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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Directors”) of China Vered Financial Holding Corporation Limited (the “Company”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter together referred as the “Group”) for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		HK\$’000	HK\$’000
Interest income		30,662	41,147
Commission and fee income		10,748	15,499
Investment income		9,643	2,614
Total revenue	5	51,053	59,260

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain on financial assets/liabilities		158,842	33,534
Other loss, net		(4,074)	(3,356)
Trading costs		(11,814)	(1,569)
Staff costs and related expenses		(115,847)	(39,540)
Premises expenses		(5,799)	(6,259)
Legal and professional fees		(6,760)	(9,313)
Depreciation		(760)	(898)
Information technology expenses		(2,832)	(3,355)
Expected credit losses (“ECL”)	7	(54,368)	(32,093)
Write-off of other intangible assets		–	(902)
Other operating expenses		(7,696)	(9,934)
Share of post-tax loss of associates		(9,408)	(5,733)
Finance costs	8	(628)	(531)
Loss before income tax	4	(10,091)	(20,689)
Income tax expense	6	(10,494)	(15,710)
Loss for the period		(20,585)	(36,399)
(Loss)/profit attributable to:			
— Owners of the Company		(20,781)	(37,582)
— Non-controlling interests		196	1,183
		(20,585)	(36,399)
		<i>HK Cents</i>	<i>HK Cents</i>
		<i>per share</i>	<i>per share</i>
Loss per share attributable to owners of the Company			
Basic loss per share	10	(0.06)	(0.11)
Diluted loss per share	10	(0.06)	(0.11)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(20,585)	(36,399)
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	(19,827)	(92,806)
<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	(1,999)	(39,646)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	(59)	25,796
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	1,581	(77)
Exchange differences on translation of foreign operations	(28,037)	(19,469)
Other comprehensive loss for the period, net of tax	(48,341)	(126,202)
Total comprehensive loss for the period	(68,926)	(162,601)
Total comprehensive (loss)/income for the period attributable to:		
— Owners of the Company	(69,627)	(163,296)
— Non-controlling interests	701	695
	(68,926)	(162,601)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

AS AT 30 JUNE 2024

		30 June 2024	31 December 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		654	1,403
Right-of-use assets		–	2,444
Goodwill		5,079	5,079
Other intangible assets		–	–
Investments in associates		68,490	77,898
Rental and other deposits		2,613	3,130
Loan and interest receivables	<i>14</i>	–	79,900
Financial assets at fair value through profit or loss	<i>11</i>	2,375,331	2,096,875
Financial assets at fair value through other comprehensive income	<i>12</i>	275,664	336,434
Deferred tax assets		129,981	130,671
		<hr/>	<hr/>
Total non-current assets		2,857,812	2,733,834
Current assets			
Margin receivables and other trade receivables	<i>13</i>	9,431	66,565
Other receivables, prepayments and deposits		45,994	66,005
Loan and interest receivables	<i>14</i>	200,624	129,986
Other interest receivables		2,943	13,195
Financial assets at fair value through profit or loss	<i>11</i>	351,412	387,672
Financial assets at fair value through other comprehensive income	<i>12</i>	43,390	16,013
Financial assets at amortised cost		1,895	2,412
Tax receivables		169	170
Deposits with brokers		224,950	213,008
Cash and cash equivalents		550,847	689,636
		<hr/>	<hr/>
Total current assets		1,431,655	1,584,662
		<hr/>	<hr/>
Total assets		4,289,467	4,318,496

		30 June 2024	31 December 2023
	<i>Note</i>	HK\$'000	HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,454,374	4,454,374
Other reserves		(89,647)	(216,963)
Accumulated losses		(367,517)	(255,035)
		3,997,210	3,982,376
Non-controlling interests		7,282	6,581
Total equity		4,004,492	3,988,957
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		–	5,805
Total non-current liabilities		–	5,805
Current liabilities			
Accruals and other payables		132,944	161,758
Loan and interest payables	<i>15</i>	–	27,639
Financial liabilities at fair value through profit or loss	<i>11</i>	12,695	6,925
Current tax liabilities		139,336	124,793
Lease liabilities		–	2,619
Total current liabilities		284,975	323,734
Total liabilities		284,975	329,539
Total equity and liabilities		4,289,467	4,318,496
Net current assets		1,146,680	1,260,928
Total assets less current liabilities		4,004,492	3,994,762

Notes:

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 2023 that is included in the condensed consolidated financial statements for the six months ended 30 June 2024 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 2023 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 2024 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 27 August 2024.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023, 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 2023, as disclosed in the Annual Report for 2023.

(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 2024 for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HK Interpretation 5, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(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 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 securities brokerage services, securities margin financing services to clients, underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, financial advisory and financial arrangement services to clients; and
- 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.

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.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:

Six months ended 30 June 2024

	Reportable segments				Unallocated amount HK\$’000 (Note)	Total HK\$’000
	Asset management HK\$’000	Securities brokerage HK\$’000	Investment holding HK\$’000	Total HK\$’000		
Interest income	-	4,205	14,475	18,680	11,982	30,662
Commission and fee income	8,154	267	1,740	10,161	587	10,748
Investment income	-	-	9,643	9,643	-	9,643
Revenue from external customers	8,154	4,472	25,858	38,484	12,569	51,053
Net gain on financial assets/liabilities	-	-	158,842	158,842	-	158,842
	<u>8,154</u>	<u>4,472</u>	<u>184,700</u>	<u>197,326</u>	<u>12,569</u>	<u>209,895</u>
Segment profit/(loss) before income tax	<u>2,113</u>	<u>(47,264)</u>	<u>145,664</u>	<u>100,513</u>	<u>(110,604)</u>	<u>(10,091)</u>
Other segment information:						
Depreciation of property, plant and equipment	-	(1)	(2)	(3)	(757)	(760)
Depreciation of right-of-use assets	-	-	-	-	(2,444)	(2,444)
Provision for ECL allowances	-	(48,130)	(6,238)	(54,368)	-	(54,368)
Staff costs and related expenses	<u>(2,826)</u>	<u>(2,225)</u>	<u>(6,483)</u>	<u>(11,534)</u>	<u>(104,313)</u>	<u>(115,847)</u>

Six months ended 30 June 2023

	Reportable segments				Unallocated amount HK\$'000 (Note)	Total HK\$'000
	Asset management HK\$'000	Securities brokerage HK\$'000	Investment holding 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
	<u>8,851</u>	<u>3,131</u>	<u>67,892</u>	<u>79,874</u>	<u>12,920</u>	<u>92,794</u>
Segment profit/(loss) before income tax	<u>406</u>	<u>(1,179)</u>	<u>8,401</u>	<u>7,628</u>	<u>(28,317)</u>	<u>(20,689)</u>
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	<u>(5,509)</u>	<u>(2,460)</u>	<u>(8,946)</u>	<u>(16,915)</u>	<u>(22,625)</u>	<u>(39,540)</u>

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.

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

Six months ended 30 June 2024

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Canada HK\$'000	Total HK\$'000
Revenue from external customers	44,107	895	5,111	940	51,053
Net gain/(loss) on financial assets/liabilities	163,550	(2,908)	(1,800)	–	158,842
	<u>207,657</u>	<u>(2,013)</u>	<u>3,311</u>	<u>940</u>	<u>209,895</u>

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
	<u>81,150</u>	<u>3,174</u>	<u>7,660</u>	<u>810</u>	<u>92,794</u>

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 2024 HK\$'000	31 December 2023 HK\$'000
Hong Kong	24,451	29,664
The PRC	49,718	57,106
Japan	2	5
Canada	52	49
	<u>74,223</u>	<u>86,824</u>

5 REVENUE

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
<i>Interest income (Note i):</i>		
Interest income from loan lending business	5,595	648
Interest income from margin financing business	4,187	2,983
Interest income from debt instruments at fair value through other comprehensive income	3,976	12,645
Interest income from financial assets at fair value through profit or loss	2,961	11,531
Interest income from debt instruments at amortised cost	–	628
Other interest income	13,943	12,712
	<u>30,662</u>	<u>41,147</u>
<i>Commission and fee income (Note ii):</i>		
Fee income from asset management	5,104	6,541
Advisory fee income	4,789	7,885
Commission income from securities brokerage	705	473
Loan arrangement fee income	–	600
Underwriting fee income	150	–
	<u>10,748</u>	<u>15,499</u>
<i>Investment income:</i>		
Dividend income	9,643	2,614
	<u>9,643</u>	<u>2,614</u>
	<u>51,053</u>	<u>59,260</u>

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\$13,758,000 (six months ended 30 June 2023: HK\$16,904,000).

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\$1,584,000 (six months ended 30 June 2023: HK\$5,486,000) and HK\$9,164,000 (six months ended 30 June 2023: HK\$10,013,000) respectively.

6 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 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 2023: 25%).

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— charge for the period	15,642	7,290
— overprovision for prior year	(138)	—
Overseas income tax		
— under/(over)provision for prior year	117	(192)
Deferred tax		
— (credit)/charge for the period	(5,127)	8,612
	<u>10,494</u>	<u>15,710</u>
Income tax expense	<u>10,494</u>	<u>15,710</u>

7 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
ECL (reversed)/recognised in profit or loss during the period		
— Debt investments at fair value through other comprehensive income	(59)	25,796
— Loan and interest receivables	(1,235)	(4,161)
— Margin receivables	48,131	—
— Financial assets at amortised cost	391	3,255
— Other interest receivables	7,140	7,203
	<u>54,368</u>	<u>32,093</u>

8 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Finance costs on repurchase agreements	609	348
Finance costs on lease liabilities	19	178
Finance costs on margin payables	—	5
	<u>628</u>	<u>531</u>

9 DIVIDENDS

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10 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\$20,781,000 (six months ended 30 June 2023: loss of HK\$37,582,000) and the weighted average number of ordinary shares of approximately 33,688,504,000 (six months ended 30 June 2023: 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 2024 and 30 June 2023.

11 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 2024 HK\$'000	31 December 2023 HK\$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments	1,805,064	1,592,505
Unlisted investment funds	522,940	582,385
Unlisted debt investment	51,299	57,603
Listed equity investments	324,415	194,832
Listed debt investments	13,325	44,223
Convertible loan	9,700	12,999
	<u>2,726,743</u>	<u>2,484,547</u>
Classified as:		
Non-current assets	2,375,331	2,096,875
Current assets	351,412	387,672
	<u>2,726,743</u>	<u>2,484,547</u>
Financial liabilities at fair value through profit or loss		
Other financial liabilities	12,695	6,925
	<u>12,695</u>	<u>6,925</u>
Classified as:		
Current liabilities	12,695	6,925
	<u>12,695</u>	<u>6,925</u>

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

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Financial assets at fair value through other comprehensive income		
Unlisted investment funds	103,818	108,762
Listed equity investments	129,832	207,174
Listed debt investments	85,404	36,511
	<u>319,054</u>	<u>352,447</u>
Classified as:		
Non-current assets	275,664	336,434
Current assets	43,390	16,013
	<u>319,054</u>	<u>352,447</u>

The interests receivables derived from listed debt investments and certain listed equity 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 2024 amounted to HK\$592,435,000 (31 December 2023: HK\$592,750,000). The decrease in ECL allowances of HK\$59,000 (six months ended 30 June 2023: increase of HK\$25,796,000) was recognised in the condensed consolidated statement of profit or loss during the period.

13 MARGIN RECEIVABLES AND OTHER TRADE RECEIVABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Margin receivables	114,027	118,342
Less: ECL allowances	(111,697)	(63,566)
	<u>2,330</u>	<u>54,776</u>
Trade receivables arising from asset management business and underwriting business		
	9,901	14,589
Less: ECL allowances	(2,800)	(2,800)
	<u>7,101</u>	<u>11,789</u>
	<u>9,431</u>	<u>66,565</u>

As at 30 June 2024, loans to margin clients are secured by client's pledged Hong Kong-listed securities at fair value of approximately HK\$7,752,000 (31 December 2023: HK\$430,937,000) 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 2024 amounted to HK\$111,697,000 (31 December 2023: HK\$63,566,000). The increase in ECL allowances of HK\$48,131,000 (six months ended 30 June 2023: HK\$Nil) 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.

ECL allowances attributable to other trade receivables as at 30 June 2024 amounted to HK\$2,800,000 (31 December 2023: HK\$2,800,000). No ECL allowances (six months ended 30 June 2023: HK\$Nil) was recognised in the condensed consolidated statement of profit or loss during the period.

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other trade receivables		
0–90 days	2,720	2,358
91 days to 1 year	3,141	8,190
Over 1 year	4,040	4,041
	<u>9,901</u>	<u>14,589</u>

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

14 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 2024 HK\$'000	31 December 2023 HK\$'000
Not past due or less than 1 month past due	90,213	97,186
1–3 months past due	–	–
3–6 months past due	–	1,773
6–12 months past due	1,760	–
Over 12 months past due	370,726	374,237
	<hr/>	<hr/>
	462,699	473,196
Less: ECL allowances	(262,075)	(263,310)
	<hr/>	<hr/>
	200,624	209,886
	<hr/> <hr/>	<hr/> <hr/>
Classified as:		
Non-current assets	–	79,900
Current assets	200,624	129,986
	<hr/>	<hr/>
	200,624	209,886
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2024, these loan receivables bear interest at fixed rates ranging from 10% to 15% per annum (31 December 2023: 10% to 15% per annum). Interest income derived from loan receivables was recognised and presented under “Interest income from loan lending business” in Note 5 to this announcement.

ECL allowances attributable to loan and interest receivables as at 30 June 2024 amounted to HK\$262,075,000 (31 December 2023: HK\$263,310,000). The decrease in ECL allowances of HK\$1,235,000 (six months ended 30 June 2023: HK\$4,161,000) was recognised in the condensed consolidated statement of profit or loss during the period.

15 LOAN AND INTEREST PAYABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Repurchase agreements	–	26,647
Interest payables	–	992
	<hr/>	<hr/>
	–	27,639
	<hr/> <hr/>	<hr/> <hr/>

The above borrowings are repayable as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 1 year	<u>–</u>	<u>27,639</u>

As at 30 June 2024, the Group does not have any borrowings. As at 31 December 2023, the borrowings in respect of repurchase agreements bore interest at fixed rates ranging from 5.31% to 7.02% per annum. The carrying amount of the pledged bonds classified as financial assets at fair value through profit or loss was approximately HK\$75,233,000.

16 CONTINGENT LIABILITIES

On 7 June 2022, China Vered Asset Management (Hong Kong) Limited (“CVAM”), the Group’s subsidiary, 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.

The Group has sought legal advice in respect of the litigation. At the end of the reporting period and up to the date of this announcement, 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 announcement. The Group has not made any provision for the aforementioned contingency.

Save as disclosed above, as at 30 June 2024, the Group and the Company did not have any significant contingent liabilities (31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review

In the first half of 2024, the global economy demonstrated resilience despite facing challenges such as geopolitical conflicts and elections in various countries, which contributed to a slow recovery with evident regional disparities. While there was a rebound in global commodity trading in goods, it still lagged behind historical levels. Global inflation eased more quickly than expected, primarily due to the persistent tightening of monetary policies by major developed economies. Domestically, the pain from structural transformation was evident, but ongoing macroeconomic policies helped soften these impacts. This, coupled with a resurgence in external demand, contributed to maintaining overall stability in the national economy.

Due to the above factors, the major A-share indexes moved in different directions in the first half, creating disparity between markets. During the first half of 2024, the Shanghai Composite Index fell by 0.25%, the Shenzhen Component Index decreased by 7.10%, and the ChiNext Index dropped by 10.99%. The Hong Kong stock market also displayed a mixed performance: large-cap stocks outperformed, leading the market, while small-cap stocks lagged slightly behind. The Hang Seng Index rose by 3.94%, but the Technology Index declined by 5.57%. In the first half of 2024, the Hong Kong IPO market saw a reduction in fundraising scale, with both the total capital raised and the number of issues falling compared to the same period last year, dropping its global ranking to ninth.

In the first half of 2024, the Company accelerated the clearance of underperforming assets and hastened the recovery of investments, progressively refining its investment portfolio and cautiously initiating new projects. The Company maintained stable overall financial health.

Facing a complex internal and external environment, the Company continued to apply a cautious and disciplined management approach. While maintaining stability in its business operations and team, the Company further enhanced its internal control and risk management to ensure steady business growth. Specifically, in the realm of investment business, the Company increased its investments in fixed-income assets that balance returns with risks, and focused on high-quality, high-growth sectors such as advanced technology, cutting-edge manufacturing, the digital economy, artificial intelligence, and healthcare, seeking out high-quality equity investment opportunities. In respect of asset management business, the Company enhanced the recovery of investments and the disposal of underperforming assets, and actively pursued special opportunities in non-performing assets, distressed assets, cross-border mergers and acquisitions, and synergies between primary and secondary markets. Regarding internal control and governance, following recommendations from internal control consultants, the Company implemented a series of corrective measures. These included refining its authorization matrix and optimizing its monitoring and reporting processes.

Prospect

Looking ahead to the second half of 2024, geopolitical tensions are expected to persist in a strategic deadlock. While the global economy remains resilient amidst diversification, it is projected to trend downward over the long term. Domestically, with the rollout of the new “National Nine Rules”, China’s capital markets will adopt more stringent regulations, enhanced risk prevention, and a commitment to high-quality development. Policies are also likely to keep emphasizing new growth drivers, thus opening up new industrial investment opportunities driven by new quality productive forces. On the international front, the tightening policies previously implemented to curb post-pandemic inflation are easing, with global central banks expected to follow a more moderate approach in cutting interest rates. Amidst trends of global fragmentation, new dynamics are emerging in the division of labor within the global industrial chain. Western countries are moving towards reindustrialization, while domestically, there is a shift towards large-scale green industries and digital economies. Concurrently, driven by external demand, Chinese enterprises are expected to experience a revival in exports and overseas expansion.

The Company will fully assess the changes and trends in the macroeconomic environment outlined above. Amid the uncertainty of market fluctuations, we will strive for relative stability and continue our efforts to reduce costs and enhance efficiency. We are committed to actively managing and revitalizing our existing assets, preventing new risks, resolving historical issues, and continuously improving both the quality and value of our assets. Furthermore, we will continually enhance the sustainability and stability of our asset acquisitions. Simultaneously, we will fully leverage Hong Kong's status as an international financial center. We will flexibly adjust our investment strategies and continuously optimize our asset allocation, ensuring a balance between asset liquidity and returns. We will exploit our ability to connect with high-quality global assets, seize economic development opportunities in the Greater Bay Area, foster innovation in our operations, strive for breakthroughs in our business models, and deepen our strategic deployment in both Hong Kong and the cross-border financial sectors.

Looking to the future, the Company will steadfastly uphold the values of integrity, professionalism, and innovation. We will maintain our strategic focus, continually enhance our core competencies and professional standards, seize development opportunities, actively respond to market challenges, and pursue a path of high-quality development. This approach will create more value for our shareholders and investors.

Financial Review

For the six months ended 30 June 2024, the unaudited condensed consolidated revenue of the Group was approximately HK\$51,053,000 (six months ended 30 June 2023: HK\$59,260,000), representing a decrease of approximately 14%, 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		Change
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	
Interest income	30,662	41,147	(25%)
Commission and fee income	10,748	15,499	(31%)
Investment income	9,643	2,614	269%
	<hr/>	<hr/>	<hr/>
Total revenue	51,053	59,260	(14%)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group recorded a loss of approximately HK\$20,585,000 for the six months ended 30 June 2024, as compared to a loss of HK\$36,399,000 for the six months ended 30 June 2023. The decrease in loss was mainly attributable to an increase in net gain on investments as compared to the six months ended 30 June 2023. The effects of the aforesaid factors are partially offset by (i) an increase in provision for impairment of financial assets with amount of HK\$54.4 million recorded for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$32.1 million); (ii) an increase in staff costs and related expenses arising from release of shares held for share award plan by the Group for the six months ended 30 June 2024; and (iii) a decrease in revenue as compared to the six months ended 30 June 2023 for the reasons mentioned above.

The table below presents the breakdown of segment revenue (including net gain on financial assets/liabilities) and reportable segment results during the six months ended 30 June 2024 with comparative figures in the six months ended 30 June 2023:

	Segment revenue and net gain on financial assets/liabilities		Segment results	
	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000	Six months ended 30 June 2024 HK\$'000	Six months ended 30 June 2023 HK\$'000
Asset management	8,154	8,851	2,113	406
Securities brokerage	4,472	3,131	(47,264)	(1,179)
Investment holding	184,700	67,892	145,664	8,401
Total	<u>197,326</u>	<u>79,874</u>	<u>100,513</u>	<u>7,628</u>

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\$8.2 million during the six months ended 30 June 2024 as compared to approximately HK\$8.9 million for the six months ended 30 June 2023 and profit of approximately HK\$2.1 million during the six months ended 30 June 2024 as compared to approximately HK\$0.4 million for the six months ended 30 June 2023. The decrease in segment revenue was primarily due to the decrease in asset management fee income arising from the decrease of average aggregated net value of assets under management during the period under review, while the increase in profit was mainly due to reduction in staff costs.

Securities brokerage segment

The Group's securities brokerage business mainly includes the provision of securities brokerage services, securities margin financing to clients, 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 2024, the revenue contributed by the securities brokerage segment increased to approximately HK\$4.5 million, while the loss increased to approximately HK\$47.3 million, compared to the revenue and loss of approximately HK\$3.1 million and HK\$1.2 million, respectively, for the six months ended 30 June 2023. The increase in segment revenue was mainly due to the increase in fees received from clients and interest income from margin financing, while the increase in loss was principally attributable to the increase in ECL allowance 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 on financial assets/liabilities) of approximately HK\$184.7 million during the six months ended 30 June 2024 as compared to approximately HK\$67.9 million for the six months ended 30 June 2023 and profit of approximately HK\$145.7 million during the six months ended 30 June 2024 as compared to approximately HK\$8.4 million for the six months ended 30 June 2023. 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\$158.8 million recorded for the six months ended 30 June 2024 as compared to approximately HK\$33.5 million recorded for the six months ended 30 June 2023 as a result of the improvement of fair value of certain unlisted investments; (ii) a 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.

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 2024 was approximately HK\$152,136,000 (six months ended 30 June 2023: HK\$71,399,000), representing an increase of approximately 113% which was mainly due to release of shares held for share award plan by the Group for the period under review.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

For the financial position as at 30 June 2024, total assets of the Group were approximately HK\$4,289,467,000 (as at 31 December 2023: HK\$4,318,496,000), representing a decrease of approximately 0.7%. Net cash (outflow)/inflow from operating activities, investing activities and financing activities for the period under review were approximately HK\$(97,784,000), HK\$(16,000) and HK\$(29,266,000) (six months ended 30 June 2023: HK\$(299,288,000), HK\$1,949,000 and HK\$18,481,000), respectively. Depreciation for property, plant and equipment for the period under review was approximately HK\$760,000 (six months ended 30 June 2023: HK\$898,000).

Employee relations

As at 30 June 2024, the Group had 65 employees (as at 30 June 2023: 71 employees).

Total staff costs and related expenses for the six months ended 30 June 2024 were approximately HK\$115,847,000 (six months ended 30 June 2023: HK\$39,540,000).

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 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 2024, the Group's cash and bank balances amounted to approximately HK\$550,847,000 (as at 31 December 2023: HK\$689,636,000) and the total debts amounted to HK\$Nil (as at 31 December 2023: HK\$27,639,000). The gearing ratio as at 30 June 2024 (total debts to total equity) was 0% (as at 31 December 2023: 0.7%), which indicated that the Group's overall financial position remained strong.

Funding 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 HK\$Nil as at 30 June 2024 (as at 31 December 2023: HK\$27,639,000). 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.

Segment information

Details of segment information are set out in Note 4 to this announcement.

Capital structure

There were no changes to the Group's capital structure during the six months ended 30 June 2024.

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 2024.

Charges on Group's assets

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

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	—	75,233
Total charges on Group's assets	—	75,233

As at 30 June 2024, the Group did not have any charges on Group's assets. As at 31 December 2023, certain bonds classified as financial assets at fair value through profit or loss were 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 2024 and 31 December 2023 are set out in Note 16 to this announcement.

Capital commitments

The Group has entered into contracts to commit investing into certain unlisted investment funds. The aggregate non-cancellable capital commitments as at 30 June 2024 amounted to approximately HK\$55,025,000 (31 December 2023: HK\$260,656,000).

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 announcement.

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 set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules.

On 8 April 2024, Ms. Du Lina resigned as an executive Director with effect on the same day. Since then and until the date of this announcement, the Board comprised only male Directors. In order to achieve board diversity requirement pursuant to Rule 13.92 of the Listing Rules, the Company will appoint at least one female Director by no later than 31 December 2024.

Save as disclosed above, throughout the period under review, the Company complied with the CG Code.

Review of Accounts

Disclosure of financial information in this announcement complies with Appendix D2 of the Listing Rules.

The Audit Committee 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 2024.

The Company's independent auditor, Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited), has reviewed the interim financial information for the six months ended 30 June 2024 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors 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 2024.

OTHER INFORMATION

Investigation by an independent forensic investigation company

At the end of January 2024, the Board has approved and resolved the formation of an investigation committee to investigate (the "Investigation") the matters in relation to the alleged misconduct of Ms. Lin Le ("Ms. Lin"), the then chairman of the Board and an executive director of the Company as contained in a complaint letter from a shareholder of the Company. The key purposes of the Investigation include the following: (1) to investigate whether Ms. Lin has violated the Listing Rules or any requirements of directors' duties during her tenure with the Company, resulting in any loss or damages to the Company, and (2) to investigate whether there are undisclosed related party transactions between the Company and any related parties of Ms. Lin, and investigate whether the undisclosed matters (if any) have resulted in any violations to the Listing Rules. An independent forensic investigation company has been engaged to conduct the Investigation, which was completed in May 2024. Further details in respect of key findings of the Investigation are set out in the announcement of the Company dated 24 May 2024.

Originating Summons issued by Ms. Lin

On 28 February 2024, Ms. Lin Le, the then executive director of the Company, issued and filed an originating summons (the “Summons”) against certain directors at material time and the Company as the defendants.

On 8 May 2024, the Company received a letter from Ms. Lin’s legal representative in respect of her intention to wholly discontinue the Originating Summons against the Company. The Company will keep its shareholders and the public informed of any material development in connection with the above proceedings by way of further announcement(s) as and when appropriate. Please refer to the announcements of the Company dated 29 February 2024, 13 March 2024 and 24 May 2024 for further details of the Summons.

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.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at www.hkexnews.hk under “Latest Listed Company Information” and on the website of the Company at www.chinavered.com respectively.

The interim report of the Company for the six months ended 30 June 2024 will be despatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

Shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares of the Company.

On behalf of the Board
China Vered Financial Holding Corporation Limited
Ng Kian Guan
Chairman

Hong Kong, 27 August 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 as non-executive director of the Company; and (3) Mr. Cheng Tai Sheung, Mr. Ko Ming Tung, Edward, Mr. Sun Junchen, and Mr. Wong Ka Wai as independent non-executive directors of the Company.