China Vered Financial Holding Corporation Limited
中薇金融控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

(1) INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020; (2) CHANGE OF COMPANY WEBSITE ADDRESS; AND (3) CANCELLATION OF THE STRATEGY EXECUTION COMMITTEE

The board (the "Board") of directors (the "Directors") of China Vered Financial Holding Corporation Limited (the "Company") presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Interest income	*8*	**140,051**	66,644
Commission and fee income	*9*	**11,968**	(10,115)
Investment income	*10*	**5,011**	425
Total revenue	*6*	**157,030**	56,954
Net gain/(loss) on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income		**17,629**	(45,458)
Other income		**80**	6
Trading costs		**(10,030)**	(1,087)
Commission expenses		**(59)**	–
Staff costs and related expenses		**(38,810)**	(44,169)
Premises expenses		**(11,661)**	(24,664)
Legal and professional fees		**(8,591)**	(6,104)
Depreciation	*6*	**(6,203)**	(2,906)
Information technology expenses		**(2,466)**	(2,829)
Expected credit losses allowance	*16,17*	**(8,120)**	(26,262)
Other operating expenses		**(22,737)**	(18,599)
Share of post-tax profit/(loss) of associates	*14*	**23,320**	(2,214)
Finance costs		**(7,024)**	(5,854)
Profit/(loss) before income tax	*6*	**82,358**	(123,186)
Income tax (expense)/credit	*7*	**(14,935)**	18,826
Profit/(loss) for the period		**67,423**	(104,360)

	Note	Six months ended 30 June 2020 HK$'000	2019 HK$'000
Profit/(loss) attributable to:			
— Owners of the Company		**68,050**	(103,144)
— Non-controlling interests		**(627)**	(1,216)
		67,423	(104,360)
		HK Cents per share	*HK Cents per share*
Earnings/(loss) per share attributable to owners of the Company			
Basic earnings/(loss) per share	*12*	**0.20**	(0.36)
Diluted earnings/(loss) per share	*12*	**0.20**	(0.36)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Profit/(loss) for the period	**67,423**	(104,360)
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
Net change on fair value of financial assets at other comprehensive income, net of tax	**(36,589)**	(53,728)
Items that may be reclassified subsequently to profit or loss		
Net change on fair value of financial assets at other comprehensive income, net of tax	**(11,496)**	3,570
Exchange differences on translation of foreign operations	**(4,179)**	1,774
Other comprehensive loss for the period, net of tax	**(52,264)**	(48,384)
Total comprehensive income/(loss) for the period	**15,159**	(152,744)
Total comprehensive income/(loss) for the period attributable to:		
— Owners of the Company	**11,056**	(152,525)
— Non-controlling interests	**4,103**	(219)
	15,159	(152,744)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2020

	Note	**30 June 2020** **HK$'000**	31 December 2019 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**21,907**	27,022
Right-of-use assets		**22,822**	24,630
Goodwill		**15,871**	15,871
Other intangible assets		**700**	700
Investments in associates	*14*	**164,575**	138,942
Rental and other deposits		**3,605**	6,585
Financial assets at fair value through profit or loss	*15*	**1,105,598**	853,734
Financial assets at fair value through other comprehensive income	*16*	**1,772,492**	1,372,404
Financial assets at amortised cost		**402,630**	523,001
Deferred tax assets		**96,847**	99,194
Total non-current assets		**3,607,047**	3,062,083
Current assets			
Margin receivables and other trade receivables		**74,070**	78,709
Financial assets at fair value through profit or loss	*15*	**420,648**	217,587
Financial assets at fair value through other comprehensive income	*16*	**62,698**	–
Financial assets at amortised cost		**369,269**	–
Loan and interest receivables	*17*	**77,380**	175,089
Other interest receivables		**52,863**	53,058
Tax receivables		**578**	694
Other receivables, prepayments and deposits		**45,690**	13,294
Pledged bank deposits		**302**	292
Deposits with brokers		**435,007**	18,936
Cash and bank balances		**315,559**	2,117,233
Total current assets		**1,854,064**	2,674,892
Total assets		**5,461,111**	5,736,975

	Note	**30 June 2020** *HK$'000*	31 December 2019 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**6,154,374**	6,154,374
Other reserves		**411,788**	647,082
Accumulated losses		**(1,291,420)**	(1,359,470)
		5,274,742	5,441,986
Non-controlling interests		**(240,263)**	(244,366)
Total equity		**5,034,479**	5,197,620
LIABILITIES			
Non-current liability			
Lease liabilities		**13,514**	11,534
Total non-current liability		**13,514**	11,534
Current liabilities			
Loan and interest payables		**75,200**	312,933
Margin payables		**229,402**	31,325
Current tax liabilities		**42,055**	30,051
Accruals and other payables		**56,821**	139,996
Lease liabilities		**9,640**	13,516
Total current liabilities		**413,118**	527,821
Total liabilities		**426,632**	539,355
Total equity and liabilities		**5,461,111**	5,736,975

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1 GENERAL INFORMATION

China Vered Financial Holding Corporation Limited (formerly known as China Minsheng Financial Holding Corporation Limited) (the "Company") and its subsidiaries (together, "the Group") 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 condensed consolidated financial statements were authorised for issue on 26 August 2020.

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited. The Company changed its English name from "China Minsheng Financial Holding Corporation Limited" to "China Vered Financial Holding Corporation Limited" and its Chinese name from "中國民生金融控股有限公司" to "中薇金融控股有限公司" on 13 July 2020.

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 2019 that is included in the condensed consolidated financial statements for the six months ended 30 June 2020 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 financial statements for the year ended 31 December 2019 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).

2 BASIS OF PREPARATION

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 of Hong Kong Limited 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. The Board of Directors of the Group has approved the condensed consolidated financial statements on 26 August 2020.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated financial statements are unaudited, but has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by HKICPA.

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 2019, as disclosed in the Annual Report for 2019.

Standards applied during half-year to 30 June 2020

There were no new standards or amendments to standards that had a material effect to these interim condensed consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

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

5.2 Liquidity risk

Compared to year ended 31 December 2019, the contractual undiscounted cash out flows for financial liabilities in the Group is as follows:

As at 30 June 2020

	On demand or less than 1 year *HK'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Loan and interest payables	**3,513**	**76,533**	**–**	**–**	**80,046**
Margin payables	**229,402**	**–**	**–**	**–**	**229,402**
Other payables	**8,938**	**–**	**–**	**–**	**8,938**
Lease liabilities	**9,640**	**8,742**	**4,772**	**–**	**23,154**
	251,493	**85,275**	**4,772**	**–**	**341,540**

As at 31 December 2019

	On demand or less than 1 year *HK'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Loan and interest payables	329,971	–	–	–	329,971
Margin payables	31,325	–	–	–	31,325
Other payables	83,426	–	–	–	83,426
Lease liabilities	13,516	8,745	2,789	–	25,050
	458,238	8,745	2,789	–	469,772

5.3 Fair value of financial assets and liabilities

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2020.

	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Total** ***HK$'000***
Assets				
Financial assets at fair value through profit or loss				
— Listed equity investments	**238,611**	**–**	**–**	**238,611**
— Unlisted equity investments	**–**	**–**	**457,454**	**457,454**
— Unlisted investment funds	**–**	**–**	**169,369**	**169,369**
— Convertible bonds, note and loan	**–**	**53,111**	**344,942**	**398,053**
— Leverage note	**–**	**–**	**45,572**	**45,572**
— Structured note	**–**	**–**	**174,383**	**174,383**
— Listed debt investments	**–**	**42,804**	**–**	**42,804**
Financial assets at fair value through other comprehensive income				
— Unlisted investment funds	**–**	**137,856**	**434,021**	**571,877**
— Listed debt investments	**–**	**1,263,313**	**–**	**1,263,313**
Total	**238,611**	**1,497,084**	**1,625,741**	**3,361,436**

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2019.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	–	–	459,669	459,669
— Unlisted investment funds	–	–	180,199	180,199
— Convertible bonds	–	52,450	295,938	348,388
— Listed equity investments	44,328	–	–	44,328
— Listed debt investments	–	38,737	–	38,737
Financial assets at fair value through other comprehensive income				
— Unlisted investment fund	–	168,600	–	168,600
— Listed debt investments	–	1,203,804	–	1,203,804
Total	44,328	1,463,591	935,806	2,443,725
Liabilities				
Derivative financial instruments				
— Total return swap	–	–	–	–
Total	–	–	–	–

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Unlisted investment funds classified as level 2 is mainly because they are open-ended investment fund and their underlying investments are listed equity investments.

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

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

Equity investments	Fair value as at 30 June 2020 *HK$'000*	Valuation techniques	Unobservable input	Range	Relationship of unobservable inputs to fair value
Unlisted investment funds	97,655	Market approach	Sales multiples	1.5x–9.5x	The higher the multiples, the higher the fair value
	71,714	Net asset value *(note a)*	n/a	n/a	n/a
	434,021	Recent transaction	n/a	n/a	n/a
Unlisted equity investment	457,271	Market approach	Sales multiples	4.1x–8.7x	The higher the multiples, the higher the fair value
				1.8x–3.3x	The higher the multiples, the higher the fair value
Convertible bonds	294,514	Recent transaction	n/a	n/a	n/a
	36,020	Recent transaction	n/a	n/a	n/a
Convertible loan	14,408	Recent transaction	n/a	n/a	n/a
Structured note	174,383	Recent transaction	n/a	n/a	n/a
Leverage note	45,572	Recent transaction	n/a	n/a	n/a

Equity Investments	Fair value as at 31 December 2019 *HK$'000*	Valuation techniques	Unobservable input	Range	Relationship of unobservable inputs to fair value
Unlisted investment funds	98,127	Market approach	Sales multiples	1.5x–9.5x	The higher the multiples, the higher the fair value
	82,072	Net asset value *(note a)*	n/a	n/a	n/a
Unlisted equity investment	459,483	Market approach	Sales multiples	4.1x–8.7x	The higher the multiples, the higher the fair value
			Book multiples	1.8x–3.3x	The higher the multiples, the higher the fair value
Convertible bond	295,938	Recent transaction	n/a	n/a	n/a

(a) The Group has determined that the reported net asset value represents fair value at the end of the reporting period.

There have been no significant transfers between level 1, level 2 and level 3 for the period ended 30 June 2020.

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

The following table presents the changes in level 3 items for the period/year ended 30 June 2020 and 31 December 2019 for recurring fair value measurements:

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
Opening balance as at beginning of the period/year	**935,806**	2,000,109
Purchases	**705,376**	298,167
Disposals	**–**	(1,173,611)
Transfer from level 2	**–**	134,136
Amounts recognised in profit or loss		
Currency translation difference	**(4)**	(4)
Net loss recognised at financial assets at fair value through profit or loss	**(15,437)**	(322,991)
Closing balance as at period/year end	**1,625,741**	935,806
* includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period/year	**(15,437)**	(409,495)

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

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

- Margin receivables and other trade receivables
- Financial assets at amortised cost
- Loan and interest receivables
- Deposits with brokers
- Cash and bank balances
- Pledged bank deposits
- Other interest receivables
- Other payables
- Margin payables
- Loan and interest payables
- Lease liabilities

6 SEGMENT INFORMATION

Chief operating decision maker ("CODM") has been identified as the Executive Directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The 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 condensed consolidated financial statements.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2020 and 2019 is as follows:

Six months ended 30 June 2020

	Asset management *HK$'000*	**Securities brokerage** *HK$'000*	**Investment holding** *HK$'000*	**Investment banking** *HK$'000*	**Reportable segment total** *HK$'000*	**Unallocated amount** *HK$'000* *(Note)*	**Total** *HK$'000*
Revenue from external customers	**23**	**11,575**	**141,206**	**–**	**152,804**	**4,226**	**157,030**
Net gain/(loss) on financial assets at fair value though profit or loss and financial assets at fair value through other comprehensive income	**–**	**–**	**14,620**	**–**	**14,620**	**3,009**	**17,629**
	23	**11,575**	**155,826**	**–**	**167,424**	**7,235**	**174,659**
Segment profit/(loss) before income tax	**(9,292)**	**(11,818)**	**152,020**	**(1,131)**	**129,779**	**(47,421)**	**82,358**
Other segment information:							
Interest income	**2**	**8,103**	**127,720**	**–**	**135,825**	**4,226**	**140,051**
Depreciation and amortisation	**(120)**	**(1,376)**	**(5)**	**–**	**(1,501)**	**(4,702)**	**(6,203)**

Six months ended 30 June 2019

	Asset management *HK$'000*	Securities brokerage *HK$'000*	Investment holding *HK$'000*	Investment banking *HK$'000*	Reportable segment total *HK$'000*	Unallocated amount *HK$'000* *(Note)*	Total *HK$'000*
Revenue from external customers	(25,917)	32,943	40,002	–	47,028	9,926	56,954
Net (loss)/gain on financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	–	–	(45,840)	–	(45,840)	382	(45,458)
	(25,917)	32,943	(5,838)	–	1,188	10,308	11,496
Segment loss before income tax	(31,550)	(14,491)	(7,776)	(2,009)	(55,826)	(67,360)	(123,186)
Other segment information:							
Interest income	–	27,629	29,089	–	56,718	9,926	66,644
Depreciation and amortisation	(30)	(761)	–	–	(791)	(2,115)	(2,906)

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

7 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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% (2019: 25%).

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
— charge for the period	**10,715**	4,642
— underprovision/(overprovision) for prior year	**1,468**	(593)
PRC Enterprise Income Tax		
— charge for the period	**220**	31
Overseas income tax		
— charge for the period	**185**	–
Deferred tax		
— charge/(credit) for the period	**2,347**	(22,906)
Income tax expense/(credit)	**14,935**	(18,826)

8 INTEREST INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Interest income from loan lending business	**8,610**	40,437
Interest income from margin financing business	**7,966**	13,169
Interest income from investment in debt instruments classified as financial assets at amortised cost	**29,353**	–
Interest income from financial assets at fair value through other comprehensive income	**64,851**	3,065
Interest income from financial assets at fair value through profit or loss	**24,776**	–
Other interest income	**4,495**	9,973
	140,051	66,644

9 COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Advisory fee income	**116**	–
Commission income from securities brokerage	**1,485**	2,883
Loan arrangement fee income	**5,374**	9,712
Management fee income earned from asset management	**2,066**	3,191
Performance-based fee income earned from asset management	**(2,161)**	(29,108)
Referral fee income	**–**	776
Underwriting fee income	**5,088**	2,431
	11,968	(10,115)

10 INVESTMENT INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Dividend income	**5,011**	425
	5,011	425

11 DIVIDENDS

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

12 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$68,050,000 (2019: loss for the period of approximately HK$103,144,000) and the weighted average number of ordinary shares of 33,357,539,000 (2019: 28,928,719,000) in issue during the period (excluding the ordinary shares purchased by the Company under the share award plan).

Diluted earnings/(loss) per share

The calculation of the diluted earnings/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK$68,050,000 (2019: loss for the period approximately HK$103,144,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 33,348,034,000 (2019: 28,928,719,000) in issue during the period (excluding the ordinary shares purchased by the Company under the share award plan) and the weighted average number of ordinary shares of 1,366,425,000 (2019: Nil) deemed to be issued assuming the diluted impact on the shares under the share award plan.

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment with a cost of HK$1,371,000 (six months ended 30 June 2019: HK$20,346,000).

Property, plant and equipment with a net book value of HK$272,000 were written off by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: HK$684,000), resulting in a net loss on written off of HK$272,000 (six months ended 30 June 2019: net loss of HK$684,000).

14 INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at 30 June 2020 which, in the opinion of the directors, are material to the Group.

Name of entity	**Place of business**	**Country of incorporation**	**Percentage of ownership interest**	**Nature of the relationship**	**Measurement method**
Grand Flight Holding Company Limited	The PRC	Cayman Islands	30%	Note 1	Equity
Grand Flight Hooyoung Investment L.P.	The PRC	Cayman Islands	30%	Note 2	Equity

Note 1: Grand Flight Holding Company Limited is a company registered in Cayman Islands.

Note 2: Grand Flight Hooyoung Investment L.P. is an investment fund registered in Cayman Islands.

The total capital contributions for the investment was US$25,087,000 (approximately HK$200,229,000). There is no quoted market price available for both associates.

	30 June 2020 ***HK$'000***	31 December 2019 *HK$'000*
Investments in associates	**164,575**	138,942

The following table shows financial information of the associates of the Group.

	Grand Flight Holding Company Limited ***HK$'000***	**Grand Flight Hooyoung Investment L.P.** ***HK$'000***
At 30 June 2020:		
Current assets	**25,035**	**532,626**
Current liabilities	**(9,078)**	**–**
Net current assets	**15,957**	**532,626**
Six months ended 30 June 2020:		
Revenue	**7,714**	**–**
Profit	**2,028**	**78,044**
Total comprehensive income	**2,028**	**78,044**
Opening net assets 1 January	**14,000**	**449,142**
Increase in equity interest	**–**	**7,719**
Profit for the period	**2,028**	**78,044**
Currency translation difference	**(71)**	**(2,279)**
Closing net assets	**15,957**	**532,626**
Interest in associates (30%)	**4,787**	**159,788**

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
Financial assets at fair value through profit or loss		
Unlisted investment funds	**169,369**	180,199
Unlisted equity investments	**457,454**	459,669
Convertible bonds, note and loan	**398,053**	348,388
Leverage note	**45,572**	—
Structured note	**174,383**	—
Listed equity investments	**238,611**	44,328
Listed debt investments	**42,804**	38,737
	1,526,246	1,071,321
Classified as:		
Non-current assets	**1,105,598**	853,734
Current assets	**420,648**	217,587
	1,526,246	1,071,321

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
Financial assets at fair value through other comprehensive income		
Unlisted investment funds	**571,877**	168,600
Listed debt investments	**1,263,313**	1,203,804
	1,835,190	1,372,404
Classified as:		
Non-current assets	**1,772,492**	1,372,404
Current assets	**62,698**	—
	1,835,190	1,372,404

Expected credit losses allowances ("ECL allowances") attributable to financial assets at fair value through other comprehensive income as at 30 June 2020 amounted to HK$584,000 (31 December 2019: HK$ Nil), the increase in ECL allowances of HK$584,000 was recognised in condensed consolidated statement of comprehensive income.

17 LOAN AND INTEREST RECEIVABLES

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

	30 June 2020 *HK$'000*	31 December 2019 *HK$'000*
Not past due or less than 1 month past due	**51,642**	200,331
1–3 months past due	**–**	–
3–6 months past due	**51,004**	–
6 months to 1 year past due	**–**	264,375
Over 1 year past due	**264,375**	–
	367,021	464,706
Less: ECL allowances	**(289,641)**	(289,617)
	77,380	175,089

As at 30 June 2020, these loans receivable bear interest at fixed rate ranged from 8.9% to 11.5% per annum (31 December 2019: 8.0% to 11.5% per annum). Interest income derived from loan receivables was recognised and presented under "Interest income from loan lending business" (Note 8). The carrying value of the loan receivables approximate to their fair values.

ECL allowances attributable to loan and interest receivables as at 30 June 2020 amounted to HK$289,641,000 (31 December 2019: HK$289,617,000), the increase in ECL allowances of HK$24,000 was recognised in the condensed consolidated statement of comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

Review

The outbreak of the COVID-19 in 2020 posed a significant challenge to the global economy. The epidemic caused disruptions to stable economic conditions and the global economy may enter its worst recession since the "Great Depression". As the Purchasing Managers' Index (PMI) and the leading indexes for Organization for Economic Cooperation and Development (OECD) have deteriorated, the International Monetary Fund (IMF) has significantly lowered its global economic growth expectations. Since the financial market in the United States has been hit hard by the epidemic and the real economy began to weaken, the Federal Reserve launched an unprecedented easing policy. The prosperity indexes for the European economy also plunged. The Bank of England made two emergency interest rate cuts, while the European Central Bank launched a pandemic emergency bond purchase programme. In the face of a recession in economy, the Japanese government launched the largest-ever economic stimulus plan. In view of the overall sluggish economy of emerging economies, the policies were further relaxed.

The epidemic has also had a substantial impact on the PRC economy. In the first quarter of 2020, the macroeconomic activities have reduced, and the investment, consumption and import and export demand have experienced a slump. Certain industries have stagnated with insufficient industrial production. In order to stabilize the economy, the PRC, like other major economies in the world, has launched a large-scale economic rescue plan. Given the ongoing success in the prevention and control of the epidemic as well as the resumption of work and production at home, coupled with the easing of lockdown measures to kick-start the economy across Europe and the United States in the second quarter of the year, the economy in the PRC is expected to gradually stabilize and recover.

Against the backdrop of the global outbreak of the epidemic, sluggish economy and intensifying tensions among great powers, the economy in the PRC has been facing a shift in growth momentum and rebalancing its asset allocation. In response to changes in the macroeconomy and market transformation, the Company has optimized the allocation of its major assets, increased the proportion of equity investments, and shifted from its previous income model focusing on fixed income investments and debt assets, so as to significantly reduce the risks of asset concentration and improve the value of its investment portfolio.

In the first half of 2020, the Company, as a full licensed professional financial corporation in Hong Kong, has strategically focused on its businesses in the PRC, Hong Kong, and Japan, with an aim to improve its asset management business, build a brand name of investment banking, establish an all-round investment industrial chain and provide its customers with a cross-border integrated financial services platform. In the first half of the year, the Company strategically increased its investments in equity assets and emphasized on "deployment + investment", laying a solid foundation for the development of "investment banking + investment" as its major business line in the second half of the year.

Looking back at the first half of 2020, as for securities investments for proprietary trading, the Group's investments in US$ bonds issued by China-affiliated corporations exceeded HK$1.6 billion, and the Group's investments in A shares and shares on Shanghai-Hong Kong Stock Connect amounted to approximately HK$500 million. As for the investment business, the Company has completed structured investments of over HK$300 million and fund investments of over HK$500 million, so as to diversify its asset allocation. As for the asset management business, the Company has aggressively improved its asset management capabilities in the first half of the year. On top of its existing management scale of HK$1.4 billion, the Company is committed to accomplishing its business goal of raising US$200 million in the second half of the year. As for the investment banking business, the Company has been actively participating in private placement of US$ bonds and IPO projects to enhance its brand name of investment banking. In the first half of the year, the Company has actively explored overseas investments, and initiated the establishment and management of a Japanese fund with a committed contribution of 4 billion yen (equivalent to approximately HK$280 million) focusing on investments in companies and projects with technological advantages and leading positions in the industries. The Company has completed its investments in two Japanese high-tech enterprises. In addition, the Company has aggressively optimized its assets and expanded various financing channels to support its future business development.

Prospect

In the second half of 2020, the global economy will be clouded by uncertainties arising from the outbreak of the epidemic and rising international tensions.

In the second half of the year, the Company will adhere to its business model of "investment banking + investment", focus on researches on new cyclical industries such as technology and consumption sectors and the relationship between A shares and H shares, and select high-quality and cost-effective targets for medium and long-term investments.

Since 13 July 2020, the English name of the Company has been changed from "China Minsheng Financial Holding Corporation Limited" to "China Vered Financial Holding Corporation Limited" and the Company's Chinese name has been changed from "中國民生金融控股有限公司" to "中薇金融控股有限公司".

The Company will continue its prudent development strategic direction with "Setting a Foothold in Hong Kong, Covering Asia, Focusing on the Future Globalization Process" as its long-term goal. We will rely on the position of Hong Kong as the international financial centre to seize the opportunities arising from the establishment of Guangdong-Hong Kong-Macau Greater Bay Area, integration of Shenzhen, Hong Kong and Macau, and the connection between capital markets of China, Hong Kong and Japan, aggressively expand and push forward the businesses in leading economies of Asia. The Company will grasp market opportunities for steadying business expansion, hence maximizing the interests of all our shareholders and investors.

Significant Investments

As at 30 June 2020, the Group had investments in financial assets at fair value through profit or loss, finance assets at fair value through other comprehensive income and financial assets at amortised cost with an aggregate carrying amount of approximately HK$4,133,335,000 (as at 31 December 2019: HK$2,966,726,000). The details of significant investments (each of which carrying value more than 2% of the total assets of the Group) as at 30 June 2020 are as follows:

Name, of investee company/ fund	Nature of investments	Classification	Number of shares/units held	Investment costs *HK$'000*	Fair value/ Carrying value as at 30 June 2020 *HK$'000*	Percentage of Group's total assets as at 30 June 2020 *HK$'000*	Unrealised gain/(loss) on change in fair value for the period ended 30 June 2020 *HK$'000*	Realised gain for the period ended 30 June 2020 *HK$'000*
eToro Group Ltd.	Investment in unlisted preferred shares	Financial assets at fair value through profit or loss	1,216,248	391,891	457,271	8.4%	(2,211)	–
Wison Offshore & Marine Ltd.	Investment in unlisted note	Financial assets at fair value through profit or loss	Not applicable	298,167	294,514	5.4%	(1,424)	–
PAOH Tactical Issuance Limited	Investment in unlisted note	Financial assets at fair value through profit or loss	Not applicable	175,227	174,383	3.2%	(843)	–
Oakwise Innovation Fund SPC — SP3	Investment in unlisted investment fund	Financial assets at fair value through other comprehensive income	Not applicable	434,150	434,021	7.9%	–	–
Chariot SPC Fund — Chariot SP II	Investment in unlisted investment fund	Financial assets at fair value through other comprehensive income	24,000	240,000	137,856	2.5%	–	–
Agile Group Holdings Ltd.	Investment in listed bond	Financial assets at fair value through other comprehensive income	150,000	117,655	116,451	2.1%	–	–
Great Courage Global Ltd.	Investment in unlisted note	Financial assets at amortised cost	Not applicable	186,009	186,007	3.4%	–	–
Tea Leaf Limited	Investment in unlisted bond	Financial assets at amortised cost	Not applicable	135,042	137,893	2.5%	–	–
Kaisa Group Holdings Ltd.	Investment in listed bond	Financial assets at amortised cost/ financial assets at fair value through other comprehensive income/ financial assets at fair value through profit or loss	371,000	295,278	295,378	5.4%	(124)	1,350
Zensun Enterprises Ltd.	Investment in listed bond	Financial assets at amortised cost/ financial assets at fair value through other comprehensive income	300,000	232,276	230,190	4.2%	–	–
Yango Justice International Ltd.	Investment in listed bond	Financial assets at amortised cost/ financial assets at fair value through other comprehensive income	270,000	207,404	211,845	3.9%	–	8,522
Ronshine China Holdings Ltd.	Investment in listed bond	Financial assets at amortised cost/ financial assets at fair value through other comprehensive income	195,000	151,540	156,553	2.9%	–	421
Excellence Commercial Management Ltd.	Investment in listed bond	Financial assets at fair value through other comprehensive income/ financial assets at fair value through profit or loss	200,000	156,120	155,319	2.8%	303	–
Jingrui Holdings Ltd.	Investment in listed bond	Financial assets at amortised cost/ financial assets at fair value through other comprehensive income	160,000	124,448	119,266	2.2%	–	–

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

Financial Review

For the six months ended 30 June 2020, the unaudited condensed consolidated revenue of the Group was approximately HK$157,030,000 (six months ended 30 June 2019: HK$56,954,000), representing an increase of approximately 176%.

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

For the six months ended 30 June 2020 and 2019

	2020	2019	Change
	HK$'000	*HK$'000*	
Interest income	**140,051**	66,644	110%
Commission and fee income	**11,968**	(10,115)	N/A
Net investment income	**5,011**	425	1,079%
Total revenue	**157,030**	56,954	176%

The Group recorded a gain of approximately HK$67,423,000 for the six months ended 30 June 2020, as compared to a loss of approximately HK$104,360,000 for the six months ended 30 June 2019 ("Corresponding Period"), mainly due to (i) an increase in interest income from the Group's investment holding business; (ii) net gain on investments and (iii) a decrease in provision for impairment of financial assets for the six months ended 30 June 2020 as compared to the Corresponding Period.

The total costs (including staff costs, premises expenses, finance costs, trading costs, expected credit losses allowance and other operating costs) for the six months ended 30 June 2020 was approximately HK$115,701,000 (six months ended 30 June 2019: HK$132,474,000), representing a decrease of approximately 13% which was mainly due to effective cost control measures implemented by the Group in the area of staff costs and premises expenses as well as reduction in expected credit losses allowances on financial assets provided for the period.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

For the financial position as at six months ended 30 June 2020, total assets of the Group was approximately HK$5,461,111,000 (31 December 2019: HK$5,736,975,000), representing a decrease of approximately 4.81%. Net cash (outflow)/inflow from operating activities, investing activities and financing activities for the period under review were approximately HK$(1,557,928,000), HK$(3,683,000) and HK$(226,322,000) (six months ended 30 June 2019: HK$411,270,000, HK$(19,856,000) and HK$(214,539,000) respectively). The depreciation for property, plant and equipment for the period under review was approximately HK$6,203,000 (six months ended 30 June 2019: HK$2,906,000).

Employee relations

As at 30 June 2020, the Group had 71 employees (as at 30 June 2019: 63 employees).

Total staff costs and related expenses for the period under review were approximately HK$38,810,000 (six months ended 30 June 2019: HK$44,169,000).

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

Liquidity and financial resources

As at 30 June 2020, the Group's cash and bank deposits (excluding pledged bank deposits) amounted to approximately HK$315,559,000 (as at 31 December 2019: HK$2,117,233,000). The gearing ratio as at 30 June 2020 (total debts to total equity) was approximately 6.1% (as at 31 December 2019: 6.6%), which indicated that the Group's overall financial position remained strong.

Segment information

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

Capital structure

There were no changes to the Group's capital structure during the six months ended 30 June 2020.

Material acquisitions and disposals of subsidiaries and associates

Save as disclosed, the Group had no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2020.

Charges on Group's assets

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
Pledged deposits at bank	**302**	292
Total charges on Group's assets	**302**	292

Deposits at bank are pledged as security for a corporate card granted to a director of the Group.

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 are denominated in currencies other than the functional currency of 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

The Group did not have any significant contingent liabilities as at 30 June 2020 (as at 31 December 2019: Nil).

CORPORATE GOVERNANCE

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

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

Throughout the period under review, the Company has complied with most of the Code Provisions of the CG Code, save for the deviation from Code Provision A.2.1 which is explained below.

According to Code Provision 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.

Review of Accounts

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

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and has discussed with the management the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2020.

The Company's external auditor, PricewaterhouseCoopers has reviewed the interim financial information for the six months ended 30 June 2020 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. All the Directors of the Board have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2020.

OTHER INFORMATION

Pre-emptive Rights

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

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

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

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

The results announcement is published on the website of the Hong Kong Exchanges and Clearing Limited (the "HKEx") 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 2020 will be despatched to the shareholders and published on the websites of the HKEx and the Company in due course.

CHANGE OF COMPANY WEBSITE ADDRESS

The Board announces that, the Company's website address has been changed from "www.cm-fin.com" to "www.chinavered.com" with immediate effect. All announcements, notices or other documents required to be submitted by the Company for publication on the website of The Stock Exchange of Hong Kong Limited will also be published on this new website address of the Company.

CANCELLATION OF THE STRATEGY EXECUTION COMMITTEE

The Board cancelled its Strategy Execution Committee with effect from 26 August 2020 and its work and duties are immediately performed by the Board.

By Order of the Board
China Vered Financial Holding Corporation Limited
Tomohiko Watanabe
Chairman

Hong Kong, 26 August 2020

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