



International Genius Company

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 33

The background of the cover is a complex, abstract graphic design. It features a central horizontal band with a dark blue background, overlaid with a white line-art city skyline. The skyline includes various skyscrapers and a Ferris wheel. To the right of the skyline, there are several vertical bars of varying heights, some with small square markers, resembling a bar chart or candlestick chart. The entire design is framed by several thick, diagonal bands in shades of blue and teal. In the top right corner, there is a pattern of small green dots arranged in a grid. The overall aesthetic is modern and professional, with a focus on financial and urban themes.

2022/23
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
DISCLOSURE OF INTERESTS	8
CORPORATE GOVERNANCE AND OTHER INFORMATION	11
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13

CORPORATE INFORMATION

Executive Directors

Ng Yu (*Chairman*)

Lin Feng

Non-executive Directors

Dai Chengyan

Cheung Bonathan Wai Ka

Independent Non-executive Directors

Lo Hang Fong

Wang Jun Sheng

Yip Tze Wai Albert

Executive Committee

Ng Yu (*Chairman*)

Lin Feng

Audit Committee

Yip Tze Wai Albert (*Chairman*)

Wang Jun Sheng

Lo Hang Fong

Remuneration Committee

Wang Jun Sheng (*Chairman*)

Ng Yu

Yip Tze Wai Albert

Nomination Committee

Wang Jun Sheng (*Chairman*)

Lin Feng

Yip Tze Wai Albert

Risk Management Committee

Lin Feng (*Chairman*)

Wang Jun Sheng

Yip Tze Wai Albert

Authorised Representatives

Ng Yu

Leong Kai Weng Subrina

Joint Company Secretary

Cheung Ka Fai

Leong Kai Weng Subrina

Website

www.geniusi.com

Registered Office

94 Solaris Avenue

Camana Bay

PO Box 1348

Grand Cayman, KY1-1108

Cayman Islands

Principal Place of Business in Hong Kong

Unit Nos. 4202–05

42/F, Cosco Tower

183 Queen's Road Central

Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

Suite 3204, Unit 2A

Block 3, Building D, P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman

KY1-1100, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Principal Bank

CMB Wing Lung Bank

Bank of China (Hong Kong)

Auditor

CHENG & CHENG LIMITED

Certified Public Accountants

Level 35, Tower 1, Enterprise Square Five

38 Wang Chiu Road, Kowloon Bay

Kowloon

Hong Kong

Stock Code

0033 (Listed on the Main Board of

The Stock Exchange of Hong Kong Limited)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (the “Company”, together with its subsidiaries, the “Group”) was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The current financial reporting period will cover a six-months period from 1 July 2022 to 31 December 2022 (the “Reporting Period”), and the unaudited comparative figures from 1 July 2021 to 31 December 2021 (the “Corresponding Period”).

The Group is principally engaged in trading of party products, provision of securities brokerage and asset management services, provision of advancing business and trading of commodities.

FINANCIAL REVIEW

During the second half of 2022, the Group prudently maintained its existing business operations and continued its stringent control over the operating costs.

The Group recorded revenue of approximately HK\$192.79 million for the Reporting Period (Corresponding Period: HK\$215.51 million), representing a decrease of around 10.5%. The decrease in revenue was mainly due to the reduction in securities brokerage and asset management income and the impact of COVID-19 in the People’s Republic of China (“the PRC”). For details, please refer to Business Review Section.

Cost control measures continue to be in place in the second half of 2022, and operating expenses reduced by 14.1% to HK\$22.14 million during the Reporting Period. Net loss for the Reporting Period was HK\$14.31 million (Corresponding Period: Net profit of HK\$48.91 million).

During the Reporting Period, the loss per share of the Company was HK\$2.67 cents (Corresponding Period: Earnings per share HK\$9.10 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Trading of Party Products

During the Reporting Period, the revenue generated from the trading of party products segment was approximately HK\$93.64 million (Corresponding Period: HK\$97.93 million), representing a decrease of 4.38%. During the Reporting Period especially in the fourth quarter of 2022, many provinces in the PRC have been lock-down due to COVID-19 and logistics in many provinces suspended. Since most of the customers in this segment are overseas customers, such suspension adversely impacted the business as its very difficult to export the products in this period.

Securities Brokers and Asset Management

The Group did not have any revenue generated in this segment in the Reporting Period (Corresponding Period: HK\$46.49 million). As at 31 December 2022, the Group was licensed to carry on business in Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) (“SFO”). The relevant licenses of the Group to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) regulated activities under the SFO were suspended due to the insufficient appointment of Representative Officer (“RO”) and the Group is in the process of looking for an appropriate RO and will apply for the resumption of these licenses. The Group will continue to identify and evaluate suitable business expansion and investment management opportunities for the asset management business of the Group in other countries and regions, as well as to explore and devote resources to the application of technological innovation in this business segment.

Trading of Commodities

During the Reporting Period, the Group generated revenue of approximately HK\$99.15 million (Corresponding Period: HK\$70.96 million) from this segment, representing an increase of 39.73%. The improvement in revenue was contributed by the success in securing reliable upstream companies. The Group will continue its efforts to expand this segment by purchasing different commodities from upstream companies and sell them to downstream companies as well as exploring other business opportunities in the Asian regions.

Advancing Business

In the Reporting Period, no revenue has been generated in this segment (Corresponding Period: HK\$0.1 million). In the corresponding period, the Group has lent out HK\$2 million to a borrower who is an independent third party. However, such loan was overdue and defaulted during the year ended 30 June 2022 and the amount has been fully impaired in the financial year ended 30 June 2022. After the default, the Group tried to negotiate with the borrower for the settlement and have taken some actions to recover the loan. Up to the date of this report, such loan was still in default. With that default experience and due to the COVID-19, the management used more prudent approach in managing this segment and has not approved any further loan during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, (i) the Group's net current assets were HK\$151.03 million (30 June 2022: HK\$174.09 million); (ii) the Group's total assets less current liabilities were approximately HK\$172.97 million (30 June 2022: HK\$187.58 million); (iii) the Group's current ratio was 5.55 (30 June 2022: 4.34); and (iv) the Group did not have any gearing as at 31 December 2022 (30 June 2022: Nil). Normally, the gearing ratio was calculated as net debts divided by total assets. As at 31 December 2022, there were no outstanding loans due to third parties (30 June 2022: Nil).

As at 31 December 2022, the Group had cash and bank balances of approximately HK\$76.59 million (30 June 2022: HK\$99.19 million). The cash and bank balances were denominated in Hong Kong dollar, Renminbi and US dollar. The Group had no structured investment products and foreign exchange contracts as at 31 December 2022. The Group is not exposed to material fluctuations in exchange rates.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 31 December 2022, the authorized share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares.

For the Reporting Period ended 31 December 2022, there was no change in the capital structure of the Company.

USE OF PROCEEDS FROM THE RIGHT ISSUE AND SHARE SUBSCRIPTION IN 2020

On 11 September 2020, the Company announced, among other things, a rights issue (the "Rights Issue") at the subscription price of HK\$0.71 per rights share on the basis of three (3) rights shares for every one (1) Consolidated Share held by the qualifying shareholders on the record date; and (ii) the issuance of up to 330,664,157 subscription shares (the "Share Subscription") under specific mandate for subscription by Neo Tech Inc., where such shares for subscription shall be equivalent to the number of unsold right shares under the Rights Issue and subject to the public float requirement under the Listing Rules. The Rights Issue and Share Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020. On 13 January 2021, the Rights Issue was approximately 29.35% subscribed, and the remaining 284,673,884 unsubscribed rights shares, representing approximately 70.65% of the total number of rights shares offered under the Rights Issue, and no unsubscribed rights shares were placed under the compensatory arrangements. Accordingly, on 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of approximately HK\$202,118,000 at the subscription price of HK\$0.71 per share. The gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue and the Share Subscription are approximately HK\$286 million and approximately HK\$284 million respectively. Details of the Rights Issue and Share Subscription were set out in the circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of the usage of the proceeds up to 31 December 2022 are as follows:

Use of proceeds	Estimated amount HK\$ million	Proposed timeline of the intended use of proceeds	Actual	Unutilised	Actual	Unutilised	Actual	Unutilised	Actual	Unutilised
			Use of Proceeds for the period from 4 November 2020 to 30 June 2021 HK\$ million	Proceeds as at 30 June 2021 HK\$ million	Use of Proceeds for the period from 1 July 2021 to 31 December 2021 HK\$ million	Proceeds as at 31 December 2021 HK\$ million	Use of Proceeds for the period from 1 January 2022 to 30 June 2022 HK\$ million	Proceeds as at 30 June 2022 HK\$ million	Use of Proceeds for the period from 1 July 2022 to 31 December 2022 HK\$ million	Proceeds as at 31 December 2022 HK\$ million
Repayment of overdue external debts of the Group	50	Within 6 months after the Rights Issue	50	-	-	-	-	-	-	-
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	40	Within 6 months after the Rights Issue	40	-	-	-	-	-	-	-
Repayment of overdue Convertible Bonds	110	Within 12 months after the Rights Issue	-	110	110	-	-	-	-	-
Additional capital for trading of party products business	30	Within 6 months after the Rights Issue	30	-	-	-	-	-	-	-
Additional liquid capital for the securities brokerage and assets management business	15	Within 6 months after the Rights Issue	15	-	-	-	-	-	-	-
Additional capital for the advancing business of the Group	15	Within 12 months after the Rights Issue	-	15	2	13	-	13	-	13 (Note 1)
General working capital	24	Within 36 months after the Rights Issue	-	24	-	24	-	24	24	-
	<u>284</u>		<u>135</u>	<u>149</u>	<u>112</u>	<u>37</u>	<u>-</u>	<u>37</u>	<u>24</u>	<u>13</u>

In view of the above, the Directors consider that the usage of proceeds from the above Right Issue and Share Subscription are consistent with the original purposes.

Note 1: The unutilised Remaining Proceeds is expected to be used by 30 June 2024.

MERGERS, ACQUISITIONS AND DISPOSAL

The Group did not have any significant merger, acquisition or disposal during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE OF ASSETS

As at 31 December 2022, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

The Group's main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in Hong Kong dollar, Renminbi and US dollar. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the Reporting Period as the management considered that the Group's exposure to exchange rate risk could be managed.

HUMAN RESOURCES

As at 31 December 2022, the Group had 44 employees (30 June 2022: 42 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

CAPITAL COMMITMENTS

As at 31 December 2022, the Group did not have any material capital commitment.

PROSPECTS

With the restructuring of the business and operations, the strengthening of the Group's financial positions by various fund-raising activities in the past three years, the continuous supports from both shareholders and management, the increase in the experiences in trading of both the party products and commodities, the Group have confidence that both revenue and gross profit of these businesses will be improved in the post COVID-19 period. Also, the Group will keep on exploring the possibility to develop the asset management business no matter in Hong Kong or in any other countries, as well as the application of technological innovation in asset management and other related financial services.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, were as follows:

Long Position

Name	Nature of interests	Number of shares (the "Shares")	Class of Share	Percentage to the issued share capital of the Company
Dr. Ng Yu ("Dr. Ng")	Beneficial Owner	244,800	Ordinary shares	0.05%
	Interest in controlled corporation	<u>390,821,084</u>	Ordinary shares	<u>72.74%</u>
Total		<u><u>391,065,884</u></u>		<u><u>72.79%</u></u>

Note: Save as disclosed above, as at 31 December 2022, as far as the Directors are aware, none of the Directors had any other interests, long position or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. As at 31 December 2022, the Company had no chief Executive officer.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on information available to the Board and to the best knowledge of the Board, as at 31 December 2022, other than the interests of the Directors and Chief Executive Officer as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO. The number of shares in the issued share capital of the Company as at 31 December 2022 was 537,245,104.

Long Position

Name	Nature of interests	Number of shares	Percentage to the issued share capital of the Company
Neo Tech Inc. <i>(Note)</i>	Beneficial Owner	390,821,084	72.74%

Note: Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Dr. Ng. Dr. Ng is therefore deemed to be interested in the Shares held by Neo Tech Inc. in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and the associated corporations" and the section headed "Share option scheme" below, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 26 June 2017, the shareholders of the Company approved the adoption of a new share option scheme (the “Share Option Scheme”) which took effect from 26 June 2017 (the “Commencement Date”). The purpose of the Share Option Scheme is to provide incentives or rewards to participants (the “Participants”) of the Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Participants (as defined in the Share Option Scheme) include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultant, agent and adviser or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 26 June 2017. Pursuant to the existing scheme mandate limit in respect of the grant of options to subscribe for ordinary shares (the “Shares”) of the Company under the Share Option Scheme which was refreshed and renewed according to the approval granted by the Company’s shareholders at the annual general meeting of the Company held on 18 June 2019, the maximum number of the Shares to be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) must not exceed 10% of the Shares of the Company in issue as at 18 June 2019 (the “Refreshed Limit”) and that the directors be and were authorised, subject to compliance with the listing rules, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all powers of the Company to allot, issue and deal with Shares of the Company pursuant to the exercise of such options.

Save as disclosed above, the other principal terms of the Share Option Scheme are as follows:

- (i) The overall maximum number of Shares which may be issued upon the exercise of all outstanding options grants and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.
- (ii) The total number of Shares in respect of which options may be granted to each eligible Participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being.
- (iii) The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations for the five business days immediately preceding the date of grant; and (c) the nominal value of the Share.
- (iv) An option may be accepted by an eligible Participant for a period of 21 days from the date upon which the offer of the grant of option is made. A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an option.

No share option was granted during the Reporting Period, and the Company had no share options outstanding under the Share Option Scheme as at 31 December 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules except for the following:

Under C.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. The Company had no Chief Executive Officer for the Reporting Period. The functions of Chief Executive Officer were performed by the Executive Committee of the Board. The Board considered that this structure would not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, saved for disclosures elsewhere in this report, no other changes in information of directors subsequent to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Board (“Audit Committee”) was established on 30 October 2007. The primary duties of the Audit Committee are to make recommendations on the appointment, re-appointment and removal of external auditor, to review financial statements and make recommendations on the financial reporting, and to review and supervise the financial reporting and internal control procedures of the Group. The Audit Committee shall meet at least four times a year.

The Audit Committee has, together with the Directors, reviewed this interim report, including the unaudited interim condensed consolidated financial statements, accounting principles and practices adopted by the Group contained herein for the Reporting Period.

On behalf of the Board

Dr. Ng Yu

Chairman and Executive Director

Hong Kong,

28 February 2023

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Notes	For the six months ended 31 December	
		2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	192,786	215,510
Cost of sales and services		(187,969)	(167,343)
Gross profit		4,817	48,167
Other revenue and other net gain	5	3,464	14,746
Operating expenses		(22,136)	(25,759)
(Loss)/profit from operations		(13,855)	37,154
Finance costs	6(a)	(291)	(772)
Other non-operating income	6(b)	–	11,268
Reversal of impairment losses	6(c)	–	1,288
(Loss)/profit before tax	6	(14,146)	48,938
Income tax expense	7	(167)	(29)
(Loss)/profit for the period		(14,313)	48,909
Other comprehensive (loss)/income for the period			
Items may be reclassified to profit or loss:			
Exchange differences on translating financial statements of subsidiaries		(4,179)	515
		(4,179)	515
Total comprehensive (loss)/income for the period		(18,492)	49,424
(Loss)/profit for the period attributable to:			
Equity shareholders of the Company		(14,321)	48,909
Non-controlling interests		8	–
		(14,313)	48,909

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

For the six months ended 31 December 2022

		For the six months ended	
		31 December	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive (loss)/income for the period attributable to:			
Equity shareholders of the Company		(18,499)	49,423
Non-controlling interests		7	1
		<u>(18,492)</u>	<u>49,424</u>
(Loss)/earnings per share			
— Basic (HK\$ cents)	9	<u>(2.67)</u>	<u>9.10</u>
— Diluted (HK\$ cents)	9	<u>(2.67)</u>	<u>9.10</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December 2022	As at 30 June 2022
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		10,667	13,089
Right-of-use assets		8,660	–
Deposit paid		2,614	400
		<u>21,941</u>	<u>13,489</u>
Current assets			
Inventories		–	10,884
Trading securities	17	126	160
Trade receivables	10	44,345	20,060
Prepayments, deposits and other receivables		62,317	95,035
Client trust bank balance		844	820
Cash and cash equivalents		76,592	99,191
		<u>184,224</u>	<u>226,150</u>
Total Assets		<u><u>206,165</u></u>	<u><u>239,639</u></u>
Capital and reserves			
Share capital	11	5,372	5,372
Reserves		164,465	182,964
Equity attributable to shareholders of the Company		169,837	188,336
Non-controlling interests		(753)	(760)
Total Equity		<u>169,084</u>	<u>187,576</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2022

		As at 31 December 2022	As at 30 June 2022
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		3,885	–
		<u>3,885</u>	<u>–</u>
Current liabilities			
Trade payables	12	13,670	13,254
Accruals and other payables		8,422	31,687
Lease liabilities		6,199	2,181
Tax payables		4,905	4,941
		<u>33,196</u>	<u>52,063</u>
Total Equity and Liabilities		<u>206,165</u>	<u>239,639</u>
Net current assets		<u>151,028</u>	<u>174,087</u>
Total assets less current liabilities		<u>172,969</u>	<u>187,576</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Attributable to equity shareholders of the Company						Subtotal	Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Capital reserve	Convertible bonds reserve	Accumulated losses			
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000			
At 1 July 2022 (audited)	5,372	4,317,787	(3,486)	(15,000)	–	(4,116,337)	188,336	(760)	187,576
Total comprehensive income for the period	–	–	(4,178)	–	–	(14,321)	(18,499)	7	(18,492)
At 31 December 2022 (unaudited)	<u>5,372</u>	<u>4,317,787</u>	<u>(7,664)</u>	<u>(15,000)</u>	<u>–</u>	<u>(4,130,658)</u>	<u>169,837</u>	<u>(753)</u>	<u>169,084</u>
At 1 July 2021 (audited)	5,372	4,317,787	(968)	(15,000)	1,493	(4,159,205)	149,479	3	149,482
Release of convertible bonds reserves	–	–	–	–	(1,493)	1,493	–	–	–
Release upon deregistration of subsidiaries	–	–	15	–	–	–	15	44	59
Total comprehensive income for the period	–	–	514	–	–	48,909	49,423	1	49,424
At 31 December 2021 (unaudited)	<u>5,372</u>	<u>4,317,787</u>	<u>(439)</u>	<u>(15,000)</u>	<u>–</u>	<u>(4,108,803)</u>	<u>198,917</u>	<u>48</u>	<u>198,965</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	For the six months ended	
	31 December	
	2022	2021
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(20,796)	23,707
Cash flows from investing activities		
Net cash outflow from disposal of subsidiaries	14	(9)
Interest received	14	3
Purchase of property, plant and equipment	-	(40)
Net cash generated from/(used in) investing activities	14	(46)
Cash flows from financing activities		
Repayments of convertible bonds	-	(114,248)
Repayments of other loan	-	(21,455)
Interest paid	-	(159)
Capital element of lease payments	(1,994)	(1,377)
Interest element of lease payments	(291)	(217)
Loan from a shareholder	-	1,255,800
Net cash (used in)/generated from financing activities	(2,285)	1,118,344
Net (decrease)/increase in cash and cash equivalents	(23,067)	1,142,005
Cash and cash equivalents at beginning of the period	99,191	248,778
Effect of foreign exchange rate changes	468	664
Cash and cash equivalents at end of the period	76,592	1,391,447

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

International Genius Company (the “Company”) was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 19 November 2007.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are principally engaged in trading of party products, provision of securities brokerage and assets management services, provision of advisory services, provision of advancing services and trading of commodities.

The address of the principal place of business of the Company is Unit Nos. 4202–05, 42/F, Cosco Tower, 183 Queen’s Road Central, Hong Kong and the Company has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance since 4 September 2007.

2. 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”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2022 are the same as those presented in the Group’s consolidated financial statements for the year ended 30 June 2022.

Going concern basis

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. CHANGE IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2022 for the preparation of the Group’s condensed consolidated financial statements:

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

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE

The principal activities of the Group are trading of party products, provision of securities brokerage and assets management services, provision of advisory services, provision of advancing services and trading of commodities.

Disaggregation of Revenue

Disaggregation by major products or service lines within the scope of HKFRS 15

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of party products	93,639	97,927
Trading of commodities	99,147	70,959
Advisory income	—	189
	<u>192,786</u>	<u>169,075</u>
Revenue from other sources		
Investment income under assets management segment	—	46,302
Interest income from advancing business	—	133
	<u>—</u>	<u>46,435</u>
Total	<u>192,786</u>	<u>215,510</u>
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— At a point in time	192,786	168,886
— Over time	—	189
	<u>192,786</u>	<u>169,075</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER REVENUE AND OTHER NET GAIN

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies (<i>Note</i>)	1,065	–
Net exchange loss	(2,175)	(226)
Interest income	14	24
Investment income under spot foreign exchange currency trading	–	14,341
Dividend income	1	1
Realised gain on disposal of trading securities	–	26
Unrealised loss on fair value changes in trading securities	(34)	–
Gain on lease modification	579	–
Sundry income	3,916	580
Rental income	90	–
Gain on disposal of property, plant and equipment	8	–
	3,464	14,746
	3,464	14,746

Note: During the current interim period, the Group recognised government grants of HK\$1,065,000 (For the six months ended 31 December 2021:Nil) in respect of Employment Support Scheme launched by the HKSAR Government to provide time-limited financial support to employers.

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting):

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on convertible bonds	–	159
Interest on lease liabilities	291	217
Interest on other borrowings	–	396
	291	772
Total	291	772

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. (LOSS)/PROFIT BEFORE TAX *(Continued)*

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(b) Other non-operating income		
Gain on disposal of subsidiaries	–	(11,198)
Net gain on deregistration of a subsidiary	–	(70)
	<hr/>	<hr/>
Total	–	(11,268)
	<hr/> <hr/>	<hr/> <hr/>
(c) Reversal of impairment losses		
Reversal of impairment loss on trade receivables, net	–	(1,249)
Reversal of impairment loss on prepayments, deposits and other receivables, net	–	(39)
	<hr/>	<hr/>
Total	–	(1,288)
	<hr/> <hr/>	<hr/> <hr/>
(d) Other items		
Depreciation on property, plant and equipment	2,421	2,499
Depreciation on right-of-use assets	1,237	597
	<hr/>	<hr/>
Total	3,658	3,096
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

The amount of taxation charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax — PRC Income Tax		
Charged for the period	167	29
Total income tax charge	167	29

No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2022 as the Group has no assessable profits for the period (For the six months ended 31 December 2021: Nil).

Under the law of the People's Republic of China (the "PRC") in Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the both period.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is exempted from income tax in the Cayman Islands and the BVI.

8. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2022 and 31 December 2021.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity shareholders of the Company	<u>(14,321)</u>	<u>48,909</u>
	Number of shares	
The weighted average number of ordinary shares	<u>537,245,104</u>	<u>537,245,104</u>

For the six months ended 31 December 2022, no diluted loss per share is presented as there were no potential ordinary shares in issue during the period.

For the six months ended 31 December 2021, the computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	At 31 December 2022	At 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables arising from dealing in securities	2,814	2,814
Interest receivables arising from advancing business	333	333
Trade receivables arising from trading of party products	43,653	19,995
Trade receivables arising from trading of commodities	627	–
	47,427	23,142
Less: Impairment	(3,082)	(3,082)
	44,345	20,060

Customers from trading of party products and trading of commodities are usually offered a credit period of up to 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	At 31 December 2022	At 30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 30 days	14,894	3,352
31 to 60 days	10,885	–
61 to 90 days	1,808	–
Over 90 days	16,758	16,708
	44,345	20,060

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. SHARE CAPITAL

	<u>Number of shares</u>	<u>Amount</u>
	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 30 June 2022, 1 July 2022 and 31 December 2022	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 30 June 2022, 1 July 2022 and 31 December 2022	<u>537,245</u>	<u>5,372</u>

12. TRADE PAYABLES

	<u>At</u>	<u>At</u>
	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables arising from trading of commodities	10,746	–
Trade payables arising from dealing in securities	843	820
Trade payables arising from trading of party products	<u>2,081</u>	<u>12,434</u>
	<u>13,670</u>	<u>13,254</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE PAYABLES *(Continued)*

The ageing analysis of trade payables based on the date of the invoice arising from trading of party products and trading of commodities is as follows:

	At	At
	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 30 days	10,767	—
31 to 60 days	963	—
61 to 90 days	826	—
Over 90 days	271	12,434
	12,827	12,434

The trade payables arising from trading of party products and trading of commodities are non-interest bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

13. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has four (For the six months ended 31 December 2021: four) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Trading of party products
- Securities brokerage and assets management
- Trading of commodities
- Advancing business

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SEGMENT REPORTING (Continued)

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain other revenue and other net gain, other non-operating expenses, finance costs, unallocated corporate income and unallocated corporate expenses are excluded from such measurement.

The following is an analysis of the Group's revenue and results by operation segment:

	Revenue		Segment results	
	For the six months ended		For the six months ended	
	31 December		31 December	
	2022	2021	2022	2021
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Trading of party products	93,639	97,927	4,398	1,245
Securities brokerage and assets management	–	46,491	(4,176)	44,330
Trading of commodities	99,147	70,959	1,826	298
Advancing business	–	133	(333)	133
	<u>192,786</u>	<u>215,510</u>	<u>1,715</u>	<u>46,006</u>
Reconciliation:				
Net exchange loss			(2,175)	(226)
Bank interest income			14	24
Investment income under spot foreign exchange currency trading			–	14,341
Unallocated corporate expenses			(17,325)	(25,759)
Unallocated corporate income			3,916	2,838
Finance costs			(291)	(772)
Gain on disposal of subsidiaries			–	11,198
Reversal of impairment on prepayment, deposits and other receivables			–	1,288
(Loss)/profit before tax			(14,146)	48,938
Income tax expense			(167)	(29)
(Loss)/profit for the period			<u>(14,313)</u>	<u>48,909</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SEGMENT REPORTING *(Continued)*

(b) Segment Assets and Liabilities

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain right-of-use assets, certain prepayments, deposits and other receivables and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain accruals and other payables, certain lease liabilities and tax payables.

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

As at 31 December 2022

	Securities brokerage and assets management	Advancing business	Trading of party products	Trading of commodities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited					
ASSETS					
Segment assets	14,007	651	54,918	49,972	119,548
Cash and cash equivalents					76,592
Unallocated corporate assets					<u>10,025</u>
Consolidated total assets					<u><u>206,165</u></u>
LIABILITIES					
Segment liabilities	(10,466)	(678)	(2,572)	(11,310)	(25,026)
Tax payables					(4,905)
Unallocated corporate liabilities					<u>(7,150)</u>
Consolidated total liabilities					<u><u>(37,081)</u></u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SEGMENT REPORTING (Continued)

(b) Segment Assets and Liabilities (Continued)

As at 30 June 2022

	Securities brokerage and assets management	Advancing business	Credit guarantee service and investment business	Trading of party products	Trading of metal and minerals	Trading of commodities	Total
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Audited							
ASSETS							
Segment assets	3,706	257	–	32,813	–	90,588	127,364
Bank balances and cash							99,191
Unallocated corporate assets							13,084
Consolidated total assets							<u>239,639</u>
LIABILITIES							
Segment liabilities	(2,274)	(490)	–	(23,731)	(2,112)	(11,737)	(40,344)
Tax payables							(4,941)
Unallocated corporate liabilities							(6,778)
Consolidated total liabilities							<u>(52,063)</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SEGMENT REPORTING *(Continued)*

(c) Geographic information

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	For the six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	–	189
Mainland China	180,247	168,886
Malaysia	12,518	–
Thailand	21	–
	<u>192,786</u>	<u>169,075</u>
Revenue from other sources		
Hong Kong	–	46,435
Total	<u><u>192,786</u></u>	<u><u>215,510</u></u>

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment and right-of-use assets ("Specified Non-Current Assets"). The geographical location of the Specified Non-Current Assets is based on the physical location of the asset for property, plant and equipment and right-of-use assets.

	At	At
	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong	<u><u>19,327</u></u>	<u><u>13,089</u></u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SEGMENT REPORTING *(Continued)*

- (d) Revenues from major customer which individually accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	For the six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from customer attributable to trading of party products business Company A	81,100	47,813
Revenue from customer attributable to assets management business Company B*	–	46,302
Revenue from customer attributable to trading of commodities business Company C*	–	37,167
Revenue from customer attributable to trading of party products business Company D*	–	34,609
Revenue from customer attributable to trading of commodities business Company E#	34,833	–

* These three customers did not individually contribute 10% or more of total revenue of the Group during the six months ended 31 December 2022.

This customer did not individually contribute 10% or more of total revenue of the Group during the six months ended 31 December 2021.

14. DISPOSAL OF SUBSIDIARIES

For the six months ended 31 December 2022, there was no disposal of any subsidiary.

For the six months ended 31 December 2021, on 29 September 2021, the Company has entered into a disposal agreement with an independent third party to dispose of 100% equity interest in the subsidiaries, Market Season Limited (“Market Season”) and AIF Finance Limited (“AIF Finance”), which are listed as below. The disposal was completed on 31 December 2021.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. DISPOSAL OF SUBSIDIARIES (Continued)

List of Market Season, its subsidiaries and AIF Finance:

Name of subsidiaries	Place of establishment/ incorporation and operation	Particulars of issued and paid up/ registered capital	Group's effective interest	Principal activities
Market Season	BVI	US\$1	100%	Investment holding
Green Link Holdings Limited	Hong Kong	HK\$1	100%	Investment holding
Hong Kong New Smart Energy Group Limited	Hong Kong	HK\$1,000,000	100%	Investment holding
AIF Finance	Hong Kong	HK\$100,000	100%	Advancing business

Analysis of assets and liabilities over which control was lost:

	<u>Market Season</u>	<u>AIF Finance</u>	<u>Total</u>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Net assets/(liabilities) disposed of:			
Cash and cash equivalents	–	9	9
Accruals and other payables	(8,482)	(276)	(8,758)
Net liabilities disposed of	<u>(8,482)</u>	<u>(267)</u>	<u>(8,749)</u>
Gain on disposal of subsidiaries:			
	<u>Market Season</u>	<u>AIF Finance</u>	<u>Total</u>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Consideration received/receivable	851	1,466	2,317
Net liabilities disposed of	8,482	267	8,749
Gain on disposal of subsidiaries	<u>9,333</u>	<u>1,733</u>	<u>11,066</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. DISPOSAL OF SUBSIDIARIES (Continued)

Net cash inflow arising on disposal of subsidiaries:

	<u>Market Season</u>	<u>AIF Finance</u>	<u>Total</u>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Consideration received in cash and cash equivalents	425	733	1,158
Less:			
Cash and cash equivalents disposed of	—	(9)	(9)
Net cash inflow arising on disposal of subsidiaries	<u>425</u>	<u>724</u>	<u>1,149</u>

15. RELATED PARTY TRANSACTIONS

During the Reporting Period, the Group had the following significant transactions with related parties:

- (a) On 19 November 2021, the Company entered into a revolving loan agreement (the “Loan Agreement”) with Neo Tech Inc. (“Neo Tech”). Neo Tech is the controlling shareholder of the Company and is wholly and beneficially owned by Dr. Ng Yu. Pursuant to the Loan Agreement, Neo Tech agreed to provide a revolving loan up to the principal amount of US\$200,000,000 (which is equivalent to approximately HK\$1,560,000,000) (the “Loan”) to the Company for a term of 12 months effective from the date of the Loan Agreement. The Loan is unsecured, interest-free and repayable on demand. As at 31 December 2021, the Company has drawn down a total of approximately US\$161,000,000 (which is equivalent to approximately HK\$1,255,800,000) of the Loan. The Company has fully repaid the Loan on 6 January 2022.

- (b) Compensation to key management of the Group is as follows:

	For the six months ended	
	31 December	
	<u>2022</u>	<u>2021</u>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	1,543	1,832
Contributions to defined contribution retirement plans	5	9
	<u>1,548</u>	<u>1,841</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. CAPITAL COMMITMENTS

As at 31 December 2022 and 30 June 2022, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis (30 June 2022: recurring basis), categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	31 December 2022	30 June 2022
	Level 1 and total	Level 1 and total
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trading securities		
— Listed equity securities	126	160

During the six months ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (For the six months ended 31 December 2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company and its subsidiaries which have occurred after the six months ended 31 December 2022 and up to the date of this report.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2022 were approved by the Board on 28 February 2023.