



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
2024

*For identification purposes only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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 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 made by the 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 2024

		Six months ended 30 June	
	NOTES	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income from money lending business		1,354	3,022
Commission income from securities brokerage		1,152	939
Interest income from margin financing		2,298	3,209
Handling and settlement income arising from securities brokerage		1,087	1,044
Asset management fee income		–	1
Advisory fee income from corporate finance		670	70
Net realised gain on securities investment	3	–	299
Net unrealised loss on securities investment	3	(1,462)	(3,279)
Other income, other gains and losses	5	(1,163)	1,103
Staff costs		(5,922)	(8,014)
Depreciation and amortisation expenses	9	(803)	(841)
(Loss)/gain on fair value changes of investment properties	12	(12,700)	5,500
Reversal of allowance for expected credit loss on loan receivables	14	2,498	4,957
Recognition of allowance for expected credit loss on account receivables from securities margin clients	13	(1,842)	(1,169)
Recognition of allowance for expected credit loss on account receivable from a securities cash client	13	–	(121)
Other expenses	6	(5,008)	(5,295)
Finance costs	7	(4,487)	(3,967)
Loss before tax		(24,328)	(2,542)
Income tax expense	8	–	–
Loss and total comprehensive expense for the period	9	(24,328)	(2,542)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	NOTE	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss and total comprehensive expense for the period attributable to:			
Owners of the Company		(24,326)	(2,541)
Non-controlling interests		(2)	(1)
		<u>(24,328)</u>	<u>(2,542)</u>
Loss per share attributable to owners of the Company:	11		
Basic and diluted (HK cents)		<u>(4.76)</u>	<u>(0.50)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	39,500	41,850
Investment properties	12	109,200	121,900
Intangible asset	12	–	128
		148,700	163,878
CURRENT ASSETS			
Trade and other receivables	13	57,824	53,278
Loan receivables	14	10,336	14,315
Financial assets at fair value through profit or loss	15	9,996	11,458
Bank trust account balances		4,396	4,637
Bank balances and cash		11,312	16,675
		93,864	100,363
CURRENT LIABILITIES			
Trade and other payables	16	21,878	19,227
Other borrowing	17	100,000	100,000
		121,878	119,227
NET CURRENT LIABILITIES		(28,014)	(18,864)
TOTAL ASSETS LESS CURRENT LIABILITIES		120,686	145,014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2024

	NOTE	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
NET ASSETS		120,686	145,014
CAPITAL AND RESERVES			
Share capital	18	51,079	51,079
Share premium and reserves		69,618	93,944
Equity attributable to owners of the Company		120,697	145,023
Non-controlling interests		(11)	(9)
TOTAL EQUITY		120,686	145,014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Property revaluation reserve	Accumulated losses		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Note i)	(Note ii)			
At 1 January 2024	51,079	1,068,425	32,589	65,547	(1,072,617)	145,023	145,014
Loss and total comprehensive expense for the period	-	-	-	-	(24,326)	(24,326)	(24,328)
At 30 June 2024	51,079	1,068,425	32,589	65,547	(1,096,943)	120,697	120,686
At 1 January 2023	51,079	1,068,425	32,589	65,547	(1,038,477)	179,163	179,155
Loss and total comprehensive expense for the period	-	-	-	-	(2,541)	(2,541)	(2,542)
At 30 June 2023	51,079	1,068,425	32,589	65,547	(1,041,018)	176,622	176,613

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. On the subsequent sale or retirement of the properties, the relevant revaluation reserve will be transferred directly to accumulated losses.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(3,876)	(3,378)
Increase in trade and other receivables	(6,388)	(849)
Decrease in bank trust account balances	241	4,808
Loan advanced to a customer of money lending business	–	(1,000)
Loan repayments from customers of money lending business	5,721	8,178
Decrease in accrued interest receivables from customers of money lending business	756	1,109
Increase in financial assets at fair value through profit or loss	–	(1,664)
Increase/(decrease) in trade and other payables	2,564	(3,776)
Decrease in financial guarantee contract	–	(2,558)
Cash (used in)/generated from operations	(982)	870
Income tax refunded	–	918
Net cash (used in)/generated from operating activities	(982)	1,788

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
INVESTING ACTIVITIES		
Interest received	19	50
Net cash generated from investing activities	19	50
FINANCING ACTIVITIES		
Interest paid	(4,400)	(3,989)
Net cash used in financing activities	(4,400)	(3,989)
Net decrease in cash and cash equivalents	(5,363)	(2,151)
Cash and cash equivalents at 1 January	16,675	31,193
Cash and cash equivalents at 30 June, represented by bank balances and cash	11,312	29,042

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 (the “**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM made by 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 2023 (the “**2023 Annual Report**”).

Going concern

During the six months ended 30 June 2024, the Group incurred a net loss of HK\$24,328,000 and net cash used in operating activities of HK\$982,000 for the reporting period and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$28,014,000.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings. In order to improve the Group’s financial position, the directors of the Company have been implementing various measures as follows:

- i. taking active measures to collect loan receivables to improve operating cash flows and its financial position;
- ii. entering into a supplemental loan agreement with the lender on 22 March 2024 to extend the maturity date of the unsecured other borrowing of HK\$100,000,000 to 1 April 2025;
- iii. reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss (“**FVTPL**”), in order to enhance the cash flow position of the Group whenever it is necessary; and
- iv. implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION *(Continued)*

Going concern *(Continued)*

The directors of the Company have carried out a detailed review on the Group's cash flow projection prepared by management. The cash flow projection covers a period of not less than 12 months from the end of the reporting period. In preparing the cash flow projection, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next 12-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2024 on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment 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 2024 are the same as those presented in the 2023 Annual Report.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 2024

3. NET LOSS ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at 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.

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Dividend income from securities investment	–	299
Net unrealised loss on financial assets at FVTPL	(1,462)	(3,279)
	(1,462)	(2,980)

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 2024 and 2023, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Treasury management business	-	299	(1,467)	(2,984)
Money lending business	1,354	3,022	1,733	4,903
Brokerage business	4,537	5,192	(1,532)	(18)
Asset management business	-	1	(22)	2
Corporate finance advisory business	670	70	(305)	(985)
Travel business	-	-	-	-
Total	6,561	8,584	(1,593)	918
(Loss)/gain on fair value changes of investment properties			(12,700)	5,500
Unallocated income			468	1,078
Unallocated expenses			(10,503)	(10,038)
Loss for the period			(24,328)	(2,542)

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 (loss)/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, certain depreciation for property, plant and equipment, impairment loss on certain property, plant and equipment, amortisation of intangible assets and loss on financial guarantee contract). 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 2024

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 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
<i>Segment assets</i>		
Treasury management business	10,008	11,299
Money lending business	10,746	14,662
Brokerage business	67,667	68,142
Asset management business	3,090	3,877
Corporate finance advisory business	421	120
Travel business	—	—
Total reportable segment assets	91,932	98,100
Unallocated bank balances and cash	1,502	740
Unallocated assets	149,130	165,401
Consolidated assets	242,564	264,241
<i>Segment liabilities</i>		
Treasury management business	—	—
Money lending business	146	121
Brokerage business	14,144	10,782
Asset management business	20	25
Corporate finance advisory business	—	—
Travel business	—	—
Total reportable segment liabilities	14,310	10,928
Unallocated liabilities	107,568	108,299
Consolidated liabilities	121,878	119,227

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 and certain accruals and other payables.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Rental income from a related party <i>(note 20(b))</i>	420	1,040
Interest income	19	53
Loss on financial guarantee contract	–	(297)
Impairment loss on property, plant and equipment <i>(note 12)</i>	(1,675)	–
Others	73	307
	(1,163)	1,103

6. OTHER EXPENSES

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Handling fee and commission arising from brokerage business	1,773	1,690
Expense relating to short-term leases	1,260	1,447
Building management fee	357	191
Computer expenses	242	339
Legal and professional fees	181	217
Telecommunication expenses	154	366
Others	1,041	1,045
	5,008	5,295

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on other borrowing	4,487	3,967

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
The tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	–	–
Deferred tax – current period	–	–
	–	–

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 of the qualifying group entity 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 2024

9. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Amortisation of intangible asset	128	165
Depreciation of property, plant and equipment	675	676
Total depreciation and amortisation expenses	803	841

10. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2024 and 2023 nor has any dividend been proposed since the end of both reporting periods.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
LOSS		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(24,326)	(2,541)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. LOSS PER SHARE *(Continued)*

	Six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	510,794	510,794

For the six months ended 30 June 2024 and 2023, diluted loss per share was the same as the basic loss per share as there was no potential dilutive ordinary shares.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSET

During the six months ended 30 June 2024 and 2023, the Group did not acquire any property, plant and equipment. During the six months ended 30 June 2023, investment properties with a fair value of HK\$43,200,000 was transferred to “property, plant and equipment” as the Group commenced owner-occupation.

The management of the Group performed impairment assessment on the owner-occupied property with reference to a valuation prepared by APAC Appraisal and Consulting Limited (“**APAC**”), an independent professional qualified property valuer not connected to the Group. The recoverable amount of the owned-occupied property of HK\$39,500,000 has been determined based on the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. During the six months ended 30 June 2024, the impairment loss of HK\$1,675,000 (2023:HK\$Nil) was recognised.

The Group’s investment properties were valued by APAC at 30 June 2024 and 2023. The valuations were arrived at by using combination of income capitalisation method and direct comparison method. Income capitalisation method is based on capitalisation of rent receivables under the existing tenancies while 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 decrease in fair values of investment properties of HK\$12,700,000 (for the six months ended 30 June 2023: increase in fair value of HK\$5,500,000) has been recognised directly in profit or loss for the six months ended 30 June 2024.

The Group has a 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 was amortised over the license period of three years. As at 30 June 2024, such license was fully amortised.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Accounts receivables from brokerage business:		
– Margin clients, net of accumulated allowance for expected credit losses ("ECL") <i>(Note i)</i>	45,687	42,614
– Cash clients, net of accumulated allowance for ECL <i>(Note ii)</i>	9,303	1,198
– Clearing house <i>(Note ii)</i>	1,413	7,293
Trade receivables from corporate finance advisory business, net of accumulated allowance for ECL	421	120
Brokers receivables	9	9
Deposits, prepayments and other receivables	991	2,044
	57,824	53,278

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

- (i) At 30 June 2024, loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$97,561,000 (31 December 2023: HK\$119,588,000). 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.

At 30 June 2024, four loans to securities margin clients with a gross carrying amount of HK\$28,211,000 (31 December 2023: HK\$28,080,000) classified under stage 3 (credit-impaired) were secured by pledged securities with an aggregate fair value of HK\$2,264,000 (31 December 2023: HK\$3,397,500). The accumulated allowance for ECL was HK\$25,947,000 (31 December 2023: HK\$24,105,000) at 30 June 2024. An allowance for ECL of HK\$1,842,000 (2023: HK\$1,169,000) was recognised during the six months ended 30 June 2024.

- (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, mainly represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

As a securities cash client went bankruptcy during the six months ended 30 June 2023, the directors concluded that an allowance for ECL on account receivable from the securities cash client of HK\$121,000 was required for the six months ended 30 June 2023.

At 30 June 2024, the gross amount of account receivables from cash clients was HK\$9,424,000 (31 December 2023: HK\$1,319,000) and the accumulated allowance for ECL was HK\$121,000 (31 December 2023: HK\$121,000).

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. LOAN RECEIVABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Loan receivables	275,350	281,071
Accrued interest receivables	17,169	17,925
Less: accumulated allowance for ECL	(282,183)	(284,681)
	<u>10,336</u>	<u>14,315</u>
Analysed as: current		

The range of interest rate on the Group's loan receivables is from 8% to 15% per annum (31 December 2023: from 8% to 15% per annum). Loans contain a repayable on demand clause and are classified under current assets.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. LOAN RECEIVABLES *(Continued)*

At 30 June 2024, the net carrying amount of loan receivables amounting to HK\$10,336,000 (31 December 2023: HK\$14,315,000) are secured and guaranteed.

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 money lending business.

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.

The Group applies general approach to measure allowance for ECL on loan receivables. Under the general approach, the Group applies the “3-stage” impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

- Stage 1: If the credit risk of the loan receivable has not increased significantly since initial recognition, the loan receivable is included in Stage 1.
- Stage 2: If the credit risk of the loan receivable has increased significantly since its initial recognition but is not deemed to be credit-impaired, the loan receivable is included in Stage 2.
- Stage 3: If the loan receivable is credit-impaired, the loan receivable is included in Stage 3.

The ECL for loan receivables in Stage 1 are measured at an amount equivalent to 12-month ECL whereas the ECL for loan receivables in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECL.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. LOAN RECEIVABLES *(Continued)*

Movements in gross carrying amounts of loan receivables:

	Stage 1 HK\$'000	Stage2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 31 December 2023 (audited) and 1 January 2024	14,377	–	284,619	298,996
Decrease in loan receivables (net)	<u>(3,936)</u>	<u>–</u>	<u>(2,541)</u>	<u>(6,477)</u>
At 30 June 2024 (unaudited)	<u>10,441</u>	<u>–</u>	<u>282,078</u>	<u>292,519</u>

Movements in accumulated allowance for ECL on loan receivables:

	Stage 1 HK\$'000	Stage2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 31 December 2023 (audited) and 1 January 2024	62	–	284,619	284,681
Allowance for ECL recognised/(reversed)	<u>43</u>	<u>–</u>	<u>(2,541)</u>	<u>(2,498)</u>
At 30 June 2024 (unaudited)	<u>105</u>	<u>–</u>	<u>282,078</u>	<u>282,183</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Listed investments held for trading <i>(Note)</i>		
– Equity securities listed in Hong Kong	9,996	11,458

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

At 30 June 2024 and 31 December 2023, no financial assets at FVTPL have been pledged as security.

16. TRADE AND OTHER PAYABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Accounts payables from brokerage business:		
– Margin clients	1,975	2,823
– Cash clients	11,905	7,172
– Clearing house	–	609
Accruals	4,135	4,233
Interest payable	745	658
Tenant deposits received	247	247
Other payables	2,871	3,485
	21,878	19,227

For the brokerage business, the normal settlement terms of account payables to clients and clearing house are two trading days after trade date. No aging analysis is disclosed for the account 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 2024

17. OTHER BORROWING

At 30 June 2024, the unsecured other borrowing amounting to HK\$100,000,000 (31 December 2023: 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% per annum (2023: 8%) for the period from the date of the first drawdown to 31 March 2024 and 10% per annum from 1 April 2024. The maturity date of the other borrowing is 1 April 2025. The majority of the proceeds were used to finance the working capital of money lending business.

18. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	18,000,000,000	1,800,000
Issued and fully paid:		
At 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	510,793,747	51,079

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a new share option scheme (the “**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. Details of the Share Option Scheme are set out in the Company’s circular dated 30 April 2021. A summary of the Share Option Scheme is as follows:

(a) Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(b) Participants

The eligible participants include employees, directors, suppliers, advisers, consultants, contractors, customers, persons or entities that provide research, development or other technological support to the Group, any shareholders of or any holders of any securities issued by any member of the Group.

(c) Total number of shares available for issue

As at 30 June 2024 and 31 December 2023, the total number of shares available for issue under the Share Option Scheme is 51,079,374, representing 10% of the Company’s shares in issue.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(d) Maximum entitlement of each participant

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1% of the Company's shares in issue.

Where any grant of share options to substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Company's shares in issue; and having an aggregate value, based on the closing price of the Company's shares at the date of each grant, in excess of HK\$5,000,000, such further grant of share options must be approved by the shareholders at a general meeting of the Company.

(e) Period within which the share options may be exercised

The exercise period of the share options granted is determined by the board of directors and in any event shall not exceed ten years from the date of grant.

(f) Vesting period

There is no specified minimum period for which a share option must be held before it can be exercised.

(g) Amount payable on acceptance of the share options and the period within which payments must be made

The acceptance of an offer of a grant of share options must be made within 30 days from the date of the offer with a payment of a non-refundable nominal consideration of HK\$1 by the grantee.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(h) Basis of determining the exercise price

The exercise price of a share option to subscribe for the Company's shares shall be not less than the highest of: (i) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of the offer, (ii) the average closing prices of the shares as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares on the date of the offer.

(i) Remaining life

The Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption ending on 28 June 2031.

No share options were granted during the six months ended 30 June 2024 and 2023. No share options were outstanding at 30 June 2024 and 31 December 2023.

20. 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 reporting periods was as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries and other benefits	170	1,020
Contribution to retirement benefits scheme	2	9
	<u>172</u>	<u>1,029</u>

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 2024

20. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) During the reporting periods, the Group entered into the following transactions with a related party:

		Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Related company <i>(Note)</i>	Rental income	420	1,040

Note:

For the six months ended 30 June 2024 and 2023, Mr. Mung Bun Man Alan, an executive director of the Company, has the beneficial interest in the related company.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this report.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

The Group recorded a loss attributable to owners of the Company of HK\$24,326,000 for the six months ended 30 June 2024 (2023: HK\$2,541,000). The increase in loss was mainly attributable to (i) the recognition of a HK\$12,700,000 loss on fair value changes of investment properties in the six months ended 30 June 2024, in contrast to a HK\$5,500,000 gain on fair value changes of investment properties in the six months ended 30 June 2023; and (ii) a HK\$2,459,000 decrease in the reversal of allowance for ECL on loan receivables.

Revenue and profitability

An analysis of the Group's revenue for the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income from money lending business	1,354	3,022
Net realised gain on securities investment	–	299
Revenue derived from financial services business	5,207	5,263
	6,561	8,584

For the six months ended 30 June 2024, the revenue of the Group amounted to HK\$6,561,000, which was comprised of interest income from the money lending business of HK\$1,354,000, and revenue derived from the financial services business of HK\$5,207,000. Revenue derived from financial services business includes commission income from securities brokerage, interest income from margin 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 24% in its revenue for the six months ended 30 June 2024 compared to HK\$8,584,000 for the six months ended 30 June 2023. This decrease was mainly attributable to a HK\$1,668,000 decrease in interest income from the money lending business.

Other income, other gains and losses

Other income, other gains and losses for the six months ended 30 June 2024 amounted to a net loss of HK\$1,163,000, whereas the net income of HK\$1,103,000 was recorded for the six months ended 30 June 2023. The result of loss was due to the recognition of impairment loss of HK\$1,675,000 on a owner-occupied property and the decrease in rental income from a related party.

Staff costs, depreciation and amortisation expenses, and other expenses

For the six months ended 30 June 2024, staff costs amounted to HK\$5,922,000 (2023: HK\$8,014,000). Depreciation and amortisation expenses amounted to HK\$803,000 (2023: HK\$841,000). Other expenses amounted to HK\$5,008,000 (2023: HK\$5,295,000).

The decrease in staff cost was mainly due to (i) the surrender of emolument of an executive director of the Company from 1 September 2023 and (ii) the decrease in salaries of certain staff.

Loss 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 loss of HK\$12,700,000 (2023: gain of HK\$5,500,000) on the fair value changes of investment properties. The recognition of the loss on fair value changes of investment properties was due to the worst performance of Hong Kong's Grade A office market in the first half of 2024 as compared with last year.

Reversal of 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 and concluded that a reversal of allowance for ECL on loan receivables of HK\$2,498,000 (2023: HK\$4,957,000) was made for the six months ended 30 June 2024. The reversal of allowance for ECL on loan receivables was mainly due to the partial repayment of a loan classified under stage 3 (credit-impaired).

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 four securities margin clients fell below the outstanding amounts of their respective margin loans, the directors concluded that an allowance for ECL on account receivables from securities margin clients of HK\$1,842,000 (2023: HK\$1,169,000) was required for the six months ended 30 June 2024.

Finance costs

For the six months ended 30 June 2024, the finance costs amounted to HK\$4,487,000 (2023: HK\$3,967,000), which represented interest expense on other borrowing. The increase in finance costs was due to the increase in interest rate of other borrowing from 1 April 2024.

Business Review

Money lending business

During the six months ended 30 June 2024, the Group's money lending business generated interest income on loans of HK\$1,354,000 (2023: HK\$3,022,000), a 55% decrease as compared to the corresponding period last year.

The decrease in interest income was mainly contributed by no further interest income recognised from seven loans classified under stage 3 (credit-impaired) as the Group cast doubt on their ability to repay, whereas no further interest income recognised from six loans only for the corresponding period last year.

During the six months ended 30 June 2024, the Group did not grant any new loan but extended an existing loan. Two customers repaid HK\$5,721,000 to the Group.

As at 30 June 2024, nine loans remained outstanding, of which (i) a loan receivable with a gross balance of HK\$10,441,000 was classified under stage 1 (initial recognition), and (ii) eight loan receivables with the aggregate gross balance of HK\$282,078,000 were classified under stage 3 (credit-impaired). During the six months ended 30 June 2024, there were no transfers among stages 1, 2 and 3.

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables. The ECL is measured on loan receivables using the general approach, which is often referred to "three-stage model" under Hong Kong Financial Reporting Standard 9 *Financial Instruments*. Based on the assessment, a reversal of allowance for ECL on loan receivables of HK\$2,498,000 was made during the six months ended 30 June 2024.

Of the total allowance for ECL, (i) HK\$43,000 was recognised for the loan receivable classified under stage 1 (initial recognition), and (ii) HK\$2,541,000 was reversed for the loan receivable classified under stage 3 (credit-impaired) resulting from the partial repayment of a loan.

Set out below is the latest development of the recovery actions for these loan receivables. Reference is made to loan receivables classified under stage 3 (credit-impaired) which were set out on pages 161 to 163 of the Company's 2023 Annual Report.

- (a) Customer A failed to repay the outstanding principal amount of HK\$26,648,000 and accrued and unpaid interest thereon as they fell due in May 2023. Subsequently, Customer A paid HK\$1,587,000 in 2023. The Group has been negotiating with Customer A on the repayment of the loan receivable with a view to entering into a binding settlement agreement.
- (b) Customer B failed to repay the outstanding principal amount of HK\$48,000,000 and accrued and unpaid interest thereon as they fell due in May 2022. Subsequently, Customer B paid HK\$6,629,000 as partial repayment of the loan and interest payment in 2022. The Group has been negotiating with Customer B on the repayment of the loan receivable with a view to entering into a binding settlement agreement.
- (c) Customer C has failed to pay the interest on the loan in the principal amount of HK\$62,247,000 since February 2022. The Group has negotiated with Customer C with a view to entering into a binding settlement agreement. In March 2023, the Group instructed its legal adviser to send a demand letter to him. In July 2023, the Group received a reply from him proposing to repay the outstanding principal amount of the loan and the accrued interest by installments. In response to such reply, the Group contacted Customer C to counter-propose a shorter repayment schedule and requested Customer C to finalise the settlement proposal in accordance with its proposed terms.

Since December 2023, the Group has been negotiating the terms of the settlement with Customer C, but no terms have been finalised yet. Although the negotiation is still ongoing, the Group cannot presently state for sure that a settlement agreement can be reached with him. If the Group eventually signs a settlement agreement with him, it would only do so if it considered that the entering into of the settlement agreement is a feasible measure to recover the loan together with the accrued and unpaid interest thereon after exhausted all other recovery measures.

- (d) Customer D has failed to pay the interest on the loan in the principal amount of HK\$58,000,000 since May 2021. In January 2022, the Group obtained a corporate guarantee provided by a property holding company incorporated in the People's Republic of China (the "PRC") to guarantee all of her repayment obligations of the loan under the loan agreement. Thereafter, the Group commenced legal action against the corporate guarantor in an arbitration court in the PRC with a view to recovering the loan and the accrued and unpaid interest thereon. In March 2023, the Group entered into a mediation agreement with the corporate guarantor under the guidance of the arbitration court. In May 2023, the arbitration court handed down a mediation statement ruling that the corporate guarantor shall honour its payment obligations under the corporate guarantee to pay the Group the outstanding principal amount of the loan together with the accrued and unpaid interest up to and until the payment date. In June 2023, the Group applied to the court for compulsory enforcement and instructed its legal adviser to prepare documents to commence concurrent legal proceedings against Customer D in Hong Kong to recover the outstanding principal amount of the loan receivable and the accrued and unpaid interest. In November 2023, the Group commenced legal action against Customer D in Hong Kong by issuing the writ of summons and the statement of claim to Customer D. Customer D has put her residential property and two car parking spaces in Hong Kong on the market for sale and has made arrangements to enable the Group to share the net disposal proceeds (after the payment of two outstanding mortgage loans) with other lenders.

- (e) Customer F did not repay the outstanding principal amount of a loan of HK\$35,300,000 as it fell due in May 2022. The loan receivable was secured by (i) a share charge of the entire issued shares of Customer F, and (ii) a personal guarantee given by the ultimate beneficial owner of Customer F, as security for all the obligations of Customer F under the loan agreement. The Group entered into a deed of settlement with Customer F 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 settled by four instalments in 20 months commenced from 1 June 2022. In consideration of the Group agreeing to enter into the deed of settlement, (i) a wholly-owned subsidiary of Customer F 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 Customer F 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. From the date of the deed of settlement to November 2023, Customer F paid HK\$16,453,000 for settling the Settlement Amount and the accrued interest thereon. In December 2023, Customer F notified the Group that it had difficulty to repay the final installment of HK\$15,244,000 on the final repayment date of 31 January 2024 in accordance with the deed of settlement. On 14 December 2023, the Group entered into a supplemental deed to the deed of settlement (the “**Supplemental Deed**”) with Customer F to vary the terms of the deed of settlement, pursuant to which HK\$2,500,000 was repaid on 28 November 2023, and the remaining outstanding balance of HK\$15,244,000 and the accrued interest would be settled by 36 monthly instalments commenced from 28 November 2023. Save and except for the above, all the terms and conditions of the deed of settlement remain unchanged and continue in full force and effect. The Group had exhausted all recovery measures and considered that the entering into of the deed of settlement (as amended and supplemented by the Supplemental Deed) as a feasible measure to recover the loan together with the accrued and unpaid interest thereon. Subsequent to the date of the Supplemental Deed, Customer F further paid HK\$4,290,000 for settling the Settlement Amount and the accrued interest thereon up to the date of this report.

- (f) Customer G failed to repay the outstanding principal amount of the revolving loan facilities of HK\$55,000,000 and the accrued and unpaid interest thereon as they fell due in April 2020. The loan receivable was secured by a corporate guarantee given by a finance company established in the PRC with limited liability. The Group commenced civil proceedings in the PRC against Customer G and the guarantor in September 2020 with a view to recovering the outstanding principal amount together with the accrued and unpaid interest thereon. The court hearing was held and the court handed down the judgement in favour of the Group on 22 December 2021. The guarantor lodged an appeal against the judgement at one stage, causing a temporary delay to the enforcement process, but the Group was advised by its PRC legal advisers in December 2022 that the Group's enforcement action could continue. In July 2023, an Application of Compulsory Enforcement was submitted to the court to enforce the repayment of loan together with the accrued and unpaid interest by Customer G and the guarantor. In October 2023, the Group was approached by an independent third party purchaser proposing to acquire the loan receivable due from Customer G and the accrued and unpaid interest thereon by transferring the ownership of certain properties located in Guangzhou, the PRC to the Group. The Group is currently discussing the terms and conditions of such proposal with the purchaser.
- (g) Customer H failed to repay the outstanding principal amount of a loan of HK\$2,000,000 and the accrued and unpaid interest thereon as they fell due in May 2021. Customer H has an investment portfolio of listed equity securities (the "**Listed Shares**") maintained at Global Mastermind Securities Limited, a wholly-owned subsidiary of the Company engaging in the provision of securities services. He had given an undertaking to the Group, pursuant to which he agreed to dispose of whole or part of the Listed Shares to repay his loan owed to the Group in the event of default. In October 2023, the Group was approached by an independent third party purchaser proposing to acquire the loan receivable due from Customer H and the accrued and unpaid interest thereon by transferring the ownership of certain properties located in Guangzhou, the PRC to the Group. The Group is currently discussing the terms and conditions of such proposal with the purchaser.

- (h) Customer I failed to pay the accrued interest 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. During the year ended 31 December 2021, the Group took possession of the commercial property and sold it to an independent third party to recover HK\$15,497,000 of the outstanding principal amount. In March 2023, a writ of summons was issued against Customer I, demanding the repayment of the remaining outstanding principal amount of the loan of HK\$3,502,000 together with the accrued and unpaid interest thereon. At the date hereof, the Group's legal adviser is preparing further documents for filing to the court.

The loan granted to Customer J classified under stage 1 (initial recognition) was secured by a share charge in respect of the issued shares of Customer J and a corporate guarantee given by its ultimate holding company.

As at 30 June 2024, the Group's loan receivables and accrued interest receivables (before accumulated allowance for ECL) amounted to HK\$292,519,000 (31 December 2023: HK\$298,996,000).

Treasury management business

During the six months ended 30 June 2024, the Group did not acquire Hong Kong-listed equities nor dispose of any securities investment. As at 30 June 2024, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK\$1,462,000 (2023: HK\$3,279,000) arising on changes in fair values of securities investment.

Financial services business

During the six months ended 30 June 2024, the revenue of the Group's financial services business slightly decreased by 1% to HK\$5,207,000 (2023: HK\$5,263,000).

Commission income from securities brokerage for the six months ended 30 June 2024 increased by 23% to HK\$1,152,000 (2023: HK\$939,000). This increase was due to a increase in customers' transaction volumes resulting from improved market sentiment.

Interest income from margin financing for the six months ended 30 June 2024 decreased by 28% to HK\$2,298,000 (2023: HK\$3,209,000) as the interest income from four margin loans classified under stage 3 (credit-impaired) was calculated based on effective interest rate on their net carrying amounts (after deducting accumulated allowance for ECL) rather their gross amounts.

The handling and settlement income arising from securities brokerage for the six months ended 30 June 2024 increased by 4% to HK\$1,087,000 (2023: HK\$1,044,000) due to the increase in customers' transaction volumes resulting from improved market sentiment.

The Group did not have any income generated from its asset management business for the six months ended 30 June 2024 (2023: HK\$1,000). Due to the unsatisfactory operation performance of asset management business and re-allocation of the financial resources of the Group, the Group is applying the revocation of the license Type 9 (Asset Management) regulated activity under the Securities and Futures Ordinance.

The advisory fee income from corporate finance for the six months ended 30 June 2024 amounted to HK\$670,000 (2023: HK\$70,000).

Liquidity and Financial Resources

During the six months ended 30 June 2024, 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\$145,023,000 at 31 December 2023 to HK\$120,697,000 at 30 June 2024. This decrease was due to the loss incurred by the Group for the six months ended 30 June 2024.

As at 30 June 2024, the bank balances and cash of the Group amounted to HK\$11,312,000 (31 December 2023: HK\$16,675,000).

As at 30 June 2024, the Group had an outstanding borrowing of HK\$100,000,000 (31 December 2023: HK\$100,000,000) granted by a finance company, which is interest-bearing at a fixed rate of 8% per annum for the period from the date of the first drawdown to 31 March 2024 and 10% per annum from 1 April 2024, 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 1 April 2025.

Gearing ratio

As at 30 June 2024, the Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 83% (31 December 2023: 69%).

Net current assets and current ratio

As at 30 June 2024, the Group's net current liabilities and current ratio were HK\$28,014,000 (31 December 2023: HK\$18,864,000) and 0.8 time (31 December 2023: 0.8 time) respectively. The increase in net current liabilities was mainly attributable to the decrease in loan receivables and bank balances and cash.

Capital Structure

There was no change in the Company's capital structure during the six months ended 30 June 2024.

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. Thus, the Group was not exposed to any significant foreign currency risk nor had employed any financial instrument for hedging.

Contingent Liabilities

As at 30 June 2024, the Group had no material contingent liabilities.

Material Commitments

As at 30 June 2024, the Group had no material commitments.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Employees Information

As at 30 June 2024, the total number of employees of the Group was 29 (31 December 2023: 31). Staff costs (including directors' emoluments) for the six months ended 30 June 2024 amounted to HK\$5,922,000 (2023: HK\$8,014,000).

Outlook

The persistently high interest rates, high fiscal deficits in United States and the ongoing intensification of trade restrictions pose risks for the global economy. The China's economy remains in the doldrums and the growth in the second quarter of this year slowed from the previous quarter amid a prolonged property crisis and weak domestic demand. However, the directors believe the Hong Kong's economy would recover in the long run. The directors will closely monitor the Hong Kong equity market, proactively adjust the Group's securities portfolio from time to time, and realise the securities investment into cash as and when appropriate.

In light of the uncertain economic outlook, the Group has taken a cautious and conservative stance in considering the grant of new loans to new customers, as a matter of prudent measures to reduce the Company's business risks. Meanwhile, the Group will closely monitor the performance of the Group's loan portfolio, especially in each customer's repayment and financial condition, and continue to focus on the recovery of the overdue loans so as to safeguard the interests of the Group.

The Hong Kong securities market has been experiencing downward trend with reducing daily turnover. Investors tend to be conservative in Hong Kong securities market which has a negative effect on the Group's financial services business. According to the Chief Executive's 2023 Policy Address, Hong Kong has passed the period "from chaos to order" and has transitioned into the period "from stability to prosperity". The directors therefore remain optimistic and confident on the prospect of Hong Kong economy and believe that the market is experiencing a temporary downturn and would recover soon. As the Group's financial service business is closely related to the economy, the Company will closely monitor the situation and make necessary adjustments to its business strategy as and when appropriate.

It has been the Company's intention to continue to develop the travel business. However, due to the change of travelling behaviour that travelers prefer to manage their trips by booking the flights, hotels or cars through online travel agencies instead of purchasing packages through physical agencies, travel agency market has been dominated by several global online booking agencies. Nevertheless, it is the plan of the Company to continue the travel business as and when appropriate after formulating suitable business strategies.

The directors will continue to lead the Group to weather the challenges and continue to monitor the business environment 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 identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the Reporting Period

The Group had no material events for disclosure subsequent to 30 June 2024 and up to the date of this report.

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 2024 (2023: Nil).

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2024, 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 associated corporation, 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 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 2024, the register of substantial shareholders kept by the Company pursuant to section 336 of the SFO shows 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
Eternity Investment Limited ("Eternity") (Note 1)	Interest of controlled corporation	94,497,000	18.50%
Heng Tai Finance Limited (Note 2)	Beneficial owner	84,507,042	16.54%
Heng Tai Consumables Group Limited (Note 2)	Interest of controlled corporation	84,507,042	16.54%

Notes:

1. Eternity Finance Group Limited and Max Winner Investments Limited are wholly-owned subsidiaries of Eternity, a company listed on the Main Board of the 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.
2. Heng Tai Finance Limited is a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a company listed on the Main Board of the 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.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2024.

Share Option Scheme

Particulars of the Company's share option scheme are set out in note 19 to the condensed consolidated financial statements.

During the six months ended 30 June 2024, no share options was granted, exercised or lapsed and no outstanding share option as at 30 June 2024 and 31 December 2023.

Disclosure Pursuant to Rule 17.22 of the GEM Listing Rules

As at 30 June 2024, 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% 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 2024 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, a company listed on the Main Board of the Exchange (stock code: 348). The subsidiaries of China Healthwise Holdings Limited also engage in money lending and investment in financial instruments businesses.

As the board of directors of the Company 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 of the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 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 2024, the Company was in compliance with the code provisions set out in the Code except for the deviations as explained below:

- (a) Code provision C.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company has not appointed a Chief Executive Officer, and the roles of the Chief Executive Officer are performed by the executive directors collectively.

- (b) 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 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 2024.

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 had complied with the required standards as set out in the GEM Listing Rules during the six months ended 30 June 2024.

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Disclosure of Change of Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of directors since 31 December 2023 and up to the date of this report is set out below:

- (a) Mr. Wong Chun Hung Hanson was re-designated from a non-executive director to an executive director with effect from 24 June 2024.
- (b) Mr. Wong Chun Hung Hanson was appointed as a consultant of a wholly-owned subsidiary of the Company with effect from 27 June 2024. Mr. Wong is entitled to receive salaries of HK\$960,000 per annum with a discretionary bonus, which was determined by the Board (as recommended by the Remuneration Committee), with effect from 27 June 2024.
- (c) Mr. Law Kwok Ho Kenward has been appointed as an independent non-executive director of Eternity with effect from 1 July 2024.

Review of Financial Information

The unaudited condensed consolidated financial information for the six months ended 30 June 2024 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, 30 August 2024

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