with the senior members of the Fund Manager on 21 May 2024. In response to our requests, the Fund Manager provided the valuation report on each of the underlying investments of the Fund F and agreed to work with the auditor of the Fund F and arrange a meeting between the auditor of Fund F and the Auditor to further discuss the timeline for circulation of information relating to the valuation of the underlying investments. The Company will continue to exercise its best endeavours to liaise with the Fund Manager in order to obtain the financial information and valuation of the underlying assets of Fund F.

The Company will also negotiate with the Fund Manager to enter into further agreements regarding its information rights on the underlying investments, providing the Auditor with access to audit trail of the Fund F and/or shortening the reporting timeline by the Fund Manager. The Company is prepared to seek legal advice on available legal recourse to safeguard its interests if the situation is not resolved amicably.

The above additional information does not affect other information contained in the 2023 Annual Report and save as disclosed above, all other information in the 2023 Annual Report remains unchanged.

By Order of the Board
China Vered Financial Holding Corporation Limited
Ng Kian Guan
Chairman

Hong Kong, 30 May 2024

As at the date of this announcement, the Board comprises (1) Mr. Li Feng and Mr. Xie Fang as executive directors of the Company; (2) Mr. Ng Kian Guan and Mr. Huang Yan as non-executive directors of the Company; and (3) Mr. Cheng Tai Sheung, Mr. Sun Junchen, Mr. Ko Ming Tung, Edward and Mr. Wong Ka Wai as independent non-executive directors of the Company.