



## **WELAB BANK LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the six months ended 30 June 2021**

## **WELAB BANK LIMITED**

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# WELAB BANK LIMITED

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

		For the six months ended	
	Note	30 June 2021 HK\$'000	30 June 2020 HK\$'000 (Restated)
Interest income	5	1,032	2,293
Interest expense	5	(5,428)	(164)
<b>Net interest (expense)/income</b>		<b>(4,396)</b>	<b>2,129</b>
Net fee and commission income	6	328	—
Other income		460	—
<b>Other operating income</b>		<b>788</b>	<b>—</b>
<b>Total operating income</b>		<b>(3,608)</b>	<b>2,129</b>
Operating expenses	7	(220,375)	(113,325)
Finance costs	8	(1,953)	(2,125)
<b>Loss before allowances for expected credit losses</b>		<b>(225,936)</b>	<b>(113,321)</b>
Change in expected credit losses	9	(792)	—
<b>Loss before income tax</b>		<b>(226,728)</b>	<b>(113,321)</b>
Income tax expense	10	—	—
<b>Net loss for the period</b>		<b>(226,728)</b>	<b>(113,321)</b>
Items that may be reclassified subsequently to profit or loss:			
Net movement in fair value of debt instruments measured at fair value through other comprehensive income ("FVOCI"), net of tax			
		(16)	—
<b>Total comprehensive loss for the period</b>		<b>(226,744)</b>	<b>(113,321)</b>

*The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes on pages 6 to 17.*

# WELAB BANK LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION (unaudited)

	Note	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Assets</b>			
Balances with central bank and banks	12	1,716,715	871,413
Placements with banks	13	399,972	220,984
Financial assets at amortized cost	14	331,670	299,981
Financial assets at fair value through other comprehensive income	15	—	120,079
Loans and advances to customers	16	52,578	—
Due from ultimate holding company	11, 26	17,990	—
Property and equipment	18	18,897	20,965
Right-of-use assets	19	43,449	49,645
Intangible assets	20	68,427	69,502
Other assets	21	73,605	68,089
<b>Total assets</b>		<b>2,723,303</b>	<b>1,720,658</b>
<b>Liabilities</b>			
Deposits from customers	22	2,070,674	1,105,342
Lease liabilities	19	49,603	52,654
Other liabilities	23	51,635	55,645
Due to fellow subsidiaries	11, 26	16,579	12,200
<b>Total liabilities</b>		<b>2,188,491</b>	<b>1,225,841</b>
<b>Equity</b>			
Share capital	24	1,131,000	870,000
Reserves		(596,188)	(375,183)
<b>Total equity</b>		<b>534,812</b>	<b>494,817</b>
<b>Total equity and liabilities</b>		<b>2,723,303</b>	<b>1,720,658</b>

The above condensed statement of financial position should be read in conjunction with the accompanying notes on pages 6 to 17.

**WELAB BANK LIMITED**
**CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)**

	Share Capital HK\$'000	Employee share-based payment reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>Balance as at 1 January 2020</b>	600,000	2,816	–	(95,082)	507,734
Issuance of shares (Note 24)	120,000	–	–	–	120,000
Loss for the period	–	–	–	(113,321)	(113,321)
Recognition of equity-settled share-based payment	–	2,473	–	–	2,473
<b>Balance as at 30 June 2020</b>	720,000	5,289	–	(208,403)	516,886
Issuance of shares (Note 24)	150,000	–	–	–	150,000
Loss for the period	–	–	–	(174,559)	(174,559)
Recognition of equity-settled share-based payment	–	2,474	–	–	2,474
Other comprehensive income					
– Net movement in the fair value of debt instruments at FVOCI, net of tax	–	–	16	–	16
<b>Balance as at 31 December 2020</b>	870,000	7,763	16	(382,962)	494,817
<b>Balance as at 1 January 2021</b>	870,000	7,763	16	(382,962)	494,817
Issuance of shares (Note 24)	261,000	–	–	–	261,000
Loss for the period	–	–	–	(226,728)	(226,728)
Recognition of equity-settled share-based payment	–	5,739	–	–	5,739
Other comprehensive income					
– Net movement in the fair value of debt instruments at FVOCI, net of tax	–	–	(16)	–	(16)
<b>Balance as at 30 June 2021</b>	1,131,000	13,502	–	(609,690)	534,812

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes on pages 6 to 17.*

# WELAB BANK LIMITED

## CONDENSED STATEMENT OF CASH FLOWS (unaudited)

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
		(Restated)
<b>Cash flows from operating activities</b>		
Loss before income tax	(226,728)	(113,321)
<b>Adjustments:</b>		
Interest income	(1,032)	(2,293)
Interest expense	5,428	164
Depreciation on property and equipment	3,579	2,166
Expected credit losses	792	—
Depreciation of right-of-use assets	6,544	5,768
Amortization of intangible assets	(717)	5,052
Interest expense on lease liabilities	1,953	2,125
Non-cash share-based expenses	5,739	2,473
<b>Operating cash flow before changes in working capital</b>	<b>(204,442)</b>	<b>(97,866)</b>
Interest paid	(5,041)	—
Increase in right-of-use assets	(348)	(3,574)
Decrease in other assets	5,372	13,204
Decrease in other liabilities	(4,396)	(2,604)
Increase in loans and advances to customers	(53,253)	—
Increase in deposits from customers	965,332	187,289
(Increase)/decrease in due from ultimate holding company	(18,000)	1,500
Decrease in due from a fellow subsidiary	—	204
Increase/(decrease) in due to fellow subsidiaries	4,379	(177)
<b>Net cash generated from operating activities</b>	<b>689,603</b>	<b>97,976</b>
<b>Cash flows from investing activities</b>		
Interest received	523	2,052
Purchase of property and equipment	(1,511)	(22,818)
Purchase of intangible assets	(7,394)	(38,271)
Purchase of financial assets at amortized cost	(154,706)	(264,305)
Proceeds from disposal of financial assets at FVOCI	69,805	—
<b>Net cash used in investing activities</b>	<b>(93,283)</b>	<b>(323,342)</b>
<b>Cash flows from financing activities</b>		
Principal element of lease payment	(4,245)	(2,358)
Interest element of lease payment	(1,953)	(2,125)
Proceeds from issuance of ordinary shares	261,000	120,000
Decrease in due to an immediate holding company	—	(2,499)
<b>Net cash generated from financing activities</b>	<b>254,802</b>	<b>113,018</b>

**WELAB BANK LIMITED**

**CONDENSED STATEMENT OF CASH FLOWS (continued) (unaudited)**

	<b>For the six months ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
<b>Net change in cash and cash equivalents</b>	<b>851,122</b>	<b>(112,348)</b>
Cash and cash equivalent as at the beginning of period	<b>1,442,553</b>	<b>432,468</b>
<b>Cash and cash equivalent as at the end of period</b>	<b>2,293,675</b>	<b>320,120</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Balances with banks	<b>1,716,715</b>	<b>155,314</b>
Placements with banks	<b>399,972</b>	<b>144,819</b>
Investment securities with original maturity within three months	<b>176,988</b>	<b>19,987</b>
	<b>2,293,675</b>	<b>320,120</b>

*The above condensed statement of cash flows should be read in conjunction with the accompanying notes on pages 6 to 17.*

## **WELAB BANK LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)**

#### **1 Review of activities**

Welab Bank Limited (the “Bank”) is a limited liability company incorporated in Hong Kong. The principal activities of the Bank are to provide banking and related financial services. The immediate and ultimate holding companies of the Bank are Welab Capital Limited (incorporated in Hong Kong) and Welab Holdings Limited (incorporated in British Virgin Islands) respectively.

As at 30 June 2021, the Bank’s total assets amounted to HK\$2.7 billion, which increased by HK\$1.0 billion as compared to 31 December 2020. The increase was mainly attributable to the balances and placements with banks. Loss for the six months ended 30 June 2021 amounted to a rise in HK\$0.2 billion, the increase in loss as compared to the corresponding period in 2020 was mainly due to greater operating expenses as the Bank’s business activities continue to expand.

#### **2 Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Certain comparative figures have been restated to conform to current period presentation.

The condensed interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing the condensed interim financial statements, the significant judgements made by management were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

The financial information relating to the year ended 31 December 2020 that is included in the condensed interim financial statements for the six months ended 30 June 2021 as comparative information does not constitute the Bank’s statutory annual financial statements for that year ended 31 December 2020 but is derived from the audited financial statements for the year ended 31 December 2020. Further information relating to the audited financial statements for the year ended 31 December 2020 disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

As the Bank is a private company, the Bank is not required to deliver its financial statements to the Registrar of Companies and has not done so.



## WELAB BANK LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

#### 2 Basis of preparation (continued)

The Bank's auditor has reported on the audited financial statements for the year ended 31 December 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

#### 3 Accounting policies

The accounting policies applied in the preparation of the condensed interim financial statements are consistent with those used and described in the Bank's audited annual financial statements for the year ended 31 December 2020.

During the six months ended 30 June 2021, there were no new standards or amendments to standards that had a material effect on the condensed interim financial statements.

#### 4 Compliance with the Banking (Disclosure) Rules

The condensed financial statements and Regulatory Disclosure Statements fulfill the disclosure requirements in accordance with the Banking (Disclosure) Rules.

#### 5 Interest income and expense

	<b>For the six months ended</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
<b>Interest income from:</b>		
Balances and placements with banks	130	85
Financial assets at amortized cost	93	2,172
Financial assets at FVOCI	225	—
Loans and advances to customers	68	—
Others	516	36
	<u>1,032</u>	<u>2,293</u>
<b>Interest expense on:</b>		
Deposits from customers	5,428	164
	<u>5,428</u>	<u>164</u>
<b>Net interest (expense)/income</b>	<u><b>(4,396)</b></u>	<u><b>2,129</b></u>

## WELAB BANK LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

#### 5 Interest income and expense (continued)

Since the year ended 31 December 2020, the Bank has presented the interest expense relevant to lease liabilities in finance costs (Note 8) in light of the commencement of its banking business and the common market practice. The comparative figures in the financial statements have therefore been restated to conform with current period's presentation.

#### 6 Net fee and commission income

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Fee and commission income	4,042	—
Less: Fee and commission expense	(3,714)	—
Net fee and commission income	328	—
<b>Comprising:</b>		
– Cards	328	—

#### 7 Operating expenses

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Employee benefits		
– Salaries and other short-term employee benefits	78,537	46,522
– Pension	1,824	969
– Share-based compensation	5,738	2,474
Premises and equipment expenses excluding depreciation		
– Rental of other premises (Note 19)	114	1,456
– Others	1,161	1,152
Depreciation of property and equipment (Note 18)	3,579	2,166
Depreciation of right-of-use assets (Note 19)	6,544	5,768
Amortization of intangible assets	(717)	5,052
Auditor's remuneration		
– Statutory audit	1,020	750
– Other services	270	1,994
Software licensing and IT costs	57,851	32,951
Legal and professional fees	1,863	1,067
Other operating expenses	62,591	11,004
	220,375	113,325

## WELAB BANK LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

#### 8 Finance costs

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000 (Restated)
Interest expense on lease liabilities (Notes 5, 19)	<u>1,953</u>	<u>2,125</u>

Since the year ended 31 December 2020, the Bank has presented the interest expense relevant to lease liabilities in finance costs (instead of "interest expense" in 2019) in light of the commencement of its banking business and the common market practice. The comparative figures in the financial statements have therefore been restated to conform with current year's presentation.

#### 9 Change in expected credit losses

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Balances with banks	98	52
Placements with banks	12	(55)
Advances to customers	675	—
Financial assets at FVOCI	(22)	—
Financial assets at amortized cost	19	3
Loan to ultimate holding company	10	—
	<u>792</u>	<u>—</u>

#### 10 Income tax

The applicable Hong Kong profits tax rate is 16.5% (2020: 16.5%). No provision for Hong Kong profits tax has been made in the financial statements for the six months ended 30 June 2021 (2020: Nil) as the Bank had no estimated assessable profit for the period.

#### 11 Amounts due from/(to) group companies

Except for the amount due from ultimate holding company, which is unsecured, interest-bearing and repayable on 7 January 2022, the amounts due from/(to) group companies are unsecured, interest free, have no fixed repayment terms and are denominated or settled in HK\$. In the opinion of the directors, the amounts due from/(to) group companies are expected to be repayable or repaid within the next 12 months.

# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 12 Balances with central bank and banks

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Balances with central bank	1,616,077	776,801
Balances with banks	100,894	94,770
Less: Expected credit losses	(256)	(158)
	<u>1,716,715</u>	<u>871,413</u>

There were no impaired, overdue or rescheduled balances with central bank and banks as at 30 June 2021 (31 December 2020: Nil).

### 13 Placements with banks

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Placements with banks		
– Maturing one month	50,000	204,000
– Maturing one month to one year	350,000	17,000
	<u>400,000</u>	<u>221,000</u>
Less: Expected credit losses	(28)	(16)
	<u>399,972</u>	<u>220,984</u>

There were no impaired, overdue or rescheduled placements with banks as at 30 June 2021 (31 December 2020: Nil).

### 14 Financial assets at amortized cost

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Debt securities		
– Exchange fund bills	176,992	299,990
– Hong Kong government bonds	154,706	–
Less: Expected credit losses	(28)	(9)
	<u>331,670</u>	<u>299,981</u>
Types of issuers:		
– Central bank	176,988	299,981
– Government	154,682	–
	<u>331,670</u>	<u>299,981</u>

There were no impaired, overdue or rescheduled balances of financial assets at amortized cost as at 30 June 2021 (31 December 2020: Nil).

# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 15 Financial assets at fair value through other comprehensive income

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Debt securities		
– Listed certificate of deposits	–	120,101
Less: Expected credit losses	–	(22)
	<u>–</u>	<u>120,079</u>
Changes in the fair value of debt instruments at fair value through other comprehensive income	<u>(16)</u>	<u>16</u>

There were no impaired, overdue or rescheduled balances of financial assets at fair value through other comprehensive income as at 30 June 2021 (31 December 2020: Nil).

### 16 Loans and advances to customers

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Gross loans and advances to customers	53,253	–
Less: Expected credit losses	(675)	–
	<u>52,578</u>	<u>–</u>

There were no impaired, overdue or rescheduled loans and advances to customers as at 30 June 2021 (31 December 2020: Nil).

### 17 Analysis of expected credit loss provisions on financial instruments by stage

	As at 30 June 2021			Total
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	HK\$'000
Expected credit loss provision on:				
– Balances with banks (Note 12)	256	–	–	256
– Placements with banks (Note 13)	28	–	–	28
– Financial assets at amortized cost (Note 14)	28	–	–	28
– Advances to customers (Note 16)	675	–	–	675
– Due from ultimate holding company	10	–	–	10
	<u>997</u>	<u>–</u>	<u>–</u>	<u>997</u>

**WELAB BANK LIMITED**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)**

**17 Analysis of expected credit loss provisions on financial instruments by stage (continued)**

	As at 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Expected credit loss provision on:				
– Balances with banks (Note 12)	158	–	–	158
– Placements with banks (Note 13)	16	–	–	16
– Financial assets at amortized cost (Note 14)	9	–	–	9
– Financial assets at FVOCI (Note 15)	22	–	–	22
	<u>205</u>	<u>–</u>	<u>–</u>	<u>205</u>

**18 Property and equipment**

	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
<b>Cost</b>			
As at 1 January 2021	11,153	15,515	26,668
Additions	555	956	1,511
As at 30 June 2021	<u>11,708</u>	<u>16,471</u>	<u>28,179</u>
<b>Accumulated depreciation</b>			
As at 1 January 2021	1,789	3,914	5,703
Charge for the period	1,286	2,293	3,579
As at 30 June 2021	<u>3,075</u>	<u>6,207</u>	<u>9,282</u>
<b>Net book value</b>			
As at 30 June 2021	<u>8,633</u>	<u>10,264</u>	<u>18,897</u>
<b>Cost</b>			
As at 1 January 2020	–	2,452	2,452
Additions	11,153	13,063	24,216
As at 31 December 2020	<u>11,153</u>	<u>15,515</u>	<u>26,668</u>
<b>Accumulated depreciation</b>			
As at 1 January 2020	–	245	245
Charge for the year	1,789	3,669	5,458
As at 31 December 2020	<u>1,789</u>	<u>3,914</u>	<u>5,703</u>
<b>Net book value</b>			
As at 31 December 2020	<u>9,364</u>	<u>11,601</u>	<u>20,965</u>

# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 18 Property and equipment (continued)

There were no impairment allowances made against the above items of leasehold improvement, furniture, fixtures and equipment as at 30 June 2021 and 31 December 2020.

### 19 Leases

#### (a) Amount recognized in the statement of financial position

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Right-of-use assets		
– Offices	43,449	49,645
Lease liabilities		
– Current	9,780	8,137
– Non-current	39,823	44,517
	49,603	52,654

#### (b) Amount recognized in the statement of profit or loss

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Depreciation charge of right-of-use assets (Note 7)	6,544	5,768
Interest expense (Note 8)	1,953	2,125
Expense relating to short-term leases (Note 7)	114	1,456

The total cash outflow for leases for the period was HK\$6,198,000 (six months ended 30 June 2020: HK\$4,483,000).

# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 20 Intangible assets

The Bank recognizes intangible assets which include separately acquired software and IT systems developed with external third parties.

	2021 HK\$'000	2020 HK\$'000
<b>Cost</b>		
As at 1 January	81,259	12,980
Additions	7,394	68,279
Reclassifications	(9,186)	—
As at 30 June 2021/31 December 2020	79,467	81,259
<b>Accumulated amortization</b>		
As at 1 January	11,757	—
Charge for the period/year	5,854	11,757
Reclassifications	(6,571)	—
As at 30 June 2021/31 December 2020	11,040	11,757
<b>Net book value</b>		
As at 30 June 2021/31 December 2020	68,427	69,502

### 21 Other assets

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Prepayments	42,921	42,238
Rental and other deposits	26,421	25,417
Interest and other receivables	4,263	434
	73,605	68,089



# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 22 Deposits from customers

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Demand deposits and current accounts	200,834	106,300
Time deposits	1,869,840	999,042
	<u>2,070,674</u>	<u>1,105,342</u>

### 23 Other liabilities

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Accruals	47,891	52,660
Interest payables	1,625	1,238
Other payables	2,119	1,747
	<u>51,635</u>	<u>55,645</u>

### 24 Share capital

	Number of shares	Share capital HK\$'000
<b>Ordinary shares, issued and fully paid:</b>		
As at 1 January 2020	600,000,001	600,000
Issuance of shares	120,000,000	120,000
	<u>720,000,001</u>	<u>720,000</u>
As at 30 June 2020	720,000,001	720,000
Issuance of shares	150,000,000	150,000
	<u>870,000,001</u>	<u>870,000</u>
<b>As at 31 December 2020 and 1 January 2021</b>	<b>870,000,001</b>	<b>870,000</b>
Issuance of shares (Note)	261,000,000	261,000
	<u>1,131,000,001</u>	<u>1,131,000</u>
<b>As at 30 June 2021</b>	<b>1,131,000,001</b>	<b>1,131,000</b>

Note: During the period, a total of 261,000,000 ordinary shares have been issued for a total consideration of HK\$261,000,000.

# WELAB BANK LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

### 25 Fair Value of financial instrument

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy set out above as at 30 June 2021 and 31 December 2020:

	As at 30 June 2021			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets at fair value through other comprehensive income:</b>				
Debt securities				
– Certificate of deposits issued by banks	–	–	–	–
	–	–	–	–

	As at 31 December 2020			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets at fair value through other comprehensive income:</b>				
Debt securities				
– Certificate of deposits issued by banks	120,101	–	–	120,101
	120,101	–	–	120,101

There were no transfers among level 1, level 2 and level 3 instruments for the period.

Based on the estimation of the management, the carrying value of the financial assets and liabilities measured at amortized cost are approximate to their fair values as at 30 June 2021 and 31 December 2020.

The movement in financial asset at fair value through comprehensive income is summarized as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
At beginning of the period	120,101	–
Acquisitions	–	120,085
Disposals	(120,085)	–
Changes in fair value	(16)	16
<b>At end of the period</b>	<b>–</b>	<b>120,101</b>

## WELAB BANK LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued) (unaudited)

#### 25 Fair Value of financial instrument (continued)

The fair value is determined by reference to the market price of the certificate of deposits held. An increase in the market price would result in an increase in the fair value measurement of the investments, and vice versa.

#### 26 Related party transactions

During the period, the Bank entered into transaction with its fellow subsidiary and ultimate holding company in the ordinary course of its banking business and on substantially the same terms as for comparable transactions with third-party counterparties. The amounts of material transactions during the period are set out below:

	30 June 2021 HK\$'000	30 June 2020 HK\$'000
<u>Fellow subsidiary</u>		
Procurement of IT research and development services	<u>7,347</u>	<u>—</u>
<u>Ultimate holding company</u>		
Unsecured loans	<u>18,000</u>	<u>—</u>

Amount due from ultimate holding company and amounts due to fellow subsidiaries are set out in the statement of financial position. The terms are set out in Note 11.

#### 27 Subsequent event

In July 2021, the Bank issued 50,000,000 ordinary shares to Welab Capital Limited for a consideration of HK\$50,000,000.

In August 2021, the Bank issued 50,000,000 ordinary shares to Welab Capital Limited for a consideration of HK\$50,000,000.

#### 28 Regulatory disclosures

The regulatory disclosures which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found in our website [www.welab.bank](http://www.welab.bank).