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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)

**(1) DELAY IN PUBLICATION OF
THE 2021 AUDITED ANNUAL RESULTS
(2) UNAUDITED RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021
(3) POSSIBLE DELAY IN DESPATCH OF
THE 2021 ANNUAL REPORT
AND
(4) SUSPENSION OF TRADING**

This announcement is made by China Vered Financial Holding Corporation Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DELAY IN PUBLICATION OF THE 2021 AUDITED ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) that there will be a delay in publication of the audited consolidated annual results of the Group for the year ended 31 December 2021 (the “2021 Audited Annual Results”) as additional time is required to complete the audit process.

Reference is made to the announcement of the Company dated 15 March 2022 in relation to, among others, the letter issued by PricewaterhouseCoopers, the Company’s auditor (the “Auditor”), the announcement of the Company dated 18 March 2022 in relation to, among others, the formation of the Independent Investigation Committee, and the

announcement of the Company dated 30 March 2022 in relation to, among others, the appointment of independent professional advisors (collectively the “Announcements”). As disclosed in the Announcements, the Auditor requested that, among others, (1) the Company shall set up an independent investigation committee that only comprises independent non-executive Directors; (2) the independent investigation committee shall appoint an independent professional advisor to conduct an independent investigation (the “Investigation”) on, among others, (a) certain investments made by an offshore fund (the “Fund”) which is managed by the Group’s asset management subsidiary; and (b) the nature, existence and valuation of the underlying assets of such investments; and (3) the independent investigation committee shall commission and lead the Investigation.

As of the date of this announcement, the Investigation is still ongoing, and the Auditor will perform additional audit work depending on the results of the Investigation. The Auditor also indicated that additional audit work is required on certain investments made by the Group. Currently, the Company is working closely with independent professional advisors on the Investigation and will work closely with the Auditor in order to complete the audit process as soon as practicable.

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement for the 2021 Annual Results on a date not later than three months after the end of the financial year of the Company, namely, on or before 31 March 2022. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2021 Annual Results shall be based on the Group’s consolidated financial statements for the year ended 31 December 2021, which shall be agreed with the Company’s Auditor.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). The Board hereby announces the unaudited consolidated annual results of the Group for the year ended 31 December 2021 based on the management accounts (the “FY2021 Figures”), together with the comparative figures for the corresponding year in 2020. The FY2021 Figures have not been audited by the Auditor and is not based on any other data or information that has been audited or reviewed by the Auditor, as the Company has been informed by the Auditor that their audit of the FY2021 Figures has not been completed as of the date of this announcement. Subject to the completion of audit procedures, the Board will endeavour to publish the 2021 Audited Annual Results, as soon as practicable and expected to be on or around 31 May 2022, which shall be agreed with the Auditor. However, the publication time may be subject to further changes and the Company will make further announcement(s) to keep the Shareholders and potential investors informed of the latest developments of the 2021 Audited Annual Results and the Investigation as and when appropriate.

The FY2021 Figures have been reviewed by the audit committee of the Board of the Company (the “Audit Committee”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

| | Note | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Audited) |
|---|------|---------------------------------|-------------------------------|
| Interest income | | 219,155 | 273,653 |
| Commission and fee income | | 69,841 | 28,570 |
| Investment income | | 13,544 | 16,104 |
| Total revenue | 4,5 | 302,540 | 318,327 |
| Net gain on financial assets/liabilities | | 455,033 | 357,098 |
| Other income | | 7,599 | 25,794 |
| Trading costs | | (17,981) | (14,404) |
| Commission expenses | | — | (59) |
| Staff costs and related expenses | | (68,531) | (151,083) |
| Premises expenses | | (22,754) | (22,508) |
| Legal and professional fees | | (10,369) | (19,543) |
| Depreciation | | (10,695) | (11,893) |
| Information technology expenses | | (5,068) | (5,678) |
| Expected credit losses | | (496,587) | (20,103) |
| Other operating expenses | | (27,474) | (26,768) |
| Net losses on disposal of subsidiaries | | (4,089) | — |
| Share of post-tax loss of associates | | (12,000) | (37,228) |
| Finance costs | | (12,154) | (14,082) |
| Profit before income tax | 6 | 77,470 | 377,870 |
| Income tax expense | 7 | (31,490) | (55,579) |
| Profit for the year | | 45,980 | 322,291 |
| Profit attributable to: | | | |
| — Owners of the Company | | 46,989 | 323,452 |
| — Non-controlling interests | | (1,009) | (1,161) |
| | | 45,980 | 322,291 |
| | | <i>HK Cents per share</i> | <i>HK Cents per share</i> |
| Earnings per share attributable to owners of the Company | | | |
| Basic earnings per share | 9 | 0.14 | 0.98 |
| | | | (Unaudited and restated) |
| Diluted earnings per share | 9 | 0.14 | 0.98 |

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|---|--|---|
| Profit for the year | 45,980 | 322,291 |
| Other comprehensive income/(loss) | | |
| <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 | (383,924) | (77,235) |
| <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 | (418,597) | 5,060 |
| Net change in expected credit losses allowances (“ECL allowances”) on financial assets at fair value through other comprehensive income | 345,844 | 7,667 |
| Reclassified to profit or loss on disposal of financial assets at fair value through other comprehensive income | 24,261 | (10,129) |
| Exchange differences on translation of foreign operations | (6,508) | 21,648 |
| Release of reserves upon disposal of subsidiaries | (43,435) | — |
| Other comprehensive loss for the year, net of tax | (482,359) | (52,989) |
| Total comprehensive (loss)/income for the year | (436,379) | 269,302 |
| Total comprehensive (loss)/income for the year attributable to: | | |
| — Owners of the Company | (432,238) | 286,248 |
| — Non-controlling interests | (4,141) | (16,946) |
| | (436,379) | 269,302 |

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

| | | 2021 | 2020 |
|--|------|-------------------------|-----------------------|
| | Note | HK\$'000 (Unaudited) | HK\$'000 (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 9,244 | 20,986 |
| Right-of-use assets | | 2,455 | 17,783 |
| Goodwill | | 15,871 | 15,871 |
| Other intangible assets | | 1,602 | 700 |
| Investments in associates | | 93,356 | 106,365 |
| Rental and other deposits | | 3,215 | 3,215 |
| Financial assets at fair value through profit or loss | 10 | 1,894,785 | 1,283,393 |
| Financial assets at fair value through other comprehensive income | 11 | 417,566 | 1,686,335 |
| Financial assets at amortised cost | | 33,765 | 172,078 |
| Deferred tax assets | | 161,422 | 88,265 |
| Total non-current assets | | 2,633,281 | 3,394,991 |
| Current assets | | | |
| Margin receivables and other trade receivables | 12 | 72,364 | 62,351 |
| Financial assets at fair value through profit or loss | 10 | 911,303 | 1,145,741 |
| Financial assets at fair value through other comprehensive income | 11 | 556,589 | 249,686 |
| Financial assets at amortised cost | | 45,145 | 271,787 |
| Loan and interest receivables | 13 | 124,588 | 179,801 |
| Other interest receivables | | 31,803 | 65,960 |
| Tax receivables | | 894 | 715 |
| Other receivables, prepayments and deposits | | 134,608 | 17,737 |
| Pledged bank deposits | | – | 328 |
| Deposits with brokers | | 181,175 | 170,970 |
| Cash and cash equivalents | | 780,823 | 626,976 |
| Total current assets | | 2,839,292 | 2,792,052 |
| Total assets | | 5,472,573 | 6,187,043 |

| | <i>Note</i> | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Audited) |
|--|-------------|--|--|
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 14 | 4,454,374 | 6,154,374 |
| Other reserves | | 94,169 | 430,290 |
| Retained earnings/(accumulated losses) | | 361,943 | (1,034,730) |
| | | 4,910,486 | 5,549,934 |
| Non-controlling interests | | 5,989 | (261,312) |
| Total equity | | 4,916,475 | 5,288,622 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loan and interest payables | | – | 74,437 |
| Lease liabilities | | – | 8,660 |
| Deferred tax liabilities | | 8,030 | – |
| Total non-current liabilities | | 8,030 | 83,097 |
| Current liabilities | | | |
| Accruals and other payables | | 99,819 | 136,761 |
| Loan and interest payables | | 163,189 | 243,520 |
| Margin payables | | 9,164 | 205,958 |
| Financial liabilities at fair value through profit or loss | 10 | 115,785 | 145,037 |
| Current tax liabilities | | 157,322 | 74,054 |
| Lease liabilities | | 2,789 | 9,994 |
| Total current liabilities | | 548,068 | 815,324 |
| Total liabilities | | 556,098 | 898,421 |
| Total equity and liabilities | | 5,472,573 | 6,187,043 |

Notes:

1. STATUTORY FINANCIAL STATEMENTS

The financial information relating to the years ended 31 December 2021 and 2020 included in this announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2021 in due course.

2. GENERAL INFORMATION

China Vered Financial Holding Corporation Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered and business office is 22/F, China Taiping Tower, 8 Sunning Road, Causeway Bay, Hong Kong. The Company's shares are listed 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 consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated.

3.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2021:

- Interest Rate Benchmark Reform — Phase 2 — amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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 CODM considers the business from the operations nature perspective, including the provision for asset management services (“Asset management”), securities brokerage services (“Securities brokerage”), investment holding (“Investment holding”) and investment banking (“Investment banking”). 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 consolidated financial statements.

For the year ended 31 December 2021 (Unaudited)

| | Reportable segment | | | | Unallocated amount | Total |
|---|------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------|-------------------|
| | Asset management HK\$'000 | Securities brokerage HK\$'000 | Investment holding HK\$'000 | Investment banking HK\$'000 | Total HK\$'000 | Total HK\$'000 |
| | | | | | (Note) | |
| Interest income | – | 5,167 | 213,639 | – | 218,806 | 219,155 |
| Commission and fee income | 53,337 | 384 | 2,893 | 3,396 | 60,010 | 69,841 |
| Investment income | – | – | 13,544 | – | 13,544 | 13,544 |
| Revenue from external customers | 53,337 | 5,551 | 230,076 | 3,396 | 292,360 | 302,540 |
| Net gain/(loss) on financial assets/liabilities | – | – | 460,818 | – | 460,818 | 455,033 |
| | <u>53,337</u> | <u>5,551</u> | <u>690,894</u> | <u>3,396</u> | <u>753,178</u> | <u>757,573</u> |
| Segment profit/(loss) before income tax | <u>34,760</u> | <u>(9,974)</u> | <u>118,669</u> | <u>1,216</u> | <u>144,671</u> | <u>77,470</u> |
| Other segment information: | | | | | | |
| Depreciation | (53) | (390) | (508) | – | (951) | (10,695) |
| Staff costs and related expenses | <u>(10,332)</u> | <u>(10,560)</u> | <u>(23,120)</u> | <u>(2,053)</u> | <u>(46,065)</u> | <u>(68,531)</u> |

For the year ended 31 December 2020 (Audited)

| | Reportable segment | | | | Unallocated amount | Total |
|--|------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------|-------------------|
| | Asset management HK\$'000 | Securities brokerage HK\$'000 | Investment holding HK\$'000 | Investment banking HK\$'000 | Total HK\$'000 | Total HK\$'000 |
| | | | | | (Note) | |
| Interest income | 2 | 15,276 | 253,928 | – | 269,206 | 273,653 |
| Commission and fee income | 10,297 | 9,090 | 8,878 | 305 | 28,570 | 28,570 |
| Investment income | – | – | 16,104 | – | 16,104 | 16,104 |
| Revenue from external customers | 10,299 | 24,366 | 278,910 | 305 | 313,880 | 318,327 |
| Net gain on financial assets/liabilities | – | – | 352,583 | – | 352,583 | 357,098 |
| | <u>10,299</u> | <u>24,366</u> | <u>631,493</u> | <u>305</u> | <u>666,463</u> | <u>675,425</u> |
| Segment profit/(loss) before income tax | <u>(10,360)</u> | <u>(8,616)</u> | <u>564,004</u> | <u>(3,898)</u> | <u>541,130</u> | <u>377,870</u> |
| Other segment information: | | | | | | |
| Depreciation | (134) | (2,163) | (54) | – | (2,351) | (11,893) |
| Staff costs and related expenses | <u>(9,954)</u> | <u>(11,081)</u> | <u>(8,095)</u> | <u>(3,077)</u> | <u>(32,207)</u> | <u>(151,083)</u> |

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

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

For the year ended 31 December 2021 (Unaudited)

| | Hong Kong HK\$'000 | The PRC HK\$'000 | Japan HK\$'000 | Canada HK\$'000 | Total HK\$'000 |
|---|-----------------------|---------------------|-------------------|--------------------|-------------------|
| Revenue from external customers | 291,651 | 3,892 | 6,815 | 182 | 302,540 |
| Net gain/(loss) on financial assets/liabilities | 485,352 | (38,816) | 8,497 | – | 455,033 |
| | <u>777,003</u> | <u>(34,924)</u> | <u>15,312</u> | <u>182</u> | <u>757,573</u> |

For the year ended 31 December 2020 (Audited)

| | Hong Kong HK\$'000 | The PRC HK\$'000 | Japan HK\$'000 | Canada HK\$'000 | Total HK\$'000 |
|--|-----------------------|---------------------|-------------------|--------------------|-------------------|
| Revenue from external customers | 304,429 | 9,208 | 4,678 | 12 | 318,327 |
| Net gain on financial assets/liabilities | 297,087 | 60,011 | – | – | 357,098 |
| | <u>601,516</u> | <u>69,219</u> | <u>4,678</u> | <u>12</u> | <u>675,425</u> |

5. REVENUE

| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Audited) |
|---|---------------------------------|-------------------------------|
| <i>Interest income:</i> | | |
| Interest income from loan lending business | 14,901 | 14,301 |
| Interest income from margin financing business | 4,730 | 14,529 |
| Interest income from investments in debt instruments classified as financial assets at amortised cost | 23,427 | 61,947 |
| Interest income from financial assets at fair value through other comprehensive income | 122,397 | 127,496 |
| Interest income from financial assets at fair value through profit or loss | 51,803 | 48,649 |
| Other interest income | 1,897 | 6,731 |
| | <u>219,155</u> | <u>273,653</u> |
| <i>Commission and fee income:</i> | | |
| Advisory fee income | 12,222 | 413 |
| Commission income from securities brokerage | 433 | 2,621 |
| Loan arrangement fee income | 1,200 | 8,878 |
| Fee income received from asset management, net | 53,171 | 10,064 |
| Underwriting fee income | 2,815 | 6,594 |
| | <u>69,841</u> | <u>28,570</u> |
| <i>Investment income:</i> | | |
| Dividend income | 13,544 | 16,104 |
| | <u>13,544</u> | <u>16,104</u> |
| | <u>302,540</u> | <u>318,327</u> |

6. PROFIT BEFORE INCOME TAX

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|---|--|--------------------------------------|
| Profit before income tax has been arrived at after (crediting)/charging: | | |
| Auditors' remuneration | 2,800 | 2,800 |
| Written-off of property, plant and equipment | – | 383 |
| Provision for/(reversal of) ECL allowances | | |
| — loan and interest receivables | 36,632 | (25,236) |
| — margin receivables | (31) | 8,945 |
| — financial assets at amortised cost | 98,559 | 227 |
| — financial assets at fair value through other comprehensive income | 345,844 | 36,167 |
| — other interest receivables | 15,583 | – |
| | <u>496,587</u> | <u>20,103</u> |
| Foreign exchange gain, net | <u>(7,463)</u> | <u>(21,483)</u> |

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year 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% (2020: 25%).

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|---------------------------------|--|--------------------------------------|
| Hong Kong Profits Tax | | |
| — charge for the year | 99,288 | 42,306 |
| — underprovision for prior year | (4,653) | 1,275 |
| PRC Enterprise Income Tax | | |
| — charge for the year | 63 | 383 |
| — overprovision for prior year | (55) | – |
| Overseas income tax | | |
| — charge for the year | 362 | 686 |
| — overprovision for prior year | (474) | – |
| Deferred tax | | |
| — charge for the year | (61,282) | 11,374 |
| — overprovision for prior year | (1,759) | (445) |
| Income tax expense | <u>31,490</u> | <u>55,579</u> |

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: HK\$Nil).

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$46,989,000 (2020: HK\$323,452,000) and the weighted average number of ordinary shares of approximately 32,983,714,000 (2020: 33,165,299,000) in issue during the year (excluding the ordinary shares purchased by the Company under the share award plan).

Diluted earnings per share

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the year ended 31 December 2021 and 31 December 2020. Accordingly, diluted earnings per share for the year ended 31 December 2020 has been restated in order to conform to the current year's presentation.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Audited) |
|--|---------------------------------|-------------------------------|
| Financial assets at fair value through profit or loss | | |
| Unlisted investment funds | 389,825 | 392,142 |
| Unlisted equity investments | 1,620,791 | 953,768 |
| Convertible bonds and loan | 14,912 | 101,591 |
| Listed equity investments | 504,795 | 193,384 |
| Listed debt investments | 254,350 | 571,638 |
| Unlisted notes | 21,415 | 216,611 |
| | <u>2,806,088</u> | <u>2,429,134</u> |
| Classified as: | | |
| Non-current assets | 1,894,785 | 1,283,393 |
| Current assets | <u>911,303</u> | <u>1,145,741</u> |
| | <u>2,806,088</u> | <u>2,429,134</u> |

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|--|--|--------------------------------------|
| Financial liabilities at fair value through profit or loss | | |
| Payable to holders of non-controlling interests in unlisted consolidated investment fund | <u>115,785</u> | <u>145,037</u> |
| | <u><u>115,785</u></u> | <u><u>145,037</u></u> |
| Classified as: | | |
| Non-current liabilities | – | – |
| Current liabilities | <u>115,785</u> | <u>145,037</u> |
| | <u><u>115,785</u></u> | <u><u>145,037</u></u> |

The investments in unlisted investment funds of HK\$389,825,000 (2020: HK\$392,142,000) as above represent investments in unconsolidated structured entities. The maximum exposure to loss is HK\$389,825,000 (2020: HK\$392,142,000) which represents the fair value as at 31 December 2021.

The size of these unconsolidated structured entities is HK\$1,799,582,000 (2020: HK\$1,511,016,000).

During the year, the Group did not provide financial support to these unconsolidated structured entities and has no intention of providing financial or other support.

The above investments were designated upon initial recognition of fair value through profit or loss.

The interest receivables derived from convertible bonds and loan, listed debt investments and unlisted notes have been recognised as other interest receivables in the consolidated statement of financial position.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|--|--|--------------------------------------|
| Financial assets at fair value through other comprehensive income | | |
| Unlisted investment funds | 322,966 | 686,831 |
| Listed debt investments | <u>651,189</u> | <u>1,249,190</u> |
| | <u>974,155</u> | <u>1,936,021</u> |
| Classified as: | | |
| Non-current assets | 417,566 | 1,686,335 |
| Current assets | <u>556,589</u> | <u>249,686</u> |
| | <u>974,155</u> | <u>1,936,021</u> |

The investments in unlisted investment funds of HK\$322,966,000 (2020: HK\$686,831,000) as above represent investments in unconsolidated structured entities. The maximum exposure to loss is HK\$322,966,000 (2020: HK\$686,831,000) which represents the fair value as at 31 December 2021.

The size of these unconsolidated structured entities is HK\$391,452,000 (2020: HK\$906,906,000).

During the year, the Group did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

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

ECL allowances as at 31 December 2021 amounted to HK\$382,011,000 (2020: HK\$36,167,000) with an increase in ECL allowances of HK\$345,844,000 (2020: HK\$36,167,000) recognised in the consolidated statement of profit or loss during the year.

12. MARGIN RECEIVABLES AND OTHER TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|---|--|--------------------------------------|
| Margin receivables | 106,490 | 116,133 |
| Less: ECL allowances | <u>(63,570)</u> | <u>(63,601)</u> |
| | 42,920 | 52,532 |
| Trade receivables arising from the businesses of asset management | 26,629 | 9,664 |
| Trade receivables arising from the businesses of underwriting | <u>2,815</u> | <u>155</u> |
| | <u><u>72,364</u></u> | <u><u>62,351</u></u> |

Loans to margin clients are secured by clients' pledged Hong Kong-listed securities at fair value of HK\$270,587,000 (2020: HK\$292,414,000) 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 as at 31 December 2021 amounted to HK\$63,570,000 (2020: HK\$63,601,000) with a decrease in ECL allowances of HK\$31,000 (2020: increase in ECL allowances of HK\$8,945,000) recognised in the consolidated statement of profit or loss during the year.

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.

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

| | 2021 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|-------------------|--|--------------------------------------|
| 0–90 days | 10,032 | 7,137 |
| 91 days to 1 year | <u>19,412</u> | <u>2,682</u> |
| | <u><u>29,444</u></u> | <u><u>9,819</u></u> |

The carrying amount of the margin receivables and other trade receivables approximate to their fair value.

13. LOAN AND INTEREST RECEIVABLES

As at 31 December 2021, these loan receivables bear interest at fixed rates of 8.9% per annum (31 December 2020: 8.9% to 16.0%). Interest income derived from loan receivables was recognised and presented under “Interest income” in the consolidated statement of profit or loss. The carrying value of the loan receivables approximate to their fair values.

Regular credit reviews on these loans receivables are conducted by the Risk Management Department based on the latest status of these loans, and the latest announced or available information about the borrowers and the underlying collateral held. Apart from collateral monitoring, the Group seeks to maintain effective control over its loans in order to minimise credit risk by regularly reviewing the borrowers’ and/or guarantors’ financial positions.

As these loan receivables will be settled within 12 months, the carrying amount approximate to their fair value.

ECL allowances as at 31 December 2021 amounted to HK\$301,206,000 (2020: HK\$264,574,000) with an increase in ECL allowances of HK\$36,632,000 (2020: decrease in ECL allowances of HK\$25,236,000) recognised in the consolidated statement of profit or loss during the year.

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

| | 2021 HK\$'000 (Unaudited) | 2020 HK\$'000 (Audited) |
|--|--|--|
| Not past due or less than 1 month past due | 173,355 | 180,000 |
| 1–3 months past due | – | – |
| 3–6 months past due | – | – |
| 6–12 months past due | – | – |
| Over 12 months past due | 252,439 | 264,375 |
| | 425,794 | 444,375 |
| Less: ECL allowances | (301,206) | (264,574) |
| | 124,588 | 179,801 |

14. SHARE CAPITAL

| | 2021 | | 2020 | |
|---|--|-----------------------------------|--|---------------------------------|
| | Number of shares '000 (Unaudited) | Amount HK\$'000 (Unaudited) | Number of shares '000 (Audited) | Amount HK\$'000 (Audited) |
| Ordinary shares, issued and fully paid: | | | | |
| At 1 January | 34,714,459 | 6,154,374 | 34,714,459 | 6,154,374 |
| Capital reduction | — | (1,700,000) | — | — |
| At 31 December | <u>34,714,459</u> | <u>4,454,374</u> | <u>34,714,459</u> | <u>6,154,374</u> |

Pursuant to a resolution passed in the annual general meeting held on 25 June 2021, regarding the reduction of the issued share capital of the Company by HK\$1,700,000,000 (the “Capital Reduction”), the credit arising from such reduction has been applied to set off against the accumulated losses of approximately HK\$1,559,150,000 with the remaining credit balance of approximately HK\$140,850,000 to be transferred to the capital reduction reserve account of the Company as at the effective date (i.e. 12 August 2021).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2021, the effect of COVID-19 pandemic on global economy has faded, yet global economic recovery is still facing huge challenges. In 2021, major economies achieved larger economic growth. In particular, economic growth in the U.S. reached 5.7%, the highest value since 1984. The PRC achieved economic growth of 8.1%, basically as expected. The European Union, Japan, the U.K. and India also achieved growth. After two consecutive years of recession, the Hong Kong economy has benefited from the revival of external demand and recovery in consumption in 2021, hence recorded a remarkable growth of 6.4%, but still below that of the level in 2018.

In respect of the financial market, year 2021 was the most active year for the IPO market over the past 20 years. A total of 2,388 corporations were listed around the world, raising US\$453.3 billion. Compared with the corresponding period of 2020, the amount of IPO and funds raised increased by 64% and 67% respectively. The Hong Kong market underperformed during the same period which has been sluggish throughout the year. The Hang Seng Index has hit its peak in the beginning of the year, yet it has been declining since February 2021. A sharper drop by 19% was recorded in the second half of the year. The market was once optimistic towards Hang Sang TECH Index, but then the index has lost some momentum, recording a cumulative decline of 32.7% throughout the year.

Listing of new shares has been seriously affected by the sluggish market. Throughout 2021, the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) recorded a year-on-year decrease of 35% and 19% in the number of IPO listings and the funds raised, respectively. Hong Kong fell out of the world’s top three IPO market for the first time since 2012. According to the statistics of Wind Information, in 2021, the number of new stock listings in Hong Kong recorded a significant decline as compared with prior years. From the first to the fourth quarter in 2021, there were 31, 14, 27 and 24 new stocks listed on the main board of the Stock Exchange respectively, while at the corresponding period of 2020, there were 37, 22, 40 and 47 new stocks listed respectively.

Despite downward pressures, there are still some highlights in the Hong Kong IPO market. China concept stocks had been one of the key pillars of the Hong Kong IPO market in 2021. Among the top 10 Hong Kong IPOs in 2021, three of which are unicorn corporations and five of which are the return of China concept stocks, accounting for over 90% of the top ten positions in terms of the amount of fund raised. In addition, IPO of biotech and health care companies achieved outstanding performance with a total of 33 biotech and health care companies listed in Hong Kong in 2021. Among the new listings in the Hong Kong stock market in 2021, the biotechnology and health care industry ranked first in terms of IPO deals and second in terms of the amount of funds raised.

The bond market had been a bright spot compared to the stock market. The number of new bond listings achieved a record high level of 508, representing an increase of 18% as compared with 2020. Total fund-raising amount of the bonds issued throughout the year reached HK\$1.55 trillion. In addition, Hong Kong's new listing of green and sustainability-related bonds significantly increased from 18 in 2020 to 95 in 2021. As at 31 December 2021, bonds listed on the Stock Exchange reached 1,747 with market size of nearly HK\$6.3 trillion. In the secondary bond market, trading volume of listed bonds has also been active during last year, reaching a record high level of turnover of HK\$104.2 billion throughout the year. From 2015 to 2021, the CAGR of the trading amount of the secondary market of listed bonds reached 41%.

BUSINESS REVIEW

Looking back on 2021, the Company continued to focus on “deployment + investment” under the persistence of the pandemic. The Company had nailed down its own strategic position and operational direction according to policy changes, changes in economic condition and diverging market trend and continued to optimise structure of asset allocation to increase the proportion of equity investments.

In terms of asset allocation, the proportion of assets allocated to fixed-income securities decreased during 2021 while that of equity assets increased significantly. Proportion of equity and fixed-income assets has become more reasonable.

Meanwhile, as the bonds invested in early days reached maturity in 2021, the short term liquidity of the Company has improved. Proportion of assets held by the Company that will mature after 6 months decreased significantly as compared with that at the end of 2020, and proportion of assets that will mature within 6 months increased significantly. In addition, due to structural adjustment of its asset allocation, the proportion of the Company's assets that will mature after 3 years slightly increased.

In 2021, the Company focused on the enhancement of professional capabilities such as investment and research capacity, customer acquisition capacity, asset management ability and recruitment of relevant business talents. Through cooperation with peers of the market, proactive participation in project development and launching active management products, as at the end of 2021, the proportion of actively managed assets significantly increased, achieving multiple breakthroughs in business operations.

In view of the downward trend of the real estate industry, in 2021, the Company strictly adhered to “double reduction” strategy formulated in the beginning of the year i.e. “cutting down fixed-income asset proportion” and “lowering concentration risk associated with real estate sector”, and intentionally disposed assets with potential risk. Despite increased proportion of “secondary” and “concerned” assets as compared with 2020, business operations have not been materially and adversely affected.

In terms of investment banking business, the Group had participated in several IPOs on the Stock Exchange and the issuance of US\$ bonds by acting as the joint global coordinator, underwriter, joint bookrunner and joint lead manager in these transactions.

PROSPECT

The Hong Kong economy achieved significant growth in 2021. It is expected that growth momentum will continue in 2022, however, the pace of growth is subject to various uncertainties particularly in relation to the development of the pandemic in Hong Kong. A new wave of pandemic in the beginning of 2022 and the tightening of anti-epidemic measures posed new pressures to economic activities.

Hong Kong’s export is expected to benefit from global economic recovery, yet the pace of recovery in 2022 may slow down. Inflation of a few major economies could remain at high levels due to bottleneck in the supply chain and relevant adjustments under persistent development of the global pandemic, hence increasing local inflationary pressure. Accordingly, major central banks may accelerate the tightening of monetary policies, thus affecting the global economy and financial markets.

Meanwhile, the intensification of US-China competition and rivalry will lead to further economic reform of the PRC and breakthrough in key areas of hard and core technology. New opportunities will arise in new energy, new materials, military industry and carbon peaking and carbon neutrality and other related industries. The Company will adopt to changes in market trends and adjust its business strategies.

The Company will continue its prudent strategic development direction to expand its business scale, strengthen its own strength, improve its financial performance, and create greater value for its customers, shareholders and business partners, and to provide its customers with a full range of professional financial solutions and quality services as its strategic goal, and proactively explore transformation and upgrade in the FinTech field, and strive to become an international professional financial services institution with market influence. Meanwhile, we will continue to expand its business in Mainland China, Japan and Canada, etc. to improve our financial management capabilities and asset utilisation as well as investment research capabilities, and provide a full range of financial services to high net worth clients and quality enterprises of mainly Chinese descend. In addition, the Company will further enhance professional capabilities such as investment research, active management, product design, direct client acquisition for comprehensive improvement of customer service.

Looking forward, “Setting a Foothold in Hong Kong, Covering Asia, Focusing on the Future Globalisation Process” as its long-term goal, the Company will rely on the position of Hong Kong as an international financial centre to seize the opportunities arising from the economic integration of Guangdong-Hong Kong-Macau Greater Bay Area, and the connection between the capital markets of China and Hong Kong, proactively expand and build up the service capabilities in asset management and investment banking businesses and explore the increased use of technology in its business model. The Company will grasp market opportunities for steady business expansion, hence maximising the interests of all our shareholders and investors.

FINANCIAL REVIEW

For the year ended 31 December 2021, the consolidated revenue of the Group was approximately HK\$302,540,000 (2020: HK\$318,327,000), representing a slight decrease of approximately 5% as compared with the corresponding period last year.

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

For the years ended 31 December 2021 and 2020

| | 2021 HK\$’000 (Unaudited) | 2020 HK\$’000 (Audited) | Change |
|---------------------------|--|---|--------|
| Interest income | 219,155 | 273,653 | (20)% |
| Commission and fee income | 69,841 | 28,570 | 144% |
| Investment income | 13,544 | 16,104 | (16)% |
| Total revenue | 302,540 | 318,327 | (5)% |

The Group recorded a profit of approximately HK\$45,980,000 for the year ended 31 December 2021 (2020: profit of HK\$322,291,000), which was mainly due to the net effects of the following factors:

- (i) a significant increase in impairment for financial assets with amount of approximately HK\$496,587,000 for the year ended 31 December 2021 (2020: HK\$20,103,000); and
- (ii) an increase in net gain on investments with amount of approximately HK\$455,033,000 recorded for the year ended 31 December 2021 (2020: net gain of HK\$357,098,000).

The total operating costs (including staff costs, premises expenses, finance costs, trading costs and other operating costs) for the year ended 31 December 2021 was approximately HK\$175,026,000 (2020: HK\$266,018,000), representing a decrease of approximately 34% which was due primarily to the effective cost control measures implemented by the Group on the overall operating expenses for the year ended 31 December 2021.

On financial position and cash flows:

- the Group's total assets were approximately HK\$5,472,573,000 as at 31 December 2021 (as at 31 December 2020: HK\$6,187,043,000), representing a decrease of approximately 11.5%; and
- net cash inflows/(outflows) from operating activities, investing activities and financing activities were approximately HK\$501,616,000, HK\$(2,765,000) and HK\$(357,266,000) respectively for the year ended 31 December 2021 (2020: HK\$(1,493,533,000), HK\$(10,667,000) and HK\$(11,134,000) respectively).

Key financial and business performance indicators

The key financial and business performance indicators of the Group are comprised of profitability; loan receivables; impaired loan receivables to total loan receivables ratio; and gearing ratio.

The Group recorded a profit attributable to owners of the Company of approximately HK\$46,989,000 for the year ended 31 December 2021 as compared to a profit of approximately HK\$323,452,000 for the year ended 31 December 2020.

Loan and interest receivables balance arising from lending business decreased to approximately HK\$124,588,000 as at 31 December 2021 (as at 31 December 2020: HK\$179,801,000).

Based on HKFRS 9 Expected Credit Losses (“ECL”) assessment on margin receivables, loan and interest receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income and other interest receivables, the Group recognised an aggregate expected credit losses allowance of approximately HK\$496,587,000 in consolidated statement of profit or loss for the year ended 31 December 2021 (2020: HK\$20,103,000). Expected credit losses allowance to total margin receivables, loan and interest receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income classified as debt instruments and other interest receivables ratio was approximately 48.2% as at 31 December 2021 (as at 31 December 2020: 16.6%). The Group aims to further enhance its credit policy and assessment so as to maintain credit quality of its loan receivables and to take prompt actions to pursue loans recovery regarding potential problem credits.

As at 31 December 2021, the Group’s gearing ratio (total debt to total equity) was approximately 3.5% (2020: 9.9%). The Group strives to achieve appropriate leverage level in order to grow its business effectively, and at the same time continue to monitor its liquidity prudently, manage key risks cautiously and set appropriate yet flexible business development strategies to strike a balance between business growth and risk management.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group’s cash and bank balances (excluding pledged bank deposits) amounted to approximately HK\$780,823,000 (as at 31 December 2020: HK\$626,976,000). The current ratio as at 31 December 2021 was approximately 518.1% (as at 31 December 2020: 342.4%), which indicated that the Group’s overall financial position remained strong.

The Directors are of the opinion that there are sufficient financial resources for the Group to meet its obligations and business requirements.

OPERATIONAL REVIEW

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 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 margin payables, repurchase agreements and loan payables amounted to approximately HK\$172,353,000 as at 31 December 2021 (as at 31 December 2020: HK\$523,915,000). Based on the level of total debt to total equity of the Group, the Group's gearing ratio stood at a healthy level of approximately 3.5% as at 31 December 2021 (as at 31 December 2020: 9.9%). The Group's borrowings are mainly denominated in US dollars, and have remaining average maturity periods of around one year. 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 year under review.

Asset quality and credit management

The Group will continue to manage key risks cautiously and set appropriate yet flexible business development strategies to strike a balance between business growth and risk management. Based on HKFRS 9 ECL assessment on loans and interest receivables, margin receivables, financial assets at amortised cost, financial assets at fair value through other comprehensive income classified as debt instruments and other interest receivables, the Group recognised a provision for/(reversal of) expected credit losses allowance of approximately HK\$36,632,000, HK\$(31,000), HK\$98,559,000, HK\$345,844,000 and HK\$15,583,000 in consolidated statement of profit or loss respectively for the year ended 31 December 2021 (2020: HK\$(25,236,000), HK\$8,945,000, HK\$227,000, HK\$36,167,000 and HK\$Nil respectively).

Furthermore, the Group aims to further enhance its credit policy and assessment so as to maintain credit quality of its financial assets. Further, the Group's investments and cash and bank balances are placed with a diversified portfolio of reputable financial institutions.

Human resources management

The objective of the Group's human resources management is to reward and recognise well performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Staff enrolled in external training courses, seminars, professional and technical courses in order to update their technical knowledge and skills, to increase their awareness of the market developments, and to improve their management and business skills. To implement social distancing, the Group tried to keep the indoor or outdoor social and recreational activities to a minimum resulting from the prevalence of COVID-19 pandemic in Hong Kong during the year ended 31 December 2021.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered that the Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in foreign currencies other than its functional currency, which is Hong Kong dollars. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency should the need arises.

STAFF AND REMUNERATION POLICY

As at 31 December 2021, the Group has 83 employees (as at 31 December 2020: 77 employees).

The employees are remunerated based on their work performances, professional experiences and prevailing industry practices. The remuneration policy and package of the Group's employees are periodically reviewed by the Group's management.

CHARGES ON GROUP'S ASSETS

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

| | 2021 HK\$'000 (Unaudited) | 2020 <i>HK\$'000</i> (Audited) |
|-------------------------------------|--|--------------------------------------|
| Pledged deposits at bank | — | 328 |
| Total charges on the Group's assets | — | 328 |

The Group did not have any charges on assets as at 31 December 2021. As at 31 December 2020, deposits at bank were pledged as security for a corporate card granted to a director of the Group with creditworthy counterparty with no recent history of default.

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 31 December 2021 are approximately HK\$442,935,000 (as at 31 December 2020: HK\$15,979,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the year ended 31 December 2021, the Group disposed of 100% equity interest in Vered Asset Management Limited (formerly known as CM Securities Asset Management Limited) to Vered Holdings (Hong Kong) Limited, a related company of the Group. The Group also disposed a group of subsidiaries to an independent third party.

JBC Holdings Co., Ltd (“JBC”), a wholly-owned subsidiary of the Group at the material time, and Vered Holdings Co., Ltd (“Vered Japan”), a related company of the Group, entered into a subscription agreement, pursuant to which Vered Japan subscribed for 8,648 ordinary shares of JBC. The subscription constituted a deemed disposal and the percentage of equity interests in JBC held by the Group was reduced from 100% to approximately 50.997%.

Save as disclosed, the Group had no other material acquisition and disposal of subsidiaries and associated companies during the year ended 31 December 2021.

CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Throughout the year ended 31 December 2021, the Company has complied with most of the Code Provisions of the CG Code, save for the deviation of the Code Provision A.2.1 which are explained below.

According to Code Provisions A.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Tomohiko Watanabe acts as both the chairman and the chief executive officer of the Company, with effect from 5 March 2019. Although the roles of the chairman and chief executive officer of the Company are taken up by the same individual, such arrangement facilitates the development and execution of the Group’s business strategies and enhances efficiency and effectiveness of its operation.

Under the Code Provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting and he should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the Code Provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. During the year ended 31 December 2021, the annual general meeting was held on 25 June 2021, and the whole Board and the auditor of the Company responsible for the audit of the Company’s financial statements for the year ended 31 December 2020 have attended the meeting to answer questions of the Shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 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 year ended 31 December 2021.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises Ms. Zhou Hui (chairperson), Mr. Wen Yuanhua and Mr. Dong Hao.

An Audit Committee meeting was held on 30 March 2022 and attended by Ms. Zhou Hui, Mr. Wen Yuanhua and Mr. Dong Hao, who have reviewed the unaudited annual results for the year ended 31 December 2021.

REVIEW OF UNAUDITED ANNUAL CONSOLIDATED RESULTS

The audit process for the annual results for the year ended 31 December 2021 had not been completed as the Auditor had requested the Company to appoint an independent professional advisor to conduct the Investigation on, among others, (a) certain investments made by the Fund which is managed by the Group’s asset management subsidiary; and (b) the nature, existence and valuation of the underlying assets of such investments. The Auditor also indicated that additional audit work is required on certain investments made by the Group. The unaudited annual results contained herein have not been agreed with the Auditor as required under Rule 13.49(1) and 13.49(2) of the Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there were no material subsequent events during the period from 31 December 2021 up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

PUBLICATION OF UNAUDITED ANNUAL RESULTS

This unaudited annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.chinavered.com respectively.

POSSIBLE DELAY IN DESPATCH OF 2021 ANNUAL REPORT

Pursuant to Rule 13.46(2)(a) of the Listing Rules, the Company is required to despatch its annual report for the year ended 31 December 2021 (the "2021 Annual Report") to the Shareholders not more than four months after the end of the financial year (i.e. on or before 30 April 2022). Due to the delay in the publication of the 2021 Audited Annual Results, it is expected that there may be a possible delay in the despatch of the 2021 Annual Report. The possible delay in despatch of the 2021 Annual Report, if materialised, will constitute non-compliance of Rule 13.46(2)(a) of the Listing Rules.

FURTHER ANNOUNCEMENT(S)

Subject to the completion of the Investigation, the Company will issue further announcement(s) in relation to (i) the audited consolidated annual results for the year ended 31 December 2021 agreed by the Auditor and the material differences (if any) as compared with the unaudited consolidated annual results contained herein; (ii) the date of despatch of the 2021 Annual Report; (iii) the proposed date on which the forthcoming annual general meeting of the Company will be held; and (iv) the period during which the register of members of the Company will be closed in order to ascertain Shareholders' eligibility to attend and vote at the forthcoming annual general meeting and determine Shareholders' entitlement to the final dividend, if any. In addition, the Company will issue further announcement(s) when necessary if there are other material developments in the completion of the audit process.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange will be suspended with effect from 9:00 a.m. on 1 April 2022 and will continue to be suspended until further notice(s).

The financial information contained herein in respect of the 2021 annual results of the Group have not been audited. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
China Vered Financial Holding Corporation Limited
Tomohiko Watanabe
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises (1) Mr. Tomohiko Watanabe, Mr. Li Feng, Mr. Ni Xinguang, and Ms. Li Wei as executive directors of the Company; (2) Mr. Zhang Boyang as non-executive director of the Company; and (3) Mr. Wen Yuanhua, Ms. Zhou Hui and Mr. Dong Hao as independent non-executive directors of the Company.