



中微金融

CHINA VÊRED FINANCIAL

**China Vered Financial
Holding Corporation Limited**

中微金融控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 245

INTERIM REPORT 2022



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Tan Zhenyu (*Chairman*) (Appointed as Chairman and Executive Director on 5 December 2022)

Tomohiko Watanabe (Resigned as Chief Executive Officer on 30 September 2022 and resigned as Chairman and Executive Director on 5 December 2022)

Ni Xinguang (*Vice Chairman*)

Li Feng (Appointed as Executive Director on 15 March 2022 and appointed as Chief Executive Officer on 30 September 2022)

Li Wei (Resigned as Executive Director on 5 December 2022)

Non-executive Director

Zhang Boyang

Zhang Yang (Resigned on 15 March 2022)

Independent Non-executive Directors

Zhou Hui

Dong Hao

Wen Yuanhua (Appointed on 15 March 2022)

Wang Yongli (Resigned on 15 March 2022)

Audit Committee

Zhou Hui (*Chairperson*)

Dong Hao

Wen Yuanhua (Appointed on 15 March 2022)

Wang Yongli (Resigned on 15 March 2022)

Nomination Committee

Tan Zhenyu (*Chairman*) (Appointed as Chairman and member on 5 December 2022)

Zhou Hui

Dong Hao

Wen Yuanhua (Appointed on 15 March 2022)

Tomohiko Watanabe (Resigned as Chairman and member on 5 December 2022)

Wang Yongli (Resigned on 15 March 2022)

Remuneration Committee

Wen Yuanhua (*Chairman*) (Appointed as Chairman and member on 15 March 2022)

Zhou Hui

Dong Hao

Wang Yongli (Resigned as Chairman and member on 15 March 2022)

Company Secretary

Wong Wai Yee Ella

Principal Bankers

Bank of China (Hong Kong) Limited

China Construction Bank (Asia)

Corporation Limited

China Merchants Bank, Hong Kong Branch

China Minsheng Bank, Hong Kong Branch

Chong Hing Bank Limited

CMB Wing Lung Bank Limited

Industrial Bank, Hong Kong Branch

Solicitors

Hong Kong Law

Herbert Smith Freehills

Independent Auditor

Mazars CPA Limited

(Appointed on 8 November 2022)

PricewaterhouseCoopers

(Retired on 8 November 2022)

Registered Office

22/F, China Taiping Tower

8 Sunning Road

Causeway Bay

Hong Kong

Share Registrar and Transfer Office (Changed from 15 August 2022)

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Stock Code

245 HK

Website

www.chinavered.com

MANAGEMENT DISCUSSION AND ANALYSIS

Review

In the first half of 2022, the impact of the pandemic and geopolitical events continued to affect the global market. China continued to adopt a dynamic clearing policy in response to the pandemic. Affected by recurring pandemic waves as well as large-scale lockdowns and controls, the industrial production and consumption have been suppressed, while the number of land and real estate transactions has decreased. At the same time, the Russia-Ukraine conflict caused the prices of crude oil and bulk commodities to continue to rise, further pushing up the inflation that was already surging. The Federal Reserve also took the lead in raising interest rates to tamp down severe inflation, and the divergence and consolidation of fiscal and monetary policies in the U.S. and Japan further caused the Japanese yen to depreciate beyond expectations.

Due to the above factors, the U.S. stocks continued to weaken in the first half of the year, marking the worst first-half performance since 1970. Although A-shares and Hong Kong stocks also fell sharply at the beginning of the year, the rebound which started in the end of April has resulted in a significant recovery. As of the close on 30 June, the Shanghai Composite Index fell 6.63% in the first half of the year, while the Hong Kong Hang Seng Index closed down 6.57%.

Looking back on the first half of 2022, the investment business of the Company was severely affected by the poor market performance. The net loss incurred due to the change in the fair value of equity securities and bond investments held by the Group and the partial disposal of such securities and investments, while there was an increase in the provision for impairment of expected credit losses on bond investments and loans. The aforementioned factors affected the net results and owners' equity of the Company in the first half of the year. The Company considered that the decline in performance was mainly due to the macroeconomic impact, especially the impact of the Chinese real estate bond and stock markets, which was limited and temporary. Otherwise, the overall financial position of the Company remained stable.

Due to the failure to release the 2021 audited results within the stipulated time, the Company has suspended trading on 1 April 2022. The Company is making every effort to promote the resumption of trading in accordance with the requirements of the resumption guidance of the Stock Exchange and will disclose any subsequent progress made. Also, we apologize for any inconvenience caused to all investors.

Prospect

Looking forward to the second half of 2022 and 2023, factors such as stagflation and regional conflicts still have a significant impact on the global economy. Among them, the Chinese economy is still in the transition period of regaining growth momentum. The real estate transformation will continue to cause growth slowdown in the existing economic growth model, the lack of domestic demand and loose monetary policy will further reinforce the economic stagflation, and the boundary effect of the real estate stimulus policy will become more visible. In the absence of other industries that can replace the real estate chain, it is expected that the policy will tend to increase emphasis on real estate sector and stabilize economic growth.

The Company will fully study the economic impact caused by the Federal Reserve's tapering, curbing inflation and the U.S. economic recession, while continuing to pay attention to China's real estate transformation and corresponding policy adjustments, implementing the strategic direction of steady development, strengthening the level of risk management, properly handling existing issues of projects and monitoring projects with potential risk, and at the same time selecting investment projects with stable cash flow. Meanwhile, the Company will continue to expand its business in Mainland China, Japan, Canada and other Asia-Pacific regions, use low-cost funds and our resource advantages in Hong Kong to link the needs of clients in China and the Asia-Pacific region, provide cross-regional international financial services, and improve the investment and financing capabilities in the Asia-Pacific market. Among them, the Japanese subsidiary will continue to establish and launch a series of real estate funds, actively absorb local high-quality financial resources, and enhance fund-raising and investment capabilities.

In the meantime, the Company will be committed to identifying the deficiencies in business operation and governance, and will continue to improve the existing systems and procedures of the Company, refine the internal control process, step up efforts in supervision, and complete the resumption of trading as soon as possible.

Significant Investments

As at 30 June 2022, 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\$3,151,237,000 (at 31 December 2021: HK\$3,859,153,000). The details of significant investments (each of which carrying value more than 3% of the total assets of the Group) as at 30 June 2022 are as follows:

Name of investee company/fund	Nature of investments	Investee's principal businesses	Number and percentage of shares/units held	Investment costs	Fair value/ Carrying value as at		Percentage of Group's total assets as at 30 June 2022	Unrealised gain/(loss) on	
					30 June 2022	30 June 2022		change in fair value for the period ended 30 June 2022	Realised gain/(loss) for the period ended 30 June 2022
				HK\$000	HK\$000		HK\$000	HK\$000	
eToro Group Ltd.	Investment in unlisted preferred shares [^]	Social investment trading network	1,196,438 (6.89%)	385,508	1,250,869	26.7%	(14,602)	-	
Wilson (Nantong) Heavy Industry Co., Ltd.	Investment in unlisted shares [*]	Marine engineering	Not applicable (4.75%)	298,167	334,318	7.1%	19,666	-	
Trenda International Opportunities Fund (Note 1)	Investment in unlisted fund [#]	Investment in unlisted bond	19,000 (100.00%)	147,273	164,115	3.5%	(3,681)	-	
Excellence Commercial Management Ltd.	Investment in listed bond [#]	Real estate	200,000 (Not applicable)	156,607	157,146	3.4%	2,354	-	
<i>Other significant investment as disclosed in 2021</i>									
Oakwise Innovation Fund SPC — SP3 (Note 2)	Investment in unlisted investment fund [#]	A diversified portfolio of investments, including but not limited to debt securities and equity securities	753,082 (82.75%)	584,150	117,768	2.5%	-	-	

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

^{*} Classified as financial assets at fair value through other comprehensive income

[#] Classified as financial assets at fair value through profit or loss/financial assets at fair value through other comprehensive income

Note 1: The fund was managed by a licensed asset manager which is an independent third party of the Group. According to the financial information of the fund, it was noted that the main underlying assets included an unlisted bond issued by Wilson Group Holding Limited, the investment of which was made by the independent asset manager of the fund. Subsequent to 30 June 2022, the Group has requested for redemption of the fund and completed redemption with an overall realised gain of approximately HK\$13,236,000 on the investment in the fund.

Note 2: The fund was managed by another licensed asset manager which is an independent third party of the Group. According to the financial information of the fund, it was noted that the underlying assets included a substantial part of investments in listed equity securities under banking and finance sector and remaining part of investment in a loan receivable due from Wison Group Holding Limited, the investments of which were made by the independent asset manager of the fund.

To the best knowledge of the Company, the investee companies and the counterparties of underlying investments in the funds as disclosed in the significant investments above, including Wison Group Holding Limited and Wison (Nantong) Heavy Industry Co. Ltd. which are the affiliates of a minority shareholder of the Company's major shareholder, are not connected persons of the Company.

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

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

Financial Review

For the six months ended 30 June 2022, the unaudited condensed consolidated revenue of the Group was approximately HK\$149,973,000 (six months ended 30 June 2021: HK\$134,766,000), representing an increase of approximately 11%, mainly due to an increase in interest income from debt investments for the period under review.

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

Six months ended 30 June 2022 and 2021

	2022 HK\$'000	2021 HK\$'000	Change
Interest income	130,025	114,725	13%
Commission and fee income	16,196	15,669	3%
Investment income	3,752	4,372	(14%)
Total revenue	149,973	134,766	11%

The Group recorded a loss of approximately HK\$300,072,000 for the six months ended 30 June 2022, as compared to a profit of HK\$255,765,000 for the six months ended 30 June 2021 ("Corresponding Period"). The loss was mainly attributable to (i) a net loss of approximately HK\$241,584,000 resulted from financial assets and liabilities held by the Group recognised in current interim period as compared to a net gain of approximately HK\$288,150,000 in the Corresponding Period; (ii) an increase in provision for impairment of financial assets; and (iii) share of loss of associates mainly due to investment loss as compared to share of profit in the Corresponding Period.

Total costs (including staff costs, premises expenses, finance costs, trading costs and other operating costs) for the six months ended 30 June 2022 was approximately HK\$91,062,000 (six months ended 30 June 2021: HK\$103,589,000), representing a decrease of approximately 12% which was mainly due to effective cost control measures implemented by the Group on the overall operating expenses for the period under review.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

For the financial position as at 30 June 2022, total assets of the Group were approximately HK\$4,689,125,000 (31 December 2021: HK\$5,467,773,000), representing a decrease of approximately 14.2%. Net cash inflow/(outflow) from operating activities, investing activities and financing activities for the period under review were approximately HK\$(131,653,000), HK\$(16,690,000) and HK\$(165,622,000) (six months ended 30 June 2021: HK\$180,962,000, HK\$(15,449,000) and HK\$(290,855,000)), respectively. Depreciation for property, plant and equipment for the period under review was approximately HK\$3,659,000 (six months ended 30 June 2021: HK\$5,494,000).

Employee relations

As at 30 June 2022, the Group had 77 employees (as at 30 June 2021: 79 employees).

Total staff costs and related expenses for the six months ended 30 June 2022 were approximately HK\$43,891,000 (six months ended 30 June 2021: HK\$47,181,000).

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 2022, the Group's cash and bank balances amounted to approximately HK\$454,757,000 (as at 31 December 2021: HK\$780,823,000). The gearing ratio as at 30 June 2022 (total debts to total equity) was approximately 0.2% (as at 31 December 2021: 3.5%), which indicated that the Group's overall financial position remained strong.

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\$7,232,000 as at 30 June 2022 (as at 31 December 2021: HK\$172,353,000). The Group's borrowings are mainly denominated in US dollars, and have remaining average maturity period of less than 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 period under review.

Segment information

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 2022.

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 2022.

Charges on Group's assets

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial assets at fair value through profit or loss	94,116	132,977
Financial assets at fair value through other comprehensive income	–	72,573
Financial assets at amortised cost	–	45,145
Total charges on Group's assets	94,116	250,695

Financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost are bonds pledged as collateral for the Group's borrowings.

Exposure to exchange rate fluctuation and related hedging

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

Contingent liabilities

Details of the Group's contingent liabilities as at 30 June 2022 and 31 December 2021 are set out in Note 25 to the condensed consolidated financial statements.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2022, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO") as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out below:

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

Name of director	Number of shares held		Total	Percentage of the issued share capital (Note (b))
	Personal interests	Corporate interests		
Ni Xinguang ("Mr. Ni")	46,068,000	416,004,000 (Note (a))	462,072,000	1.33%

Notes:

- 416,004,000 shares were owned by Group First Limited, a private company wholly owned by Mr. Ni, representing approximately 1.20% of the issued share capital of the Company. By virtue of the SFO, Mr. Ni is deemed to have interest in the shares held by Group First Limited.
- The percentage was calculated based on the total number of 34,714,459,250 ordinary shares of the Company in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executive of the Company had any interest in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2022, none of the Directors or chief executive of the Company, had any short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS AND SHARE AWARDS

Share Options

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

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

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

Share Awards

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

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2022, so far as was known to the Directors of the Company, the following persons, other than the Directors and chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company, which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (e))
薔薇控股股份有限公司	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
薔薇控股(深圳)有限公司	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Holdings (Hong Kong) Limited ("Vered Hong Kong")	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Investment Co., Ltd ("Vered Investment")	Interest of controlled corporation (Note (a))	10,049,310,000	28.95%
Vered Holdings Group Ltd ("Vered Holdings")	Beneficial owner (Note (a))	10,049,310,000	28.95%
Liu Xueyi	Interest of controlled corporation (Note (b))	5,034,511,390	14.50%
Prosper Ascend Limited	Beneficial owner (Note (b))	5,034,511,390	14.50%
Zhao Xinlong	Interest of controlled corporation (Note (c))	3,500,000,000	10.08%
Hong Kong Baohui Toda Limited	Beneficial owner (Note (c))	3,500,000,000	10.08%
China Minsheng Investment Group Corporation Ltd.	Interest of controlled corporation (Note (d))	2,072,618,610	5.97%
China Minsheng Asia Asset Management Co, Ltd	Interest of controlled corporation (Note (d))	1,430,000,000	4.12%
	Beneficial owner (Note (d))	642,618,610	1.85%

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital (Note (e))
CMI Financial Holding Company Limited	Interest of controlled corporation (Note (d))	1,430,000,000	4.12%
CMI Financial Holding Corporation	Beneficial owner (Note (d))	1,430,000,000	4.12%

Notes:

- (a) 10,049,310,000 shares were held by Vered Holdings, which is wholly owned by Vered Investment, and which in turn is wholly owned by Vered Hong Kong. Vered Hong Kong is wholly owned by 蔷薇控股(深圳)有限公司, which in turn is wholly owned by 蔷薇控股股份有限公司.
- (b) 5,034,511,390 shares were held by Prosper Ascend Limited, which is wholly owned by Mr. Liu Xueyi. By virtue of the SFO, Mr. Liu Xueyi was deemed to have interest in the shares held by Prosper Ascend Limited.
- (c) 3,500,000,000 shares were held by Hong Kong Baohui Toda Limited, which is wholly owned by Mr. Zhao Xinlong. By virtue of the SFO, Mr. Zhao Xinlong is deemed to have interest in the shares held by Hong Kong Baohui Toda Limited.
- (d) 1,430,000,000 shares were held by CMI Financial Holding Corporation, which is wholly owned by CMI Financial Holding Company Limited, and which in turn is wholly owned by China Minsheng Asia Asset Management Co, Ltd ("CM Asia"). CM Asia is wholly owned by China Minsheng Investment Group Corporation Ltd. CM Asia also directly holds 642,618,610 shares.
- (e) The percentage has been calculated based on the total number of 34,714,459,250 ordinary shares of the Company in issue as at 30 June 2022.

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

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 30 June 2022, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

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

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

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

Under the Code Provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Tomohiko Watanabe served as both the chairman and the chief executive officer of the Company until 30 September 2022.

With effect from 30 September 2022, Mr. Tomohiko Watanabe resigned as the chief executive officer of the Company, and Mr. Li Feng was appointed as the chief executive officer of the Company. With effect from 5 December 2022, Mr. Tan Zhenyu had been appointed as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee of the Company, while Mr. Tomohiko Watanabe had resigned as an executive director of the Company, the chairman of the Board and the chairman of the Nomination Committee.

Subsequent to the above changes, the Company has been in compliance with the CG Code provision of C.2.1.

Review of Accounts

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

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and has discussed with the management the internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2022.

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 2022.

OTHER INFORMATION

Pre-emptive Rights

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

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

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

On behalf of the Board

China Vered Financial Holding Corporation Limited

Tan Zhenyu

Chairman

Hong Kong, 31 January 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
	Note		
Interest income		130,025	114,725
Commission and fee income		16,196	15,669
Investment income		3,752	4,372
Total revenue	7	149,973	134,766
Net (loss)/gain on financial assets/liabilities	8	(241,584)	288,150
Other income		1,673	4,956
Trading costs		(8,020)	(11,167)
Staff costs and related expenses		(43,891)	(47,181)
Premises expenses		(10,088)	(11,838)
Legal and professional fees		(8,520)	(4,425)
Depreciation		(3,659)	(5,494)
Information technology expenses		(2,508)	(2,455)
Expected credit losses ("ECL")	10	(119,462)	(19,843)
Other operating expenses		(12,744)	(13,132)
Share of post-tax (loss)/profit of associates	15	(17,604)	10,192
Finance costs	11	(1,632)	(7,897)
(Loss)/profit before income tax	6	(318,066)	314,632
Income tax credit/(expense)	9	17,994	(58,867)
(Loss)/profit for the period		(300,072)	255,765

		Six months ended 30 June	
		2022	2021
	Note	HK\$'000	HK\$'000
(Loss)/profit attributable to:			
— Owners of the Company		(300,010)	257,268
— Non-controlling interests		(62)	(1,503)
		(300,072)	255,765
		HK Cents per share	HK Cents per share
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share	13	(0.91)	0.78
Diluted (loss)/earnings per share	13	(0.91)	0.78

The notes on pages 26 to 56 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the period	(300,072)	255,765
Other comprehensive (loss)/income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net change in fair value of equity instruments at fair value through other comprehensive income	(264,663)	(307,041)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of debt instruments at fair value through other comprehensive income	(98,124)	(32,729)
Net change in ECL allowances on debt instruments at fair value through other comprehensive income	87,986	17,331
Reclassified to profit or loss on disposal of debt instruments at fair value through other comprehensive income	7,729	–
Exchange differences on translation of foreign operations	(28,718)	(91)
Other comprehensive loss for the period	(295,790)	(322,530)
Total comprehensive loss for the period	(595,862)	(66,765)
Total comprehensive (loss)/income for the period attributable to:		
— Owners of the Company	(594,895)	(68,351)
— Non-controlling interests	(967)	1,586
	(595,862)	(66,765)

The notes on pages 26 to 56 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2022

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	5,528	9,244
Right-of-use assets		14,892	2,455
Goodwill		15,871	15,871
Other intangible assets		1,602	1,602
Investments in associates	15	92,416	93,356
Rental and other deposits		3,215	3,215
Financial assets at fair value through profit or loss	16	1,984,949	1,894,785
Financial assets at fair value through other comprehensive income	17	254,258	417,566
Financial assets at amortised cost	18	–	33,765
Deferred tax assets	9	176,239	156,622
Total non-current assets		2,548,970	2,628,481
Current assets			
Margin receivables and other trade receivables	20	111,089	72,364
Financial assets at fair value through profit or loss	16	629,811	911,303
Financial assets at fair value through other comprehensive income	17	231,658	556,589
Financial assets at amortised cost	18	50,561	45,145
Loan and interest receivables	19	110,735	124,588
Other interest receivables		15,304	31,803
Tax receivables		933	894
Other receivables, prepayments and deposits		30,850	134,608
Deposits with brokers		504,457	181,175
Cash and cash equivalents		454,757	780,823
Total current assets		2,140,155	2,839,292
Total assets		4,689,125	5,467,773

		30 June 2022	31 December 2021
	Note	HK\$'000	HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	4,454,374	4,454,374
Other reserves		(207,824)	87,061
Retained earnings		93,241	393,251
		4,339,791	4,934,686
Non-controlling interests		5,022	5,989
Total equity		4,344,813	4,940,675
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	9	5,965	8,030
Lease liabilities		7,023	–
Total non-current liabilities		12,988	8,030
Current liabilities			
Accruals and other payables		76,742	70,819
Loan and interest payables	22	–	163,189
Margin payables	23	7,232	9,164
Financial liabilities at fair value through profit or loss	16	78,314	115,785
Current tax liabilities		160,471	157,322
Lease liabilities		8,565	2,789
Total current liabilities		331,324	519,068
Total liabilities		344,312	527,098
Total equity and liabilities		4,689,125	5,467,773

The notes on pages 26 to 56 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

	Attributable to owners of the Company											
	Share capital	Share based payments reserve	Shares held for share award plan	Special capital reserve	Foreign currency translation reserve	Statutory surplus reserve	Investment revaluation reserve non-recycling	Investment revaluation reserve recycling	Accumulated losses	Total	Non-controlling Interests	Total Equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2021	6,154,374	7,108	(178,300)	726,699	53,240	7,328	(188,095)	2,310	(1,034,730)	5,549,934	(261,312)	5,288,622
Comprehensive income/(loss)												
Profit for the period	-	-	-	-	-	-	-	-	257,268	257,268	(1,503)	255,765
Other comprehensive (loss)/income												
Change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(307,041)	(32,729)	-	(339,770)	-	(339,770)
Change in ECL allowances on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	17,331	-	17,331	-	17,331
Exchange differences on translation of foreign operations	-	-	-	-	(3,180)	-	-	-	-	(3,180)	3,089	(91)
Total comprehensive (loss)/income for period ended 30 June 2021	-	-	-	-	(3,180)	-	(307,041)	(15,398)	257,268	(68,351)	1,586	(66,765)
Total transactions with owners, recognised directly in equity												
Change in ownership interests in a subsidiary without change of control	-	-	-	-	-	-	-	-	212	212	-	212
At 30 June 2021	6,154,374	7,108	(178,300)	726,699	50,060	7,328	(495,136)	(13,088)	(777,250)	5,481,795	(259,726)	5,222,069

The notes on pages 26 to 56 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash used in operations	(312,549)	(467,371)
Purchases of financial assets at fair value through profit or loss	(1,267,112)	(7,101,278)
Purchases of financial assets at fair value through other comprehensive income	(343,471)	(110,000)
Proceeds from disposals of financial assets at fair value through profit or loss	1,186,046	7,326,366
Proceeds from disposals of financial assets at fair value through other comprehensive income	472,978	215,798
Proceeds from redemption of financial assets at amortised cost	–	201,568
Bank and other interest received	133,797	118,196
Dividend received	3,752	4,372
Interest paid	(4,931)	(6,437)
Income tax paid	(163)	(252)
Net cash flows (used in)/from operating activities	(131,653)	180,962

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Cash flows from investing activities		
Increase in investments in associates	(16,664)	(1,335)
Purchases of property, plant and equipment	(26)	(768)
Net proceeds from disposal of a subsidiary	-	2,371
Increase in time deposits with original maturity more than three months	-	(15,717)
Net cash flows used in investing activities	(16,690)	(15,449)
Cash flows from financing activities		
Repayment of loan payables	(159,890)	(142,542)
Net repayment of margin payables	(1,932)	(143,089)
Principal elements of lease rentals paid	(3,800)	(5,224)
Net cash flows used in financing activities	(165,622)	(290,855)
Net decrease in cash and cash equivalents	(313,965)	(125,342)
Cash and cash equivalents at the beginning of the period	780,823	626,976
Effect of exchange rate changes	(12,101)	6,918
Cash and cash equivalents at the end of the period	454,757	508,552

The notes on pages 26 to 56 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1 General information

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

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

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

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

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated financial statements for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

2 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group”).

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and in compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated financial statements were reviewed by the Audit Committee. The Board of Directors of the Company has approved the condensed consolidated financial statements for issue on 31 January 2023.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 Accounting policies

The accounting policies applied in preparing these condensed consolidated financial statements are the same as those applied in preparing the consolidated financial statements for the year ended 31 December 2021, as disclosed in the Annual Report for 2021.

(a) New and amended standards adopted by the Group

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

- (a) Proceeds before Intended Use — Amendments to HKAS 16
- (b) Cost of Fulfilling a Contract — Amendments to HKAS 37
- (c) Annual Improvements to HKFRSs — 2018–2020 Cycle
- (d) Reference to the Conceptual Framework — Amendments to HKFRS 3

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

3 Accounting policies (Continued)

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

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

4 Critical accounting estimates and judgements

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

In preparing this condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

The accounting policies, basis of presentation and methods of computation used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the new or amended HKFRSs and HKASs which are first effective or available for early adoption for accounting periods beginning on or after 1 January 2022.

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 2021.

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

5 Financial risk management and financial instruments (Continued)

5.2 Credit risk

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Loan and interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	41,755	40,183
Stage 2 — Significant increase in credit risk	–	–
Stage 3 — Credit-impaired	375,057	385,611
Total gross loan and interest receivables	416,812	425,794
Less: ECL allowances	(306,077)	(301,206)
Loan and interest receivables, net of ECL	110,735	124,588
Margin receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	96,081	42,927
Stage 2 — Significant increase in credit risk	–	–
Stage 3 — Credit-impaired	63,563	63,563
Total gross margin receivables	159,644	106,490
Less: ECL allowances	(63,585)	(63,570)
Margin receivables, net of ECL	96,059	42,920
Financial assets at amortised cost		
Stage 1 — Unimpaired and without significant increase in credit risk	28,730	33,890
Stage 2 — Significant increase in credit risk	–	–
Stage 3 — Credit-impaired	140,959	144,384
Total gross financial assets at amortised cost	169,689	178,274
Less: ECL allowances	(119,128)	(99,364)
Financial assets at amortised cost, net of ECL	50,561	78,910

5 Financial risk management and financial instruments (Continued)

5.2 Credit risk (Continued)

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Debt investments at fair value through other comprehensive income		
Stage 1 — Unimpaired and without significant increase in credit risk	161,532	303,685
Stage 2 — Significant increase in credit risk	12,430	120,114
Stage 3 — Credit-impaired	63,036	164,845
Total debt investments at fair value through other comprehensive income	236,998	588,644
ECL allowances for debt investments at fair value through other comprehensive income	(469,997)	(382,011)
Other interest receivables		
Stage 1 — Unimpaired and without significant increase in credit risk	10,383	10,558
Stage 2 — Significant increase in credit risk	1,190	5,498
Stage 3 — Credit impaired	26,140	21,144
Total gross other interest receivables	37,713	37,200
Less: ECL allowances	(22,409)	(15,583)
Other interest receivables, net of ECL	15,304	21,617

5 Financial risk management and financial instruments (Continued)

5.3 Liquidity risk

Compared to 31 December 2021, the contractual undiscounted cash outflows for financial liabilities of the Group as at 30 June 2022 are as follows:

As at 30 June 2022

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Margin payables	7,232	-	-	-	7,232
Financial liabilities at fair value through profit or loss	78,314	-	-	-	78,314
Lease liabilities	9,002	7,138	-	-	16,140
Accruals and other payables	53,590	-	-	-	53,590
	148,138	7,138	-	-	155,276

As at 31 December 2021

	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	164,437	-	-	-	164,437
Margin payables	9,164	-	-	-	9,164
Financial liabilities at fair value through profit or loss	115,785	-	-	-	115,785
Lease liabilities	2,813	-	-	-	2,813
Accruals and other payables	56,056	-	-	-	56,056
	348,255	-	-	-	348,255

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 June 2022 and 31 December 2021.

As at 30 June 2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Finance assets at fair value through profit or loss				
— Unlisted equity investments	—	—	1,619,663	1,619,663
— Unlisted investment funds	—	—	461,579	461,579
— Convertible loan	—	—	12,641	12,641
— Listed equity investments	351,553	13,028	—	364,581
— Listed debt investments	—	156,296	—	156,296
Total	351,553	169,324	2,093,883	2,614,760
Finance assets at fair value through other comprehensive income				
— Listed equity investments	106,082	20,864	—	126,946
— Listed debt investments	—	236,998	—	236,998
— Unlisted investment funds	—	—	121,972	121,972
Total	106,082	257,862	121,972	485,916
Total assets	457,635	427,186	2,215,855	3,100,676
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	—	78,314	—	78,314
Total liabilities	—	78,314	—	78,314

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

As at 31 December 2021

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity investments	—	—	1,620,791	1,620,791
— Unlisted investment funds	—	—	389,825	389,825
— Convertible loan	—	—	14,912	14,912
— Listed equity investments	504,795	25,760	—	530,555
— Listed debt investments	—	228,590	—	228,590
— Unlisted notes	—	—	21,415	21,415
Total	504,795	254,350	2,046,943	2,806,088
Financial assets at fair value through other comprehensive income				
— Listed equity investments	—	62,545	—	62,545
— Listed debts investments	—	588,644	—	588,644
— Unlisted investment funds	—	—	322,966	322,966
Total	—	651,189	322,966	974,155
Total assets	504,795	905,539	2,369,909	3,780,243
Liabilities				
Financial liabilities at fair value through profit or loss				
— Payable to holders of non-controlling interests in unlisted consolidated investment fund	—	115,785	—	115,785
Total liabilities	—	115,785	—	115,785

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

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

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

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

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

Equity Investments	Fair value as at	Valuation techniques	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
	30 June 2022 HK\$'000				
Unlisted equity investments	1,250,869	Market approach	Price to sales ratio	2.94x	The higher the ratios, the higher the fair value
			Discount rate for lack of marketability	9.91%	The higher the discount rate, the lower the fair value
	334,318	Market approach	Price to books ratio	1.74x	The higher the ratios, the higher the fair value
			Discount rate for lack of marketability	15.27%	The higher the discount rate, the lower the fair value
	34,476	Recent transaction	n/a	n/a	n/a
	Unlisted investment funds	96,293	Recent transaction	n/a	n/a
483,054		Net asset value	n/a	n/a	n/a
4,204		Adjusted net asset value (Note a)	n/a	n/a	n/a
Convertible loan	12,641	Recent transaction	n/a	n/a	n/a

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

Equity Investments	Fair value as at 31 December 2021 HK\$'000	Valuation techniques	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted equity investments	1,265,471	Market approach	Price to sales ratio	3.4x	The higher the ratio, the higher the fair value
			Discount rate for lack of marketability	23.48%	The higher the discount rate, the lower the fair value
	314,652	Market approach	Price to book ratio	2.2x	The higher the ratio, the higher the fair value
			Discount rate for lack of marketability	16.95%	The higher the discount rate, the lower the fair value
	40,668	Recent transaction	n/a	n/a	n/a
Unlisted investment funds	137,246	Recent transaction	n/a	n/a	n/a
	569,927	Net asset value	n/a	n/a	n/a
	5,618	Adjusted net asset value (Note a)	n/a	n/a	n/a
Convertible loan	14,912	Recent transaction	n/a	n/a	n/a
Unlisted notes	21,415	Recent transaction	n/a	n/a	n/a

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

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

There have been no significant transfers between level 1, level 2 and level 3 for the period ended 30 June 2022.

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 2022 and 31 December 2021 for recurring fair value measurements:

As at 30 June 2022

	Unlisted equity investments HK\$'000	Unlisted investment funds HK\$'000	Convertible loan HK\$'000	Unlisted note HK\$'000	Total HK\$'000
Assets					
At beginning of the period	1,620,791	712,791	14,912	21,415	2,369,909
Purchases	-	140,889	-	-	140,889
Disposals	-	(48,422)	-	-	(48,422)
Currency translation difference	(6,192)	(1,973)	(2,271)	-	(10,436)
Net gain/(loss) recognised in profit or loss*	5,064	1,260	-	(21,415)	(15,091)
Net loss recognised in other comprehensive income	-	(220,994)	-	-	(220,994)
At the end of the period	1,619,663	583,551	12,641	-	2,215,855
* includes unrealised gain/(loss) recognised in profit or loss attributable to balances held at the end of the reporting period	5,064	(11,884)	-	-	(6,820)

5 Financial risk management and financial instruments (Continued)

5.4 Fair value of financial assets and liabilities (Continued)

As at 31 December 2021

	Unlisted equity investments HK\$'000	Unlisted investment funds HK\$'000	Convertible loan HK\$'000	Unlisted notes HK\$'000	Total HK\$'000
Assets					
At beginning of the year	953,768	1,014,371	101,591	216,611	2,286,341
Purchases	–	214,662	–	–	214,662
Disposals	(16,006)	(208,750)	(87,967)	(174,211)	(486,934)
Transfer from level 2	–	64,602	–	–	64,602
Transfer from convertible loan to unlisted equity investments	37,565	–	(37,565)	–	–
Currency translation difference	(3,978)	–	(1,531)	–	(5,509)
Net gain/(loss) recognised in profit or loss*	649,442	(40,980)	40,384	(20,985)	627,861
Net loss recognised in other comprehensive income	–	(331,114)	–	–	(331,114)
At end of the year	1,620,791	712,791	14,912	21,415	2,369,909
* includes unrealised gain/(loss) recognised in profit or loss attributable to balances held at the end of the reporting period	640,017	(51,606)	1,416	(20,763)	569,064

5 Financial risk management and financial instruments (Continued)

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

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

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

6 Segment information

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

6 Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

Six months ended 30 June 2022

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

Six months ended 30 June 2021

	Reportable segment				Total HK\$'000	Unallocated amount HK\$'000 (Note)	Total HK\$'000
	Asset management HK\$'000	Securities brokerage HK\$'000	Investment holding HK\$'000	Investment banking HK\$'000			
Interest income	-	8,108	106,414	-	114,522	203	114,725
Commission and fee income	14,932	737	-	-	15,669	-	15,669
Investment income	-	-	4,372	-	4,372	-	4,372
Revenue from external customers	14,932	8,845	110,786	-	134,563	203	134,766
Net gain/(loss) on financial assets/liabilities	-	-	289,683	-	289,683	(1,533)	288,150
	14,932	8,845	400,469	-	424,246	(1,330)	422,916
Segment profit/(loss) before income tax	4,743	(5,272)	361,685	(845)	360,311	(45,679)	314,632
Other segment information:							
Depreciation	(28)	(228)	(252)	-	(508)	(4,986)	(5,494)
Staff costs and related expenses	(5,740)	(6,336)	(9,045)	(780)	(21,901)	(25,280)	(47,181)

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

6 Segment information (Continued)

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

Six months ended 30 June 2022

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

Six months ended 30 June 2021

	Hong Kong HK\$'000	The PRC HK\$'000	Japan HK\$'000	Canada HK\$'000	Total HK\$'000
Revenue from external customers	130,008	2,028	2,668	62	134,766
Net gain/(loss) on financial assets/liabilities	336,818	(48,668)	-	-	288,150
	466,826	(46,640)	2,668	62	422,916

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Hong Kong	35,214	26,206
The PRC	95,020	96,234
Japan	7	12
Canada	68	76
	130,309	122,528

7 Revenue

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
<i>Interest income:</i>		
Interest income from loan lending business	1,780	8,208
Interest income from margin financing business	2,487	7,835
Interest income from investments in debt instruments classified as financial assets at amortised cost	2,170	14,798
Interest income from financial assets at fair value through other comprehensive income	85,731	57,825
Interest income from financial assets at fair value through profit or loss	37,443	24,993
Other interest income	414	1,066
	130,025	114,725
<i>Commission and fee income:</i>		
Advisory fee income	2,409	696
Commission income from securities brokerage	866	158
Loan arrangement fee income	390	-
Fee income from asset management, net	12,531	14,815
	16,196	15,669
<i>Investment income:</i>		
Dividend income	3,752	4,372
	3,752	4,372
	149,973	134,766

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net (loss)/gain on financial assets/liabilities at fair value through profit or loss	(233,855)	304,161
Net loss on disposal of financial assets at fair value through other comprehensive income	(7,729)	(16,011)
	(241,584)	288,150

9 Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period and taxation on profits assessable elsewhere have been calculated at the rates of income tax prevailing in the countries in which the Group operates respectively.

The PRC Enterprise Income Tax rate is 25% (six months ended 30 June 2021: 25%).

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong Profits Tax		
— charge for the period	3,192	47,233
— underprovision for prior year	—	509
PRC Enterprise Income Tax		
— charge for the period	—	2
— underprovision/(overprovision) for prior year	59	(55)
Overseas income tax		
— charge for the period	6	8
— overprovision for prior year	(2)	(492)
Deferred tax		
— (credit)/charge for the period	(21,249)	11,662
Income tax (credit)/expense	(17,994)	58,867

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

9 Income tax (Continued)

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

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
Deferred tax assets	176,239	156,622
Deferred tax liabilities	(5,965)	(8,030)
	170,274	148,592

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

	Tax losses	Fair value change	Depreciation allowances	ECL allowances	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	88,265	-	-	-	88,265
Credited/(charged) to profit or loss	68,172	(10,297)	(354)	720	58,241
Credited directly to equity	1,959	-	-	-	1,959
Exchange difference arising from translation of foreign operations	-	127	-	-	127
At 31 December 2021 and 1 January 2022	158,396	(10,170)	(354)	720	148,592
Credited/(charged) to profit or loss	18,695	2,876	-	(322)	21,249
Exchange difference arising from translation of foreign operations	-	433	-	-	433
At 30 June 2022	177,091	(6,861)	(354)	398	170,274

10 Expected credit losses

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
ECL recognised/(reversed) in profit or loss during the period		
— Loan and interest receivables	4,871	(10,862)
— Margin receivables	15	5,225
— Financial assets at amortised cost	19,764	(726)
— Debt investments at fair value through other comprehensive income	87,986	26,206
— Other interest receivables	6,826	–
	119,462	19,843

11 Finance costs

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Finance costs on leverage note	671	1,998
Finance costs on loan payables	–	1,526
Finance costs on repurchase agreements	616	1,499
Finance costs on margin payables	219	2,396
Finance costs on lease liabilities	126	453
Loan arrangement fee	–	25
	1,632	7,897

12 Dividends

The Directors have resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

13 (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$300,010,000 (six months ended 30 June 2021: profit of HK\$257,268,000) and the weighted average number of ordinary shares of approximately 32,979,049,000 (six months ended 30 June 2021: 32,984,549,000) in issue during the period (excluding the ordinary shares purchased by the Company under the share award plan).

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share amount was the same as basic (loss)/earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six-month period ended 30 June 2022 and 30 June 2021.

14 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate cost of approximately HK\$25,000 (six months ended 30 June 2021: HK\$768,000).

No property, plant and equipment has been disposed or written off by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

15 Investments in associates

Set out below is the details of the associate as at 30 June 2022 which, in the opinion of the directors, is material to the Group.

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

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

15 Investments in associates (Continued)

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue	–	–
(Loss)/profit	(49,215)	33,161
Total comprehensive (loss)/income	(49,215)	33,161
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Current assets	250,225	298,898
Current liabilities	(6,337)	(1,175)
Net assets	243,888	297,723
Carrying amount of the associate in the consolidated financial statements (30%)	73,166	89,317

Aggregate financial information of associates that are not individually material:

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	19,250	4,039

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Aggregate amounts of the Group's share of those associates		
Profit	129	87
Total comprehensive income	129	87

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

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments	1,619,663	1,620,791
Unlisted investment funds	461,579	389,825
Convertible loan	12,641	14,912
Listed equity investments	364,581	530,555
Listed debt investments	156,296	228,590
Unlisted notes	–	21,415
	2,614,760	2,806,088
Classified as:		
Non-current assets	1,984,949	1,894,785
Current assets	629,811	911,303
	2,614,760	2,806,088

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial liabilities at fair value through profit or loss		
Payable to holders of non-controlling interests in unlisted consolidated investment fund	78,314	115,785
	78,314	115,785
Classified as:		
Current liabilities	78,314	115,785

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

Investment in Shareholder Value Offshore Fund

As at 30 June 2022, the investment in unlisted investment funds included an investment in an unlisted investment fund namely Shareholder Value Offshore Fund (the "Fund"), which was managed by the Group's asset management subsidiary, namely China Vered Asset Management (Hong Kong) Limited ("CVAM"), whose carrying value amounted to Nil (31 December 2021: Nil). The original cost of investment in the Fund amounted to HK\$139,007,000 (31 December 2021: HK\$139,007,000) with an accumulated fair value loss of HK\$139,007,000 (31 December 2021: loss of HK\$139,007,000). According to the financial information of the Fund, it was noted that the Fund invested into two segregated portfolios (the "Subject Fund A" and the "Subject Fund B") through its master fund, Shareholder Value Fund (the "Master Fund"). The investments in Subject Fund A and Subject Fund B were funded by the transfer of assets held by the Master Fund, including the leverage notes linked with the bonds issued by a listed property developer.

In May 2021, CVAM received a redemption request and was aware that the Master Fund's liquidity was insufficient to meet such redemption request due to the lock-up restrictions in Subject Fund A and Subject Fund B. In March 2022, an independent investigation committee was established and resolved to appoint an independent consultant (the "Independent Consultant") to investigate into the investment and nature, existence and valuation of the underlying assets of such investment. The independent investigation completed in September 2022. Please refer to the announcement of the Company dated 13 September 2022 and Note 19 to the consolidated financial statements of the Annual Report 2021 under heading "Investment in Shareholder Value Offshore Fund" in respect of key findings of the independent investigation.

As at 30 June 2022 and 31 December 2021, taking into account the uncertainty on the recoverability of Subject Fund A and Subject Fund B and accordingly, the Group assessed the carrying value of the investment in the Fund as fully written down. The Group is taking various actions through CVAM to obtain documentary evidence in relation to the Subject Fund A and the Subject Fund B. Up to the date of this report, the above actions are still on-going and the assessment on the carrying value of the investment in the Fund remains unchanged.

In addition, on 7 June 2022, CVAM received a writ of summons (the "Writ of Summons") with an indorsement of claim issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Orient Finance Holdings (Hong Kong) Limited, as plaintiff (the "Plaintiff"), against CVAM, as defendants. Subsequently, on 5 August 2022, the Fund was also included as a defendant. Please refer to Note 25 to these condensed consolidated financial statements for additional disclosures regarding the contingent liabilities.

17 Financial assets at fair value through other comprehensive income

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial assets at fair value through other comprehensive income		
Listed equity investments	126,946	62,545
Listed debt investments	236,998	588,644
Unlisted investment funds	121,972	322,966
	485,916	974,155
Classified as:		
Non-current assets	254,258	417,566
Current assets	231,658	556,589
	485,916	974,155

ECL allowances attributable to debt investments at fair value through other comprehensive income as at 30 June 2022 amounted to HK\$469,997,000 (31 December 2021: HK\$382,011,000). The increase in ECL allowances of HK\$87,986,000 (six months ended 30 June 2021: increase of HK\$26,206,000) was recognised in the condensed consolidated statement of profit or loss during the period.

Investment in Fund D

As at 30 June 2022, the financial assets included an investment in unlisted investment fund (the "Fund D"), which was managed by a licensed asset manager (an independent third party to the Group) (the "Third Party Manager C"), whose carrying value amounted to approximately HK\$4,204,000 (31 December 2021: HK\$5,618,000). According to the financial information of Fund D, it was noted that the underlying assets included a substantial portion of investments in two loans made by the Third Party Manager C and the aggregate outstanding balance of loans and interest receivables amounted to approximately HK\$57,648,000. Please refer to Note 20 to the consolidated financial statements of the Annual Report 2021 under heading "Investment in Fund D" for further details of these two loans.

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

Investment in Fund D (Continued)

As at 30 June 2022 and 31 December 2021, considered that the recoverability of the two loans made by Fund D was highly uncertain and accordingly, the Group assessed the carrying value of the loans and interest receivables recorded in Fund D as fully written down. As such, the net asset value of Fund D was adjusted for the full write-down on the abovementioned loans and interest receivables of HK\$57,648,000. The Group is now taking active measures including discussion with the Third Party Manager C for redemption of investment, recovery of any investment loss, and/or seeking legal advice. Up to the date of this report, the above actions are still on-going and the assessment on the carrying value of the investment in Fund D was still measured at the net asset value of Fund D adjusted for full write-down on the abovementioned loans and interest receivables.

18 Financial assets at amortised cost

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Financial assets at amortised cost		
Not past due or less than 1 month past due	28,730	178,274
1–3 months past due	–	–
3–6 months past due	140,959	–
	169,689	178,274
Less: ECL allowances	(119,128)	(99,364)
	50,561	78,910
Classified as:		
Non-current assets	–	33,765
Current assets	50,561	45,145
	50,561	78,910

18 Financial assets at amortised cost (Continued)

As at 30 June 2022, these financial assets at amortised cost include unlisted bond investments and note receivables with effective interest rates ranging from 7.6% to 10.0% per annum (31 December 2021: 7.6% to 10.0% per annum). Interest income derived from financial assets at amortised cost was recognised and presented under “Interest income from investments in debt instruments classified as financial assets at amortised cost” in Note 7.

ECL allowances attributable to financial assets at amortised cost as at 30 June 2022 amounted to HK\$119,128,000 (31 December 2021: HK\$99,364,000). The increase in ECL allowances of HK\$19,764,000 (six months ended 30 June 2021: decrease of HK\$726,000) was recognised in the condensed consolidated statement of profit or loss during the period.

19 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 2022 HK\$'000	31 December 2021 HK\$'000
Not past due or less than 1 month past due	41,755	173,355
1–3 months past due	–	–
3–6 months past due	–	–
6–12 months past due	122,618	–
Over 12 months past due	252,439	252,439
	416,812	425,794
Less: ECL allowances	(306,077)	(301,206)
	110,735	124,588

As at 30 June 2022, these loan receivables bear interest at fixed rates at 8.9% per annum (31 December 2021: 8.9% per annum). Interest income derived from loan receivables was recognised and presented under “Interest income from loan lending business” in Note 7 to these condensed consolidated financial statements.

ECL allowances attributable to loan and interest receivables as at 30 June 2022 amounted to HK\$306,077,000 (31 December 2021: HK\$301,206,000). The increase in ECL allowances of HK\$4,871,000 (six months ended 30 June 2021: decrease of HK\$10,862,000) was recognised in the condensed consolidated statement of profit or loss during the period.

20 Margin receivables and other trade receivables

	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
Margin receivables	159,644	106,490
Less: ECL allowances	(63,585)	(63,570)
	96,059	42,920
Trade receivables arising from the business of asset management	12,230	26,629
Trade receivables arising from the business of underwriting	2,800	2,815
	111,089	72,364

As at 30 June 2022, loans to margin clients are secured by client's pledged Hong Kong-listed securities at fair value of HK\$511,011,000 (31 December 2021: HK\$270,587,000) which can be sold at the discretion of a subsidiary of the Group to settle margin call requirements imposed by their respective securities transactions. The loans are repayable on demand and bear interest at commercial rates.

ECL allowances attributable to margin receivables as at 30 June 2022 amounted to HK\$63,585,000 (31 December 2021: HK\$63,570,000). The increase in ECL allowances of HK\$15,000 (six months ended 30 June 2021: increase of HK\$5,225,000) was recognised in the condensed consolidated statement of profit or loss during the period.

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

20 Margin receivables and other trade receivables (Continued)

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
0–90 days	12,230	10,032
91 days to 1 year	2,800	19,412
	15,030	29,444

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

21 Share capital

Ordinary shares, issued and fully paid:

	Number of shares '000	Share capital HK\$'000
At 31 December 2021, 1 January 2022 and 30 June 2022	34,714,459	4,454,374

22 Loan and interest payables

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Repurchase agreements	–	74,874
Leverage note	–	85,016
Interest payables	–	3,299
	–	163,189

As at 30 June 2022, there were no outstanding loan payables. As at 31 December 2021, loan payables bore interest at fixed rates ranging from 2.6% to 4.0% per annum.

22 Loan and interest payables (Continued)

The above borrowings are repayable as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 1 year	–	163,189

As at 31 December 2021, the carrying amount of the pledged bonds at amortised cost was approximately HK\$45,145,000 in respect of repurchase agreements, and the carrying amounts of the pledged bonds classified at fair value through other comprehensive income and a cash collateral arising from the maturity of certain bonds were approximately HK\$72,573,000 and HK\$104,738,000 respectively in respect of leverage note.

23 Margin payables

As at 30 June 2022, margin payables bore interest at fixed rate of 4.65% per annum (31 December 2021: ranging from 3.63% to 3.64% per annum) and were repayable on demand.

As at 30 June 2022, margin payables were pledged by bonds classified as financial assets at fair value through profit or loss with carrying amount of approximately HK\$94,116,000 (31 December 2021: HK\$131,639,000).

24 Related party transactions

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Commission income (Note i)	–	3
Fee income received from asset management (Note ii)	3,542	3,045
Dividend income (Note iii)	346	–
Gain on disposal of a subsidiary	–	2,000

24 Related party transactions (Continued)

- Note i: During the period ended 30 June 2022, the Group has not received any commission fee income from related parties (six months ended 30 June 2021: HK\$3,000). Commission fee income is determined with reference to market rate offered to other third party clients.
- Note ii: During the period ended 30 June 2022, the Group provides fund management service to a related party fund and has recognised an aggregate fund management fee and performance fee of HK\$3,542,000 (six months ended 30 June 2021: HK\$3,045,000). The fund management fee and performance fee are determined with reference to the market rate offered to other third party investor of the fund.
- Note iii: During the period ended 30 June 2022, the Group has received dividend income of HK\$346,000 from a related party fund (six months ended 30 June 2021: Nil). Dividend income is determined with reference to market rate offered to other third party investor of the fund.

25 Contingent liabilities

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

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

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

25 Contingent liabilities (Continued)

CVAM as a licensed corporation is registered with the Securities and Futures Commission ("SFC"). It may be required to assist in and/or subject to inquiries by relevant regulatory authorities in Hong Kong, including the SFC, if and when necessary. CVAM has been involved in ongoing communication with regulatory authorities in connection with the matters being investigated by the Group as disclosed in Note 19 to the consolidated financial statements of the Annual Report 2021 and no disciplinary action has been initiated by any regulatory authorities up to the date of this report. The Group has not made any provision for the aforementioned contingency.

Save as disclosed above, as at 30 June 2022, the Group and the Company did not have any significant contingent liabilities (31 December 2021: Nil).

26. Commitments

Capital commitments

The Group has entered into contracts to commit investing into certain unlisted investment funds and limited partnership. The aggregate non-cancellable capital commitments as at 30 June 2022 amounted to approximately HK\$348,928,000 (31 December 2021: HK\$442,935,000).

27 Events after the reporting period

On 26 July 2022, a wholly owned subsidiary of the Company purchased senior notes in the nominal amount of US\$2.5 million at a consideration of US\$2.24 million (equivalent to approximately HK\$17.59 million) on the secondary market.

Save as disclosed above and those in Notes 16 and 25 to these condensed consolidated financial statements for the details of a legal case, there are no material subsequent events since the end of the reporting period and up to the date of this report.