



GLOBAL MASTERMIND  
環球大通

# GLOBAL MASTERMIND HOLDINGS LIMITED 環球大通集團有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8063

INTERIM REPORT

# 2022

\*For identification purposes only

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of Global Mastermind Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>					
Interest income from money lending business		3,794	7,370	7,678	14,683
Commission income from securities brokerage		445	1,888	1,112	2,768
Interest income from margin financing		1,661	1,507	3,377	3,007
Interest income from initial public offering financing		-	-	-	35
Handling and settlement income arising from securities brokerage		978	2,065	2,399	3,725
Asset management fee income		-	29	2	59
Advisory fee income from corporate finance		70	719	70	899
Net realised gain on securities investment	3	-	4,017	-	5,374
Net unrealised (loss)/gain on securities investment	3	(1,188)	(11,744)	(4,313)	26,375
Other income, other gains and losses	5	1,086	1,338	2,031	2,831
Staff costs		(3,460)	(4,493)	(7,332)	(10,057)
Depreciation and amortisation expenses	9	(85)	(429)	(170)	(1,856)
Gain on fair value changes of investment properties	13	7,000	6,800	7,000	6,800
Allowance for expected credit loss on loan receivables	15	(29,305)	1,601	(29,715)	885
Allowance for expected credit loss on account receivables from securities margin clients	14	(6,269)	-	(6,269)	-
Other expenses	6	(5,016)	(5,024)	(9,257)	(11,018)
Finance costs	7	(1,994)	(2,468)	(3,967)	(5,644)
(Loss)/profit before tax		(32,283)	3,176	(37,354)	38,866
Income tax credit/(expense)	8	4,921	(344)	4,916	(252)
(Loss)/profit for the period from continuing operations	9	(27,362)	2,832	(32,438)	38,614
<b>Discontinued operation</b>					
Loss for the period from discontinued operation	10	-	(5,872)	-	(7,553)
<b>(Loss)/profit for the period</b>		<b>(27,362)</b>	<b>(3,040)</b>	<b>(32,438)</b>	<b>31,061</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Other comprehensive (expense)/ income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations	-	(93)	-	45
<b>Other comprehensive (expense)/ income for the period</b>	-	(93)	-	45
<b>Total comprehensive (expense)/ income for the period</b>	<b>(27,362)</b>	<b>(3,133)</b>	<b>(32,438)</b>	<b>31,106</b>
<b>(Loss)/profit for the period attributable to owners of the Company:</b>				
- from continuing operations	(27,314)	2,836	(32,389)	38,618
- from discontinued operation	-	(5,872)	-	(7,553)
	<b>(27,314)</b>	<b>(3,036)</b>	<b>(32,389)</b>	<b>31,065</b>
<b>Loss for the period attributable to non-controlling interests:</b>				
- from continuing operations	(48)	(4)	(49)	(4)
- from discontinued operation	-	-	-	-
	<b>(48)</b>	<b>(4)</b>	<b>(49)</b>	<b>(4)</b>
	<b>(27,362)</b>	<b>(3,040)</b>	<b>(32,438)</b>	<b>31,061</b>
<b>Total comprehensive (expense)/ income for the period attributable to:</b>				
Owners of the Company	(27,314)	(3,129)	(32,389)	31,110
Non-controlling interests	(48)	(4)	(49)	(4)
	<b>(27,362)</b>	<b>(3,133)</b>	<b>(32,438)</b>	<b>31,106</b>
<b>Total comprehensive (expense)/ income for the period attributable to owners of the Company:</b>				
- from continuing operations	(27,314)	2,836	(32,389)	38,618
- from discontinued operation	-	(5,965)	-	(7,508)
	<b>(27,314)</b>	<b>(3,129)</b>	<b>(32,389)</b>	<b>31,110</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	NOTE	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>(Loss)/earnings per share attributable to owners of the Company</b>	12				
<b>From continuing and discontinued operations:</b>					
Basic (HK cents)		<u>(5.35)</u>	<u>(0.64)</u>	<u>(6.34)</u>	<u>6.87</u>
Diluted (HK cents)		<u>(5.35)</u>	<u>(0.64)</u>	<u>(6.34)</u>	<u>6.22</u>
<b>From continuing operations:</b>					
Basic (HK cents)		<u>(5.35)</u>	<u>0.59</u>	<u>(6.34)</u>	<u>8.54</u>
Diluted (HK cents)		<u>(5.35)</u>	<u>0.59</u>	<u>(6.34)</u>	<u>7.70</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	NOTES	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	3	7
Investment properties	13	174,200	167,200
Intangible asset	13	629	795
Deferred tax assets		17,329	12,406
		<b>192,161</b>	<b>180,408</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14	65,897	67,538
Loan receivables	15	126,694	160,321
Financial assets at fair value through profit or loss	16	13,174	17,487
Tax recoverable		918	918
Bank trust account balances		14,305	18,130
Bank balances and cash		31,392	33,657
		<b>252,380</b>	<b>298,051</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	30,285	29,210
Tax payables		76	69
Other borrowing	18	100,000	100,000
Financial guarantee contract	19	4,647	7,209
		<b>135,008</b>	<b>136,488</b>
<b>NET CURRENT ASSETS</b>		<b>117,372</b>	<b>161,563</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>309,533</b>	<b>341,971</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2022

		At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
	<i>NOTE</i>		
<b>NET ASSETS</b>		<b>309,533</b>	341,971
<b>CAPITAL AND RESERVES</b>			
Share capital	20	51,079	51,079
Share premium and reserves		258,510	290,899
<b>Equity attributable to owners of the Company</b>		<b>309,589</b>	341,978
Non-controlling interests		(56)	(7)
<b>TOTAL EQUITY</b>		<b>309,533</b>	341,971

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Exchange reserve	Property revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Note i)		(Note ii)				
At 1 January 2022	51,079	1,068,425	32,589	-	65,547	(875,662)	341,978	(7)	341,971
Loss and total comprehensive expense for the period	-	-	-	-	-	(32,389)	(32,389)	(49)	(32,438)
<b>At 30 June 2022</b>	<b>51,079</b>	<b>1,068,425</b>	<b>32,589</b>	<b>-</b>	<b>65,547</b>	<b>(908,051)</b>	<b>309,589</b>	<b>(56)</b>	<b>309,533</b>
At 1 January 2021	42,629	920,537	32,589	(19,111)	65,547	(692,571)	349,620	-	349,620
Profit/(loss) for the period	-	-	-	-	-	31,065	31,065	(4)	31,061
Other comprehensive income for the period	-	-	-	45	-	-	45	-	45
Total comprehensive income/(expense) for the period	-	-	-	45	-	31,065	31,110	(4)	31,106
Conversion of convertible bonds	8,450	51,550	-	-	-	-	60,000	-	60,000
At 30 June 2021	51,079	972,087	32,589	(19,066)	65,547	(661,506)	440,730	(4)	440,726

### Notes:

- (i) The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.
- (ii) The property revaluation reserve represents cumulative gains and losses arising from revaluation of the corresponding properties during the year ended 31 December 2018 upon transfer of self-owned properties to investment properties that have been recognised in other comprehensive income. Such item will not be reclassified to profit or loss in subsequent periods.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	80	1,896
(Increase)/decrease in trade and other receivables	(4,628)	9,136
Decrease in bank trust account balances	3,825	1,469
Loan advanced to a customer of money lending business	(15,792)	–
Loan repayments from customers of money lending business	20,412	1,266
Increase in loan interest receivables from customers of money lending business	(708)	(3,291)
Decrease in financial assets at fair value through profit or loss	–	18,557
Increase/(decrease) in trade and other payables	1,097	(1,664)
Decrease in financial guarantee contract	(2,562)	–
Increase in contract liabilities	–	237
	<hr/>	<hr/>
Cash generated from operations	1,724	27,606
Income tax paid	–	(593)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>1,724</b>	<b>27,013</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>INVESTING ACTIVITIES</b>		
Payments for right-of-use assets	–	(1,000)
Purchases of property, plant and equipment	–	(65)
Proceeds from disposal of property, plant and equipment	–	196
Interest received	–	216
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>–</b>	<b>(653)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of bank borrowings	–	(14,843)
Repayments of lease liabilities	–	(2,510)
Interest paid	<b>(3,989)</b>	<b>(7,010)</b>
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(3,989)</b>	<b>(24,363)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,265)</b>	1,997
<b>Cash and cash equivalents at 1 January</b>	<b>33,657</b>	28,721
<b>Effect of foreign exchange rate changes</b>	<b>–</b>	<b>(222)</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June, represented by bank balances and cash</b>	<b>31,392</b>	<b>30,496</b>
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 (the “**2021 Annual Report**”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the 2021 Annual Report.

#### ***Application of amendments to HKFRSs***

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The application of the amendments to HKFRSs in the current 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 the condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 3. NET (LOSS)/GAIN ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss (“**FVTPL**”) less the carrying amounts of respective financial assets measured at fair value at the end of last financial period, and the dividend income is recognised when the Group’s right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at FVTPL.

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net realised gain on financial assets at FVTPL:				
Proceeds from sale of financial assets at FVTPL	-	11,518	-	18,557
Carrying amount of financial assets at FVTPL	-	(7,501)	-	(13,183)
	-	4,017	-	5,374
Net unrealised (loss)/gain on financial assets at FVTPL	<b>(1,188)</b>	(11,744)	<b>(4,313)</b>	26,375
	<b>(1,188)</b>	(7,727)	<b>(4,313)</b>	31,749

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 4. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

For the six months ended 30 June 2022 and 2021, the Group's operations are organised into six reportable and operating segments under HKFRS 8 *Operating Segments*, namely treasury management business, money lending business, brokerage business, asset management business, corporate finance advisory business and travel business.

An operating segment regarding the travel business in Singapore was discontinued during the year ended 31 December 2021. The segment information reported below does not include any amounts for this discontinued operation, which are described in more detail in note 10.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 4. OPERATING SEGMENTS *(Continued)*

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Segment revenue		Segment (losses)/profits	
	Six months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>				
Treasury management business	-	5,374	(4,321)	31,670
Money lending business	7,678	14,683	(21,076)	8,760
Brokerage business	6,888	9,535	(4,475)	2,574
Asset management business	2	59	(10)	(57)
Corporate finance advisory business	70	899	(877)	(69)
Travel business	-	-	-	-
Total	<b>14,638</b>	<b>30,550</b>	<b>(30,759)</b>	<b>42,878</b>
Gain on fair value changes of investment properties			7,000	6,800
Unallocated income			2,075	2,629
Unallocated expenses			(10,754)	(13,693)
(Loss)/profit for the period			<b>(32,438)</b>	<b>38,614</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 4. OPERATING SEGMENTS *(Continued)*

#### Segment revenue and results *(Continued)*

	Segment revenue		Segment (losses)/profits	
	Three months ended 30 June		Three months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>				
Treasury management business	-	4,017	(1,193)	(7,803)
Money lending business	3,794	7,370	(22,819)	5,852
Brokerage business	3,084	5,460	(5,412)	1,869
Asset management business	-	29	(4)	(54)
Corporate finance advisory business	70	719	(393)	235
Travel business	-	-	-	-
Total	<u>6,948</u>	<u>17,595</u>	<u>(29,821)</u>	<u>99</u>
Gain on fair value changes of investment properties			7,000	6,800
Unallocated income			1,106	1,328
Unallocated expenses			(5,647)	(5,395)
(Loss)/profit for the period			<u>(27,362)</u>	<u>2,832</u>

All of the segment revenue reported above are from external customers.

Segment profits/losses represent the profits earned/losses incurred by each segment without allocation of gain on fair value changes of investment properties, unallocated income (which mainly includes bank interest income of head office and rental income) and unallocated expenses (which mainly include central administration costs, certain directors' salaries and amortisation of intangible assets). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 4. OPERATING SEGMENTS *(Continued)*

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
<i>Segment assets</i>		
<b>Continuing operations</b>		
Treasury management business	13,289	17,604
Money lending business	145,639	177,300
Brokerage business	96,774	99,143
Asset management business	11,040	11,108
Corporate finance advisory business	614	545
Travel business	-	-
	<hr/>	<hr/>
Total reportable segment assets	267,356	305,700
Unallocated bank balances and cash	1,274	3,572
Unallocated assets	175,911	169,187
	<hr/>	<hr/>
Consolidated assets	<b>444,541</b>	478,459
	<hr/> <hr/>	<hr/> <hr/>
<i>Segment liabilities</i>		
<b>Continuing operations</b>		
Treasury management business	-	-
Money lending business	1,800	1,885
Brokerage business	21,031	21,073
Asset management business	121	316
Corporate finance advisory business	-	9
Travel business	-	-
	<hr/>	<hr/>
Total reportable segment liabilities	22,952	23,283
Unallocated liabilities	112,056	113,205
	<hr/>	<hr/>
Consolidated liabilities	<b>135,008</b>	136,488
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than intangible asset, certain property, plant and equipment, investment properties, certain deposits and prepayments and certain bank balances and cash.
- all liabilities are allocated to operating segments other than other borrowing, financial guarantee contract and certain accruals and other payables.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>				
Government grant*				
– Employment Support Scheme from the Hong Kong government	144	–	144	–
Rental income from related parties <i>(note 23 (b))</i>	880	1,257	1,759	2,513
Others	62	81	128	318
	<u>1,086</u>	<u>1,338</u>	<u>2,031</u>	<u>2,831</u>

\* The conditions of the government grant have been fulfilled and the Group has received the government grants already.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 6. OTHER EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>				
Handling fee and commission arising from brokerage business	1,154	2,399	2,846	4,182
Legal and professional fees	1,914	910	2,924	3,697
Expense relating to short-term leases	768	551	1,497	551
Telecommunication expenses	219	142	358	326
Others	961	1,022	1,632	2,262
	<u>5,016</u>	<u>5,024</u>	<u>9,257</u>	<u>11,018</u>

### 7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>				
Interest on other borrowing	1,994	1,995	3,967	3,967
Interest on convertible bonds	-	473	-	1,657
Interest on lease liabilities	-	-	-	20
	<u>1,994</u>	<u>2,468</u>	<u>3,967</u>	<u>5,644</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 8. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Continuing operations</b>				
The income tax charge/(credit) comprises:				
Current tax				
- Hong Kong Profits Tax	(2)	(101)	(7)	(127)
Overprovision in prior periods				
- Hong Kong Profits Tax	-	21	-	21
Deferred tax – current period	4,923	(264)	4,923	(146)
	<b>4,921</b>	<b>(344)</b>	<b>4,916</b>	<b>(252)</b>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 9. (LOSS)/PROFIT FOR THE PERIOD

#### Continuing operations

Loss/profit for the period has been arrived at after charging the following items:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited) (Restated)
Amortisation of intangible asset	84	37	166	37
Depreciation of property, plant and equipment	1	4	4	7
Depreciation of right- of-use assets	-	388	-	1,812
Total depreciation and amortisation expenses	<b>85</b>	429	<b>170</b>	1,856

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 10. DISCONTINUED OPERATION

The Group disposed of its equity interests in Safe2Travel Pte Ltd (“**Safe2Travel**”) and Harvest Well International Limited (“**Harvest Well**”, together with its subsidiaries, collectively referred to as the “**Harvest Well Group**”) during the year ended 31 December 2021. The Harvest Well Group was principally engaged in the travel business in Singapore through its subsidiary, Safe2Travel. The disposal of Harvest Well was effected in order to reduce the Group’s continual exposure to further loss and capital requirements of, and further financial commitments to the Group’s travel business in Singapore.

The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the travel business in Singapore as a discontinued operation.

The results of the travel business in Singapore for the period from 1 January 2021 to 30 June 2021, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the three months ended and six months ended 30 June 2021, were as follows:

	Three months ended 30 June 2021 <i>HK\$ '000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$ '000</i> (Unaudited)
Service income from provision of travel-related services	148	457
Other income, other gains and losses	855	2,413
Staff costs	(1,981)	(4,151)
Depreciation expenses	(728)	(1,236)
Allowance for expected credit loss (“ <b>ECL</b> ”) on trade receivables	(870)	(870)
Other expenses	(2,860)	(3,402)
Finance costs	(436)	(764)
	<hr/>	<hr/>
Loss for the period	(5,872)	(7,553)
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 10. DISCONTINUED OPERATION *(Continued)*

Loss for the period from discontinued operation has been arrived at after charging/ (crediting):

	Three months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
Depreciation for property, plant and equipment	44	128
Depreciation for right-of-use assets	684	1,108
Gain on disposal of property, plant and equipment	(160)	(160)
Allowance for ECL on trade receivables	870	870
Retirement benefits scheme contribution	215	448
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	34	43
	<u>34</u>	<u>43</u>

### 11. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2022 and 2021 nor has any dividend been proposed since the end of both reporting periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 12. (LOSS)/EARNINGS PER SHARE

- (i) From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b>				
(Loss)/earnings for the period attributable to owners of the Company for the purposes of basic (loss)/earnings per share	(27,314)	2,836	(32,389)	38,618
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds	-	-	-	699
(Loss)/earnings for the period attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	<u>(27,314)</u>	<u>2,836</u>	<u>(32,389)</u>	<u>39,317</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

**12. (LOSS)/EARNINGS PER SHARE** *(Continued)*

(i) From continuing operations *(Continued)*

	Three months ended 30 June		Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)	2022 '000 (Unaudited)	2021 '000 (Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	<b>510,794</b>	477,362	<b>510,794</b>	451,966
Effect of dilutive potential ordinary shares arising from assumed conversion of convertible bonds	-	-	-	58,828
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	<b>510,794</b>	477,362	<b>510,794</b>	510,794

On 14 April 2021, the Company implemented the share consolidation by consolidating every ten issued and unissued existing ordinary shares of HK\$0.01 each of the Company into one ordinary share of HK\$0.10 each. The weighted average number of ordinary shares used in the basic and diluted earnings per share calculation for the three months and six months ended 30 June 2021 was adjusted retrospectively.

For the six months ended 30 June 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the conversion of convertible bonds that took place on 12 May 2021.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 12. (LOSS)/EARNINGS PER SHARE *(Continued)*

- (ii) From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b>				
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	(27,314)	(3,036)	(32,389)	31,065
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds	-	-	-	699
(Loss)/earnings for the period attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	(27,314)	(3,036)	(32,389)	31,764

The denominators used are the same as those detailed in note 12(i) above for both basic and diluted (loss)/earnings per share.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 12. (LOSS)/EARNINGS PER SHARE *(Continued)*

- (iii) From discontinued operation

For the six months ended 30 June 2021, basic and diluted loss per share for the discontinued operation is HK1.67 cents and HK1.48 cents per share respectively, based on the loss for the period from the discontinued operation of HK\$7,553,000 and the denominators detailed in note 12(i) above for both basic and diluted loss per share.

For the three months ended 30 June 2021, both basic and diluted loss per share for the discontinued operation is HK1.23 cents per share, based on the loss for the period from the discontinued operation of HK\$5,872,000 and the denominators detailed in note 12(i) above for both basic and diluted loss per share.

For the three months and six months ended 30 June 2022, diluted loss per share was the same as the basic loss per share as there was no potential dilutive ordinary shares.

For the three months ended 30 June 2021, the computation of diluted earnings per share does not assume the conversion of the convertible bonds since their assumed exercise would result in an increase in earnings per share from continuing operations.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 13. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSET

During the six months ended 30 June 2022, the Group did not acquire any property, plant and equipment. During the six months ended 30 June 2021, the Group acquired property, plant and equipment for a cash consideration of HK\$65,000 mainly for acquisitions of computer equipment.

The Group's investment properties were valued by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group at 30 June 2022 and 2021. The valuations were arrived at using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The resulting increase in fair values of investment properties of HK\$7,000,000 (for the six months ended 30 June 2021: HK\$6,800,000) has been recognised directly in profit or loss for the six months ended 30 June 2022.

As disclosed in note 30 to the 2021 Annual Report, the Group entered into a settlement agreement with a bank in repaying the outstanding bank borrowings and the accrued interest payable owed by Safe2Travel. The repayment is secured by a first legal mortgage over the Group's investment properties and the assignment of rental proceeds deriving from these investment properties to the bank. At 30 June 2022, the first legal mortgage remains in full force and effect after the disposal of the Harvest Well Group until the outstanding bank borrowings are fully repaid.

During the year ended 31 December 2021, the Group acquired brand name license which entitles the Group to promote, distribute and sell the tea products under the brand name of "Hocha" or "好茶養生" in the Greater China and Southeast Asia regions for three years. The license is amortised over the license period of three years.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

**14. TRADE AND OTHER RECEIVABLES**

	<b>At 30 June 2022 HK\$'000 (Unaudited)</b>	At 31 December 2021 HK\$'000 (Audited)
Accounts receivables from brokerage business:		
– Securities margin clients, net of accumulated allowance for ECL <i>(Note i)</i>	<b>56,148</b>	61,128
– Cash client <i>(Note ii)</i>	<b>2,998</b>	2,113
– Clearing house <i>(Note ii)</i>	<b>4,341</b>	1,673
Trade receivables from asset management business, net of accumulated allowance for ECL	<b>31</b>	111
Trade receivables from corporate finance advisory business, net of accumulated allowance for ECL	<b>615</b>	544
Brokers receivables	<b>75</b>	77
Deposits, prepayments and other receivables	<b>1,689</b>	1,892
	<b>65,897</b>	67,538

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 14. TRADE AND OTHER RECEIVABLES *(Continued)*

*Notes:*

- (i) At 30 June 2022, loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$224,435,000 (31 December 2021: HK\$242,278,000). The loans are repayable on demand and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities pledged. The collateral held can be repledged and sold at the Group's discretion to settle any outstanding amount owed by the securities margin clients. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

During the six months ended 30 June 2022, an allowance for ECL of HK\$6,269,000 (2021: nil) on three loans to securities margin clients with the gross carrying amount of HK\$26,344,000 were recognised as the fair value of the pledged securities held by these clients of HK\$12,926,000 at 30 June 2022 fell below their securities margin loan amount. The accumulated allowance for ECL was HK\$13,418,000 at 30 June 2022 (31 December 2021: HK\$7,149,000).

- (ii) The normal settlement terms of accounts receivables from cash clients and clearing house are two trading days after trade date. Accounts receivables from cash clients, which are neither past due nor impaired, represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 15. LOAN RECEIVABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	299,430	304,050
Accrued interest receivables	18,679	17,971
Less: accumulated allowance for ECL	<u>(191,415)</u>	<u>(161,700)</u>
	<u>126,694</u>	<u>160,321</u>

The ranges of interest rate on the Group's loan receivables is from 8% to 15% per annum (31 December 2021: from 7.42% to 15% per annum). Loans contain a repayable on demand clause and are classified under current assets. A maturity profile of the loan receivables (net of accumulated allowance for ECL) at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
<b>Current assets</b>		
Within one year	111,031	160,321
<b>Non-current assets</b>		
More than one year but not exceeding two years	<u>15,663</u>	—
	<u>126,694</u>	<u>160,321</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 15. LOAN RECEIVABLES *(Continued)*

At 30 June 2022, the net carrying amount of loan receivables amounting to HK\$15,759,000 (31 December 2021: HK\$24,110,000) are secured, HK\$45,837,000 (31 December 2021: HK\$22,947,000) are guaranteed, and HK\$65,098,000 (31 December 2021: HK\$113,264,000) are unsecured and unguaranteed.

No aging analysis is disclosed, as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business of money lending.

In determining the recoverability of the loan receivables, the Group will consider the change in the credit quality of the loan receivables, if any, from the date the loans were initially granted up to the reporting date. This includes assessing the credit history of the customers, such as past due information or default in payments, and the market value of the collaterals pledged to the Group.

Movements in accumulated allowance for ECL on loan receivables:

	<b>Stage 1</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Stage 2</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Stage 3</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>Total</b> <b>HK\$'000</b> <b>(Unaudited)</b>
At 1 January 2021	6,799	36,493	42,094	85,386
Transfer from Stage 1 to Stage 3	(2,927)	–	2,927	–
Transfer from Stage 2 to Stage 3	–	(27,294)	27,294	–
Allowance for ECL (reversed)/recognised	<u>(2,611)</u>	<u>1,991</u>	<u>76,934</u>	<u>76,314</u>
At 31 December 2021 (audited) and 1 January 2022	1,261	11,190	149,249	161,700
Transfer from Stage 1 to Stage 2	(176)	176	–	–
Transfer from Stage 2 to Stage 3	–	(11,190)	11,190	–
Allowance for ECL (reversed)/recognised	<u>(336)</u>	<u>13,124</u>	<u>16,927</u>	<u>29,715</u>
<b>At 30 June 2022</b>	<b><u>749</u></b>	<b><u>13,300</u></b>	<b><u>177,366</u></b>	<b><u>191,415</u></b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

**16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>At 30 June 2022 HK\$'000 (Unaudited)</b>	At 31 December 2021 HK\$'000 (Audited)
Listed investments held for trading <i>(Note)</i> – Equity securities listed in Hong Kong	<b>13,174</b>	17,487

*Note:* The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 30 June 2022 and 31 December 2021, no financial assets at fair value through profit or loss have been pledged as security.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 17. TRADE AND OTHER PAYABLES

	<b>At 30 June 2022 HK\$'000 (Unaudited)</b>	At 31 December 2021 HK\$'000 (Audited)
Accounts payables from brokerage business:		
– Securities margin clients	<b>5,550</b>	4,095
– Cash client	<b>15,131</b>	15,343
– Clearing house	–	1,210
Trade payables from asset management business	<b>45</b>	217
Accruals	<b>4,041</b>	1,979
Interest payable	<b>636</b>	658
Tenant deposits received	<b>1,019</b>	1,120
Other payables	<b>3,863</b>	4,588
	<b>30,285</b>	29,210

For the brokerage business, the normal settlement terms of accounts payables to clients, clearing house and broker(s) are two trading days after trade date. No aging analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of the directors, the aging analysis does not give additional value in view of the nature of brokerage business.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. OTHER BORROWING

At 30 June 2022, the unsecured other borrowing amounting to HK\$100,000,000 (31 December 2021: HK\$100,000,000) is guaranteed by Mr. Cheung Kwok Wai, Elton, an executive director of the Company. The other borrowing carried interest at a fixed rate of 8% (31 December 2021: 8%) per annum. The maturity date of the other borrowing is 11 November 2022. The majority of the proceeds were used to finance the working capital of money lending business.

### 19. FINANCIAL GUARANTEE CONTRACT

As disclosed in note 30 to the 2021 Annual Report, the Company issued financial guarantee to the bank in respect of the bank borrowings granted to Safe2Travel.

At 30 June 2022, the aggregate amount of outstanding financial guarantee issued to the bank in respect of the bank borrowings granted to Safe2Travel that the Group was required to pay amounted to SG\$827,000 (equivalent to approximately HK\$4,647,000) (31 December 2021: SG\$1,246,000 (equivalent to approximately HK\$7,209,000)) if the guarantee was called.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 20. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.10 each</b>		
Authorised:		
At 1 January 2021	180,000,000,000	1,800,000
Share consolidation ( <i>Note</i> )	<u>(162,000,000,000)</u>	<u>–</u>
At 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	<u>18,000,000,000</u>	<u>1,800,000</u>
Issued and fully paid:		
At 1 January 2021	4,262,867,050	42,629
Share consolidation ( <i>Note</i> )	<u>(3,836,580,345)</u>	<u>–</u>
Conversion of convertible bonds	<u>84,507,042</u>	<u>8,450</u>
At 31 December 2021 (audited), 1 January 2022 and 30 June 2022 (unaudited)	<u>510,793,747</u>	<u>51,079</u>

*Note:*

As announced by the Company on 23 March 2021, the Company proposed to implement a share consolidation (the “**Share Consolidation**”) by consolidating every ten issued and unissued existing ordinary shares of HK\$0.01 each in the share capital of the Company into one ordinary share of HK\$0.10 each, ranked *pari passu* in all respect with each other. Immediately after the Share Consolidation, the authorised share capital of the Company should become HK\$1,800,000,000 divided into 18,000,000,000 ordinary shares of HK\$0.10 each, of which 426,286,705 ordinary shares of HK\$0.10 each were in issue and fully paid. Details of the Share Consolidation are set out, among others, in the circular of the Company dated 23 March 2021.

The ordinary resolution approving the Share Consolidation was passed at the extraordinary general meeting of the Company held on 12 April 2021 and the Share Consolidation became effective on 14 April 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 21. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a new share option scheme to replace the share option scheme adopted on 19 May 2011 pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 June 2021. The purpose of the share option scheme is to enable the Company to grant options to selected eligible participants who include employees and directors of the Company and its subsidiaries as incentives or rewards for their contribution or potential contribution to the Group. Under the share option scheme, the option period during which a share option may be exercised shall be determined and notified by the directors to the grantee and in any event shall not exceed ten years from the date of grant. The maximum number of shares which may be issued upon exercise of all options may be granted at any time under the share option scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the issued share capital of the Company as at the date of the approval of the share option scheme (the "**Scheme Mandate Limit**"), without prior approval from the Company's shareholders. The Company may seek approval by the shareholders of the Company in general meeting to refresh the Scheme Mandate Limit under the share option scheme.

The exercise price is determined by the board of directors, and is not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant.

No share options were granted during the six months ended 30 June 2022 and 2021. No share options were outstanding at 30 June 2022 and 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 22. PLEDGE OF OR RESTRICTIONS ON ASSETS

#### Pledge of assets

At 30 June 2022, details of the pledge of assets are as follows:

At 30 June 2022, the Group's investment properties in Hong Kong with carrying amount of HK\$174,200,000 (31 December 2021: HK\$167,200,000) have been pledged to secure the bank borrowings of Safe2Travel which was disposed of during the year ended 31 December 2021. The bank borrowings were also secured by the assignment of rental proceeds deriving from these investment properties to the bank.

### 23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has entered into the following significant related party transactions during the reporting period.

#### (a) Compensation of key management personnel

The remuneration of directors during the period was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term employee benefits	510	1,942	1,020	4,770
Post-employment benefits	4	11	9	25
	<b>514</b>	<b>1,953</b>	<b>1,029</b>	<b>4,795</b>

The remuneration of directors is determined by the remuneration committee having regards to the performance of individuals and market trends.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 23. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) During the period, the Group entered into the following transactions with related parties:

		Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Related companies <i>(Note i)</i>	Rental income	880	1,257	1,759	2,513
	Brokerage commission income and other service charge income	-	220	-	243
Subsidiaries of a substantial shareholder of the Company <i>(Note ii)</i>	Lease payments	-	435	-	1,181
	Advisory fee income from corporate finance	-	270	-	370
	Brokerage commission income and other service charge income	-	34	-	47
		<b>880</b>	<b>1,986</b>	<b>1,759</b>	<b>4,354</b>

Notes:

- i. Mr. Mung Hon Ting, Jackie (“**Mr. Jackie Mung**”), a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan (“**Mr. Alan Mung**”), both of whom are executive directors of the Company.  
  
For the six months ended 30 June 2022 and 2021, Mr. Alan Mung and Mr. Jackie Mung have the beneficial interests in the related companies.
- ii. These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company. Eternity Investment Limited ceased to have a significant influence over the Company on 24 May 2021.

All of the above transactions also constitute connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, these transactions are fully exempt from the connected transaction requirements in Chapter 20 of the GEM Listing Rules under Rule 20.74(1)(c).

### 24. EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no important event affecting the Group which has occurred since the end of the reporting period.

### 25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation and the disclosure requirements in respect of the discontinued operation set out in note 10.

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Review

Given that the travel business in Singapore suffered sustained losses in recent years due to severe market competition and the outbreak of the COVID-19 pandemic, Global Mastermind Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) ceased its travel business in Singapore by disposing of its entire equity interest in Harvest Well International Limited on 30 August 2021. The principal subsidiary of Harvest Well International Limited was Safe2Travel Pte Ltd (“**Safe2Travel**”), which was engaged in the travel business in Singapore. Accordingly, the results of Safe2Travel for the six months ended 30 June 2021 have been restated to re-present as a discontinued operation for financial reporting purposes.

### Results of continuing operations

The Group recorded a loss attributable to owners of the Company of HK\$32,389,000 for the six months ended 30 June 2022 (2021: profit attributable to owners of the Company of HK\$38,618,000). The turnaround of the Group’s performance was due to (i) the recognition of a HK\$4,313,000 net unrealised loss on securities investment in the six months ended 30 June 2022, in contrast to the HK\$31,749,000 net realised and unrealised gains on securities investment in the corresponding period last year; and (ii) the recognition of a HK\$29,715,000 allowance for expected credit loss (“**ECL**”) on loan receivables, in contrast to an HK\$885,000 reversal of allowance for ECL on loan receivables in the corresponding period last year.

### **Revenue and profitability**

An analysis of the Group's revenue for the six months ended 30 June 2022 and 2021 was as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income from money lending business	<b>7,678</b>	14,683
Net realised gain on securities investment	–	5,374
Revenue derived from financial services business	<b>6,960</b>	10,493
	<b>14,638</b>	30,550

For the six months ended 30 June 2022, the revenue of the Group amounted to HK\$14,638,000, which was comprised of interest income from the money lending business of HK\$7,678,000 and revenue derived from the financial services business of HK\$6,960,000. There was no realised gain or loss on securities investment as the Group did not dispose of any securities investment during the six months ended 30 June 2022. Revenue derived from financial services business includes commission income from securities brokerage, interest income from margin financing and initial public offering (“**IPO**”) financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance.

The Group reported a decrease of 52% in its revenue for the six months ended 30 June 2022 compared to HK\$30,550,000 for the six months ended 30 June 2021. This decrease was attributable to (i) a HK\$7,005,000 decrease in interest income from the money lending business, (ii) no realised gain on securities investment recognised in the six months ended 30 June 2022, and (iii) a HK\$3,533,000 decrease in revenue derived from financial services business.



### ***Other income, other gains and losses***

Other income, other gains and losses for the six months ended 30 June 2022 amounted to a net income of HK\$2,031,000, representing a decrease of 28% compared to the net income of HK\$2,831,000 for the six months ended 30 June 2021. The decrease was mainly due to the decrease in rental income from related parties of HK\$754,000 following the renewal of the related tenancy agreements in September 2021 and January 2022, as there was a decrease in the then prevailing market rentals for comparable premises in the vicinity.

### ***Staff costs, depreciation and amortisation expenses, and other expenses***

For the six months ended 30 June 2022, staff costs amounted to HK\$7,332,000 (2021: HK\$10,057,000). Depreciation and amortisation expenses amounted to HK\$170,000 (2021: HK\$1,856,000). Other expenses amounted to HK\$9,257,000 (2021: HK\$11,018,000).

The decrease in staff costs was mainly due to two executive directors of the Company not taking any directors' emoluments since 1 June 2021.

The decrease in depreciation and amortisation expenses was mainly attributable to the Group's right-of-use assets being fully depreciated upon the expiry of the related lease contracts.

The decrease in other expenses was mainly due to a HK\$1,336,000 decrease in handling fee and commission arising from the Group's securities brokerage business.

### ***Gain on fair value changes of investment properties***

At the end of the reporting period, the Group remeasured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a gain of HK\$7,000,000 (2021: HK\$6,800,000) on the fair value changes of investment properties. The recognition of the gain on fair value changes of investment properties was due to the better performance of the commercial property market in Hong Kong in 2022 as compared with last year.

### ***Allowance for ECL on loan receivables***

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Having performed the ECL assessment, the directors concluded that an allowance for ECL on loan receivables of HK\$29,715,000 (2021: a reversal of allowance for ECL of HK\$885,000) was required for the six months ended 30 June 2022. The significant increase in the allowance for ECL on loans receivables for the six months ended 30 June 2022 was due to (i) an allowance of HK\$13,124,000 made against the reclassification of a loan receivable from stage 1 (initial recognition) to stage 2 (significant increase in credit risk) as the customer failed to pay the principal and interest for more than 30 days, and (ii) an allowance of HK\$17,050,000 made against the reclassification of a loan receivable from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) as the customer failed to settle the principal on the due date and the Group entered into a deed of settlement with the customer.

### ***Allowance for ECL on account receivables from securities margin clients***

At the end of the reporting period, the directors performed an ECL assessment on the account receivables from the securities margin clients. As the market values of the pledged securities held by three securities margin clients fell below their securities margin loan amounts, the directors concluded that an allowance for ECL on account receivables from securities margin clients of HK\$6,269,000 (2021: Nil) was required for the six months ended 30 June 2022.

### ***Finance costs***

For the six months ended 30 June 2022, the finance costs amounted to HK\$3,967,000 (2021: HK\$5,644,000), representing the interest expense on other borrowing. There were no interest expenses related to convertible bonds (2021: HK\$1,657,000) and lease liabilities (2021: HK\$20,000) for the six months ended 30 June 2022. The decrease in finance costs was due to the full conversion of the entire convertible bonds with the principal amount of HK\$60,000,000 issued in 2020 into ordinary shares of the Company on 12 May 2021.

### **Results of discontinued operation**

Loss from discontinued operation for the six months ended 30 June 2021 amounted to HK\$7,553,000, which represented the results of Safe2Travel for the period from 1 January 2021 to 30 June 2021.

## **Business Review**

### ***Money lending business***

During the six months ended 30 June 2022, the Group's money lending business generated interest income on loans of HK\$7,678,000 (2021: HK\$14,683,000), a 48% decrease as compared to the corresponding period last year.

The decrease in interest income was contributed by (i) no further interest income from four loans classified under stage 3 (credit-impaired) being recognised as these customers failed to settle the principal and accrued interest on the due dates of the loans and the Group cast doubt on their ability and intention to repay, and (ii) the change in interest income recognition method of a loan classified as stage 3 (credit-impaired) since October 2021, where interest income on the loan was calculated based on the effective interest rate on its net carrying amount (after deducting accumulated allowance for ECL), rather than the gross balance of the loan.

During the six months ended 30 June 2022, the Group granted a new loan in the principal amount of HK\$17,000,000 and extended the final repayment date of an existing loan in the principal amount of HK\$26,650,000. The Group's customers made a drawing in the principal amount of HK\$15,792,000 from the new loan and repayments of HK\$20,412,000 to the Group.

As at 30 June 2022, nine loans remained outstanding, in which (i) two loan receivables with the aggregate gross balance of HK\$42,879,000 were classified under stage 1 (initial recognition), (ii) a loan receivable with the gross balance of HK\$49,978,000 was classified under stage 2 (significant increase in credit risk), and (iii) six loan receivables with the aggregate gross balance of HK\$225,252,000 were classified under stage 3 (credit-impaired). During the six months ended 30 June 2022, a loan receivable with the gross balance of HK\$49,978,000 was transferred from stage 1 (initial recognition) to stage 2 (significant increase in credit risk) as the customer failed to pay interest for more than 30 days, and a loan receivable with the gross balance of HK\$28,240,000 was transferred from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) as the customer failed to settle the principal on the due date and the Group entered into the deed of settlement with the customer.

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Based on the valuation, a total of HK\$29,715,000 allowance for ECL on loan receivables was made in the six months ended 30 June 2022 (2021: a reversal of allowance for ECL of HK\$885,000). Of the total allowance for ECL, HK\$336,000 was reversed for loan receivables classified under stage 1 (initial recognition), HK\$13,124,000 was recognised for loan receivables classified under stage 2 (significant increase in credit risk), and HK\$16,927,000 was recognised for loan receivables classified under stage 3 (credit-impaired).

For stage 1 (initial recognition), there was a reversal of allowance for ECL of HK\$336,000, mainly resulting from a partial loan repayment of HK\$13,352,000 from a customer. For stage 2 (significant increase in credit risk), the allowance for ECL of HK\$13,124,000 was made against the loan receivable with the gross balance of HK\$49,978,000 transferred from stage 1 (initial recognition) to stage 2 (significant increase in credit risk). The allowance for ECL under stage 3 (credit-impaired) of HK\$16,927,000 was mainly made against the loan receivable with the gross balance of HK\$28,240,000 transferred from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired).

Set out below is the latest development for the recovery of the loan receivables classified under stage 3 (credit-impaired):

- (a) A customer has failed to pay the interest on the loan to the Group as they fell due since May 2021. In January 2022, the Group obtained a corporate guarantee provided by a company incorporated in the People's Republic of China (the "PRC") to secure all of her repayment obligations of the loan in the principal amount of HK\$58,000,000 under the loan agreement. Currently, the Group is working with its PRC legal adviser to enforce the corporate guarantee.
- (b) A customer failed to repay the outstanding principal amount of the revolving loan facilities of HK\$55,000,000 and the accrued interest thereon in April 2020. The Group commenced civil proceedings in the PRC against the customer and the guarantor in September 2020 to recover the outstanding principal amount and the accrued and unpaid interest thereon. The first court hearing was held on 19 October 2021 and the court handed down the judgement in favour of the Group on 22 December 2021. However, the guarantor lodged an appeal against the judgement on 3 March 2022 and the court has not yet scheduled the date of the next court hearing as at the date of this report.

- (c) A customer failed to pay the outstanding principal amount of a loan of HK\$2,000,000 and the unpaid and accrued interest thereon as they fell due in May 2021. The customer has a securities investment portfolio maintained at Global Mastermind Securities Limited, a wholly-owned subsidiary of the Company engaging in providing securities services. He had given an undertaking to the Group, under which he undertook to the Group that he shall dispose of the whole or any part of the investment portfolio held in his securities account maintained at Global Mastermind Securities Limited to repay the loan if he fails to repay the outstanding principal amount of the loan and/or accrued interest thereon. Given that the customer is currently not in Hong Kong, the Group is negotiating with him to dispose of his investment portfolio to repay the outstanding principal amount and the accrued and unpaid interest thereon. The Group is also seeking legal advice on the actions to enforce the undertaking.
- (d) A customer has failed to pay the accrued interest as they fell due since May 2020. The revolving loan facilities of HK\$19,000,000 granted to him were secured by a first legal charge over a commercial property located in Central. During the year ended 31 December 2021, the Group took possession of the commercial property and sold it to an independent third party for recovering HK\$15,497,000 of the outstanding principal amount. Currently, the Group is working with its legal adviser on the actions to recover the remaining outstanding principal amount of HK\$3,503,000 and the accrued and unpaid interest thereon.

- (e) A customer did not repay the outstanding principal amount of a loan of HK\$35,300,000 as it fell due in May 2022. Thus, the Group entered into the deed of settlement with the customer for a settlement plan of the outstanding principal amount (the “**Settlement Amount**”), in which HK\$7,060,000 was repaid on 30 May 2022, and the remaining outstanding balance of HK\$28,240,000 would be paid by four instalments in 19 months commencing from 1 June 2022. In consideration of the Group agreeing to enter into the deed of settlement, (i) a wholly-owned subsidiary of the customer has undertaken to pay 70% of the revenue generated from its corporate services business within 30 days after actual receipt of payment in respect of such revenue for settlement of the same amount of the Settlement Amount unless and until the Settlement Amount is fully settled; and (ii) another wholly-owned subsidiary of the customer has undertaken to pay 80% of all of its revenue (excluding certain revenue as defined in the deed of settlement) actually received by it within 30 days after actual receipt of the payment in respect of such revenue for settlement of the same amount of the Settlement Amount unless and until the Settlement Amount is fully settled.
- (f) A customer has failed to pay the accrued interests on the loan in the principal amount of HK\$63,000,000 as they fell due since February 2022. The Group is currently in negotiation with the customer regarding the settlement arrangement.

As at 30 June 2022, the Group’s loan receivables together with accrued interest receivables (before accumulated allowance for ECL of HK\$191,415,000 (31 December 2021: HK\$161,700,000)) amounted to HK\$318,109,000 (31 December 2021: HK\$322,021,000).

### ***Treasury management business***

During the six months ended 30 June 2022, the Group did not acquire or dispose of any securities investment. As at 30 June 2022, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK\$4,313,000 arising on changes in fair values of securities investment (2021: a net unrealised gain of HK\$26,375,000).

### ***Financial services business***

During the six months ended 30 June 2022, the revenue of the Group's financial services business decreased by 34% to HK\$6,960,000 (2021: HK\$10,493,000).

Commission income from securities brokerage for the six months ended 30 June 2022 decreased by 60% to HK\$1,112,000 (2021: HK\$2,768,000). This decrease was due to a decrease in customers' transaction volumes resulting from poor market sentiment.

Interest income from margin financing and IPO for the six months ended 30 June 2022 increased by 11% to HK\$3,377,000 (2021: HK\$3,042,000) as there was an increase in the Group's securities margin financing business. The average monthly outstanding balance of loans of securities margin clients (before accumulated allowance for ECL) increased from HK\$63,707,000 in the six months ended 30 June 2021 to HK\$70,362,000 in the six months ended 30 June 2022.

The handling and settlement income arising from securities brokerage for the six months ended 30 June 2022 decreased by 36% to HK\$2,399,000 (2021: HK\$3,725,000) due to the decrease in customers' transaction volumes resulting from poor market sentiment.

The asset management fee income for the six months ended 30 June 2022 decreased by 97% to HK\$2,000 (2021: HK\$59,000). The decrease was due to the decrease in the assets under management by the Group.

The advisory fee income from corporate finance for the six months ended 30 June 2022 decreased by 92% to HK\$70,000 (2021: HK\$899,000).



## **Liquidity and Financial Resources**

During the six months ended 30 June 2022, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK\$341,978,000 at 31 December 2021 to HK\$309,589,000 at 30 June 2022. This decrease was due to the loss generated by the Group for the six months ended 30 June 2022.

As at 30 June 2022, the bank balances and cash of the Group amounted to HK\$31,392,000 (31 December 2021: HK\$33,657,000).

As at 30 June 2022, the Group had an outstanding borrowing of HK\$100,000,000 (31 December 2021: HK\$100,000,000) granted by a finance company, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement and (ii) a personal guarantee given by Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive director, and maturing on 11 November 2022.

### ***Gearing ratio***

As at 30 June 2022, the Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 32% (31 December 2021: 29%).

### ***Net current assets and current ratio***

As at 30 June 2022, the Group's net current assets and current ratio were HK\$117,372,000 (31 December 2021: HK\$161,563,000) and 1.9 time (31 December 2021: 2.2 time) respectively. The decrease in net current assets and current ratio was mainly attributable to the decrease in loan receivables after the recognition of the HK\$29,715,000 allowance for ECL on loan receivables.

## Capital Structure

There was no change in the Company's share capital during the six months ended 30 June 2022.

## Exchange Rate Risk

The Group's principal place of business is in Hong Kong, hence transactions arising from its operations were generally settled in Hong Kong Dollars, which is the functional currency of the Group. Apart from the financial guarantee contract of the Group is denominated in Singapore Dollars, the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

## Pledge of Assets

On 1 March 2021, the Company entered into a settlement agreement with a bank in Singapore pursuant to which the Company agreed to repay the outstanding bank borrowings and the accrued interest payable of Safe2Travel, a then wholly-owned subsidiary of the Company, in discharge of the Company's pre-existing obligations under a parent company guarantee given to the bank to fortify the borrowings of Safe2Travel. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong with a carrying amount as at 30 June 2022 of HK\$174,200,000 and the assignment of rental proceeds from the Group's investment properties to the bank.

## Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities.

## Material Commitments

As at 30 June 2022, the Group had no material commitments.

## **Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures**

During the six months ended 30 June 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **Employees Information**

As at 30 June 2022, the total number of employees of the Group was 28 (31 December 2021: 25). Staff costs (including directors' emoluments) for the six months ended 30 June 2022 from continuing operations amounted to HK\$7,332,000 (2021: HK\$10,057,000). The decrease in staff costs was due to two executive directors of the Company not taking any directors' emoluments since 1 June 2021.

## **Outlook**

Looking into the second half of 2022, the Hong Kong economy may continue to be suppressed by various economic uncertainties, including geopolitical tensions, commodity price fluctuations, tightening monetary policy in many countries, and the lockdown measures and pandemic control implemented by the PRC to contain the outbreak of COVID-19. The directors will continue closely monitoring the repayment and financial condition of the Group's money lending customers to ensure speedy actions on any early signs of loan recovery issues and take various measures to recover the overdue loan receivables and the unpaid and accrued interest thereon.

Various downside risks cloud the outlook of the Hong Kong equity market, such as the spreading mortgage payment strikes in the PRC, the interest rate hike raised by the United States and the disruption caused by the pandemic prevention measures. The directors will closely monitor and adjust the Group's securities investment from time to time and realise the securities investment into cash as and when appropriate in the second half of 2022.

The directors are hopeful for an improvement in the performance of the Group's financial services business in 2022. Although there are still many uncertainties in the Hong Kong equity market, with the PRC Government's policies to strengthen the economic growth, the increasing vaccination rates and the expectation of borders reopening, the directors believe the market sentiment will be aroused in the second half of 2022.

The directors will continue to leverage on the Group's experience in the travel industry and formulate business plans to develop its travel business in Hong Kong, focusing on inbound travel from the PRC and/or outbound short-haul trips to the Guangdong-Hong Kong-Macao Greater Bay Area, which are believed to be less capital intensive and can recover more quickly when the PRC lifts border restrictions.

The new Omicron variants continue to spread over the world, the directors will be watchful over the development of the COVID-19 pandemic. The directors commit to lead the Group to weather the challenges and continue to monitor the business environment cautiously and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

### **Events after the end of the Reporting Period**

There is no important event affecting the Group which has occurred since the end of the reporting period.

## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES**

### **Dividends**

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

### **Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at 30 June 2022, none of the directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, as recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance (the “SFO”), or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2022, the register of substantial shareholders kept by the Company pursuant to section 336 of the SFO showed that, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

### *Long positions – ordinary shares of HK\$0.10 each of the Company*

Name of shareholder	Capacity	Number of shares of the Company held	Percentage of the issued share capital of the Company
Heng Tai Finance Limited ( <i>Note 1</i> )	Beneficial owner	84,507,042	16.54%
Heng Tai Consumables Group Limited ( <i>Note 1</i> )	Interest of controlled corporation	84,507,042	16.54%
Eternity Investment Limited (" <b>Eternity</b> ") ( <i>Note 2</i> )	Interest of controlled corporation	94,497,000	18.50%

#### *Notes:*

- Heng Tai Finance Limited is a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 197). Heng Tai Finance Limited is interested in 84,507,042 ordinary shares of the Company. Heng Tai Consumables Group Limited is deemed to be interested in such 84,507,042 ordinary shares by virtue of the SFO.
- Eternity Finance Group Limited and Max Winner Investments Limited are wholly-owned subsidiaries of Eternity, a company listed on the Main Board of the Stock Exchange (stock code: 764). Eternity Finance Group Limited and Max Winner Investments Limited are interested in 81,932,000 and 12,565,000 ordinary shares of the Company respectively. Eternity is deemed to be interested in such 94,497,000 ordinary shares by virtue of the SFO.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2022.

## Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company on 24 June 2021, the Company adopted a new share option scheme (the “**Option Scheme**”) to replace the share option scheme adopted on 19 May 2011. The Option Scheme will expire on 28 June 2031. The purpose of the Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The principal terms of the Option Scheme were disclosed in the Company’s circular dated 30 April 2021.

At 31 December 2021 and 30 June 2022, there were no share options outstanding. During the six months ended 30 June 2022, no share option was granted.

## Disclosure Pursuant to Rule 17.22 of the GEM Listing Rules

As at 30 June 2022, the outstanding principal amount of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK\$62,247,000 (before accumulated allowance for ECL), which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group’s money lending business. Details of the grant of the loan were disclosed in the Company’s announcements dated 28 November 2018 and 11 November 2020.

## Directors' Interest in Competing Business

During the six months ended 30 June 2022 and up to the date of this report, Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive director, has interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

- (a) Mr. Cheung Kwok Wai, Elton has an indirect interest of 15.29% in the issued shares of and is an executive director of Eternity. The subsidiaries of Eternity also engage in money lending and the sale of financial assets businesses.
- (b) Mr. Cheung Kwok Wai, Elton is the vice-chairman of the board of directors and an executive director of China Healthwise Holdings Limited (stock code: 348), a company listed on the Main Board of the Stock Exchange. The subsidiaries of China Healthwise Holdings Limited also engage in money lending and investment in financial instruments businesses.

As the Board is independent of the boards of directors of the above entities, the Group is capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

## Corporate Governance Practices

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Continuous efforts are made to review and enhance the risk management and internal control systems in light of changes in regulations and developments in best practices.



During the six months ended 30 June 2022, the Company was in compliance with the code provisions set out in the Code except for the deviations as explained below:

1. Code provision C.2.1 of the Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not appointed a chief executive officer, and the roles and functions of the chief executive officer are performed by the executive directors collectively.
2. Code provision C.3.3 of the Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for directors (except Mr. Mung Kin Keung). However, the directors shall be subject to retirement by rotation in accordance with the memorandum and articles of association of the Company (the “**Articles**”). In any event, all directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant directors. In addition, the directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (where applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors. The directors are also required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

Save as those mentioned above, in the opinion of the directors, the Company has met the code provisions set out in the Code during the six months ended 30 June 2022.

### **Directors' Securities Transactions**

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the six months ended 30 June 2022.

### **Purchase, Redemption or Sale of Listed Securities of the Company**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

### **Review of Financial Information**

The condensed consolidated financial information for the six months ended 30 June 2022 and this report of the Company have been reviewed by the Audit Committee of the Board, which was of the opinion that the preparation of such financial information and report complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

## Acknowledgement

On behalf of the Board, I would like to express my gratitude and appreciation to my fellow directors, the management and staff for their dedication, loyalty and contribution. In addition, I would like to thank our shareholders for their continuous support.

On behalf of the Board

### **Cheung Kwok Wai, Elton**

*Chairman and Executive Director*

Hong Kong, 8 August 2022

*As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan as executive directors, and Mr. Law Kwok Ho, Kenward, Mr. Fung Wai Ching and Mr. Lai Hok Lim as independent non-executive directors.*