



Minerva Group Holding Limited 贏集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code:397)

2024

INTERIM REPORT



**For identification purposes only*

CONTENTS

2	Corporate Information
4	Financial Highlights
5	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
7	Condensed Consolidated Statement of Financial Position
9	Condensed Consolidated Statement of Changes in Equity
10	Condensed Consolidated Statement of Cash Flows
11	Notes to the Condensed Consolidated Interim Financial Information
42	Management Discussion and Analysis
63	Other Information



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Wing Cheong (*Chairman*)

Mr. Tong Hin Jo

Independent Non-executive Directors

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

AUDIT COMMITTEE

Ms. Chan Lai Ping (*Chairperson*)

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

REMUNERATION COMMITTEE

Ms. Chan Lai Ping (*Chairperson*)

Mr. Li Wing Cheong

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

NOMINATION COMMITTEE

Mr. Li Wing Cheong (*Chairman*)

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

COMPANY SECRETARY

Mr. Chu Ho Man

AUTHORIZED REPRESENTATIVES

Mr. Li Wing Cheong

Mr. Chu Ho Man

AUDITOR

CCTH CPA Limited

Registered Public Interest Entity

Auditors

Unit 1510-1517, 15/F.

Tower 2, Kowloon Commerce Centre

No. 51 Kwai Cheong Road, Kwai Chung

New Territories, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1804A, 18/F.

Far East Finance Centre

16 Harcourt Road

Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

WEBSITE

www.minervagroup.hk

STOCK CODE

397

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024:

- The Group recorded revenue of approximately HK\$36,451,000 (2023: HK\$39,041,000).
- Loss attributable to owners of the Company amounted to approximately HK\$14,040,000 (2023: HK\$34,867,000).
- The Board does not recommend the payment of an interim dividend.

As at 30 June 2024:

- The Group held financial assets at fair value through profit or loss of approximately HK\$467,943,000 (31 December 2023: HK\$482,275,000).
- The Group held bank balances and cash of approximately HK\$167,955,000 (31 December 2023: HK\$188,034,000) and loans and interest receivables of approximately HK\$485,785,000 (31 December 2023: HK\$446,266,000).
- Net current assets amounted to approximately HK\$1,045,591,000 (31 December 2023: HK\$1,081,612,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 17.02 times (31 December 2023: 23.00 times).
- Net assets amounted to approximately HK\$1,262,597,000 (31 December 2023: HK\$1,276,639,000).

INTERIM FINANCIAL INFORMATION

The board (the "Board") of directors (the "Directors") of Minerva Group Holding Limited (the "Company") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Notes		
Revenue	3	36,451	39,041
Direct operating costs		(2,528)	(2,400)
Gross profit		33,923	36,641
Other income, gains and losses	5	(29,140)	(48,816)
Administrative expenses		(18,296)	(25,290)
Finance costs	6	(529)	(465)
Loss before tax	7	(14,042)	(37,930)
Income tax credit	8	-	3,061
Loss for the period		(14,042)	(34,869)

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 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Fair value changes of debt instruments at fair value through other comprehensive income		-	4
Other comprehensive income for the period, net of income tax		-	4
Total comprehensive expense for the period		(14,042)	(34,865)
Loss for the period attributable to:			
- Owners of the Company		(14,040)	(34,867)
- Non-controlling interests		(2)	(2)
		(14,042)	(34,869)
Total comprehensive expense for the period attributable to:			
- Owners of the Company		(14,040)	(34,863)
- Non-controlling interests		(2)	(2)
		(14,042)	(34,865)
Loss per share		HK cents	HK cents
- Basic and diluted	10	(0.56)	(1.25)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	11	9,679	7,381
Investment property		31,300	38,100
Goodwill		136	136
Other intangible assets		6,550	6,550
Loans and interest receivables	12	37,557	23,945
Financial assets at fair value through profit or loss		132,938	118,760
Other assets		155	155
		218,315	195,027
Current assets			
Loans and interest receivables	12	448,228	422,321
Trade and other receivables, deposits and prepayments	13	132,617	146,243
Financial assets at fair value through profit or loss		335,005	363,515
Bank trust account balances		27,073	10,658
Bank balances and cash		167,955	188,034
		1,110,878	1,130,771

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Notes		
Current liabilities			
Trade and other payables	14	40,777	25,851
Lease liabilities		1,853	350
Bank borrowings		22,657	22,958
		65,287	49,159
Net current assets		1,045,591	1,081,612
Total assets less current liabilities		1,263,906	1,276,639
Non-current liabilities			
Lease liabilities		1,309	-
		1,309	-
Net assets		1,262,597	1,276,639
Capital and reserves			
Share capital		25,053	25,053
Reserves		1,237,544	1,249,742
Equity attributable to owners of the Company		1,262,597	1,274,795
Non-controlling interests		-	1,844
Total equity		1,262,597	1,276,639

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company								
	Capital			Investment		Share-based		Non-	
	Share	redemption	Other	revaluation	payments	Retained		controlling	
	capital	reserve	reserve	reserve	reserve	earnings	Sub-total	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)									
At 1 January 2023	27,836	861	249	-	5,482	1,382,794	1,417,222	1,846	1,419,068
loss for the period	-	-	-	-	-	(34,867)	(34,867)	(2)	(34,869)
Other comprehensive income for the period	-	-	-	4	-	-	4	-	4
Total comprehensive expense for the period	-	-	-	4	-	(34,867)	(34,863)	(2)	(34,865)
At 30 June 2023	27,836	861	249	4	5,482	1,347,927	1,382,359	1,844	1,384,203
(Unaudited)									
At 1 January 2024	25,053	861	249	-	5,482	1,243,150	1,274,795	1,844	1,276,639
Loss for the period	-	-	-	-	-	(14,040)	(14,040)	(2)	(14,042)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive expenses for the period	-	-	-	-	-	(14,040)	(14,040)	(2)	(14,042)
Derecognition of non-controlling interests upon deregistration of subsidiaries	-	-	-	-	-	1,842	1,842	(1,842)	-
At 30 June 2024	25,053	861	249	-	5,482	1,230,952	1,262,597	-	1,262,597

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Operating activities		
Net cash (used in)/generated from operating activities	(19,071)	38,536
Investing activities		
Interest received	886	267
Purchase of property, plant and equipment	(3)	(4,881)
Purchase of unlisted investment funds	(113)	(21,074)
Proceeds from capital return on unlisted investment fund	-	1,350
Purchase of other intangible asset	-	(5,250)
Purchase of unlisted equity securities	-	(20,720)
Purchase of convertible bonds	-	(1,009)
Net cash generated from/(used in) investing activities	770	(51,317)
Financing activities		
Payments of lease liabilities	(1,034)	(1,058)
Repayment to bank borrowings	(744)	(709)
Net cash used in financing activities	(1,778)	(1,767)
Decrease in cash and cash equivalents	(20,079)	(14,548)
Cash and cash equivalents at the beginning of the period	188,034	220,068
Cash and cash equivalents at the end of the period, represented by bank balances and cash	167,955	205,520

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

These condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). These condensed consolidated interim financial information were authorised for issue on 28 August 2024.

These condensed consolidated interim financial information are presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. These condensed consolidated interim financial information contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. These condensed consolidated interim financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2023 annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared on the historical basis, with the same accounting policies adopted in the 2023 annual financial statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2024. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial information.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The adoption of these amendments to HKFRSs does not have any significant financial effect on the Group's condensed consolidated interim financial information.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The Directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest income from money lending	26,955	28,854
Income from financial services		
- Commission income from securities brokerage	487	329
- Commission income from placing	884	300
- Corporate finance advisory services	645	60
- Interest income from clients	6,970	8,988
Rental income	510	510
	36,451	39,041

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE (Continued)

An analysis of the Group's revenue for the period under HKFRS 15 is as follows:

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Income from financial services		
– Commission income from securities brokerage	487	329
– Commission income from placing	884	300
– Corporate finance advisory services	645	60
	2,016	689

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Analysed by timing of recognition:		
Revenue recognised at point in time	1,371	629
Revenue recognised over time	645	60
	2,016	689

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable segments are managed separately as each business offers different products and services and require different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Financial services segment – Provision of financial services including securities brokerage, placing, and corporate finance advisory services in Hong Kong;
- Money lending segment – Provision of loan financing in Hong Kong; and
- Assets investment segment – Investments in debt securities earning fixed interest income, investments in properties earning rental income and capital gains, as well as investments in listed and unlisted equity securities and investment funds earning variable returns and gains.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the six months ended 30 June 2024

	Financial services segment (Unaudited) HK\$'000	Money lending segment (Unaudited) HK\$'000	Assets investment segment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
Revenue from external customers	8,986	26,955	510	36,451
Other income, gains and losses				
Loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL")	-	-	(25,130)	(25,130)
Loss on fair value changes of investment property	-	-	(6,800)	(6,800)
Reversal of impairment loss, net on:				
- Loans and interest receivables	-	1,807	-	1,807
- Trade receivables	9	-	-	9
	8,995	28,762	(31,420)	6,337
Results				
Segment results	4,261	21,364	(36,943)	(11,318)
Unallocated corporate income				959
Unallocated corporate expenses				(3,154)
Finance costs				(529)
Loss before tax				(14,042)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2023

	Financial services segment (Unaudited) HK\$'000	Money lending segment (Unaudited) HK\$'000	Assets investment segment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue				
Revenue from external customers	9,677	28,854	510	39,041
Other income, gains and losses				
Loss on fair value changes of financial assets at FVTPL	-	-	(56,587)	(56,587)
Reversal of impairment loss net on:				
- Loans and interest receivables	-	7,475	-	7,475
- Trade receivables	9	-	-	9
	9,686	36,329	(56,077)	(10,062)
Results				
Segment results	4,228	29,611	(69,882)	(36,043)
Unallocated corporate income				276
Unallocated corporate expenses				(1,698)
Finance costs				(465)
Loss before tax				(37,930)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the six months ended 30 June 2024 (2023: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit/(loss) from each segment without allocation of certain Directors' emoluments, certain other income, gains and losses and certain administrative expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Segment assets		
Financial services segment	112,200	120,039
Money lending segment	492,054	451,938
Assets investment segment	525,812	533,133
Total segment assets	1,130,066	1,105,110
Unallocated assets		
- Bank balances and cash	153,905	182,732
- Other unallocated assets	45,222	37,956
Consolidated total assets	1,329,193	1,325,798
Segment liabilities		
Financial services segment	38,360	15,580
Money lending segment	941	8,293
Assets investment segment	23,298	24,241
Total segment liabilities	62,599	48,114
Unallocated liabilities	3,997	1,045
Consolidated total liabilities	66,596	49,159

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than certain property, plant and equipment (including right-of-use assets) and bank balances and cash which are not allocated to segment assets; and
- all liabilities are allocated to operating segments other than certain payables, lease liabilities and income tax payable which are not allocated to segment liabilities.

Geographic information

The geographical location of customers is based on the location of customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of the assets.

The Group's non-current assets are located in Hong Kong and Japan. The Group operates in Hong Kong and its revenue is derived from its operation in Hong Kong.

Information about major customers

There was no customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest income	886	267
Sundry income	15	20
Loss on fair value changes of investment property	(6,800)	-
Loss on fair value changes of financial assets at FVTPL	(25,130)	(56,587)
Reversal of impairment loss, net:		
- Loan and interest receivables (Note 12)	1,807	7,475
- Trade receivables (Note 13)	9	9
Gain on deregistration of subsidiaries	73	-
	(29,140)	(48,816)

6. FINANCE COSTS

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on bank borrowings	444	397
Interest on lease liabilities	85	68
	529	465

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. LOSS BEFORE TAX

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss before tax has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments, excluding equity-settled share-based payments	963	938
– Other staff costs (Note below)	8,905	4,857
	9,868	5,795
Depreciation of property, plant and equipment	1,465	1,258
Exchange losses, net	(1)	(8)
Reversal of impairment loss, net:		
– Loans and interest receivables (Note 12)	(1,807)	(7,475)
– Trade receivables (Note 13)	(9)	(9)

Note: Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK\$147,000 (2023: HK\$148,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8. INCOME TAX CREDIT

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current tax:		
– Over-provision of Hong Kong profits tax in respect of prior period	–	3,061
Income tax credit	–	3,061

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2024 and 2023 as the Group had no assessable profits.

Taxation arising in other jurisdictions, if applicable, is calculated at the rates prevailing in the relevant jurisdictions.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

10. LOSS PER SHARE

Basic loss per share

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<i>Loss</i>		
Loss for the purpose of basic loss per share		
– Loss for the period attributable to owners of the Company	(14,040)	(34,867)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10. LOSS PER SHARE (Continued)

Basic loss per share (Continued)

	Six months ended 30 June	
	2024 (Unaudited) '000	2023 (Unaudited) '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	2,505,283	2,783,553

Diluted loss per share

For the six months ended 30 June 2024 and 2023, the computation of diluted loss per share attributable to owners of the Company was the same as basic loss per share as the impact of the exercise of share options was anti-dilutive for the period.

Diluted loss per share for the six months ended 30 June 2024 and 2023 are not presented as there were no potential shares in issue for both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounting to approximately HK\$3,000 (2023: HK\$4,881,000) and recognised right-of-use assets of approximately HK\$3,760,000. No property, plant and equipment were disposed of during the six months ended 30 June 2024 (2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. LOANS AND INTEREST RECEIVABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Loans and interest receivables thereon		
– Within one year	527,840	503,797
– In the second to fifth years	37,803	24,134
	565,643	527,931
Less: allowance for impairment	(79,858)	(81,665)
	485,785	446,266
Analysed for reporting purpose as:		
Non-current assets	37,557	23,945
Current assets	448,228	422,321
	485,785	446,266

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. LOANS AND INTEREST RECEIVABLES (Continued)

Details of loans receivables (excluding interest receivables) are as follows:

As at 30 June 2024 (Unaudited)

Loan principals HK\$'000	Interest rate per annum	Maturity date	Security pledged
209,801	9%–12%	Within 1 year	Landed properties in Hong Kong, shares of certain listed and unlisted companies and vessels
145,982	10%–24%	1 year to 2 years	Guarantees provided by certain independent third parties
186,335	10%–20%	Within 1 year	Nil
542,118			

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. LOANS AND INTEREST RECEIVABLES (Continued)

As at 31 December 2023 (Audited)

Loan principals HK\$'000	Interest rate per annum	Maturity date	Security pledged
203,337	9%-12.5%	Within 1 year	Landed properties in Hong Kong, shares of listed and unlisted companies and vessels
121,817	10%-24%	1 year to 2 years	Guarantees provided by certain independent third parties
188,891	10%-20%	Within 1 year	Nil
514,045			

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and imposes credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. LOANS AND INTEREST RECEIVABLES (Continued)

The table below details the credit risk exposures of the Group's loans and interest receivables, which are subject to ECL assessment:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Gross carrying amounts				
As at 30 June 2024				
(Unaudited)	217,535	224,344	123,764	565,643
As at 31 December 2023				
(Audited)	229,287	213,725	84,919	527,931

The movement in the ECL allowance for impairment loss on loans and interest receivables are as follows:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
(Unaudited)				
At 1 January 2024	916	5,128	75,621	81,665
Reversal of impairment loss recognised during the period, net	(175)	(2,517)	885	(1,807)
At 30 June 2024	741	2,611	76,506	79,858

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade receivables from:		
Financial services business		
– Cash clients and clearing house <i>(Note (a))</i>	9,934	4,624
– Margin clients <i>(Note (b))</i>	101,264	120,136
	111,198	124,760
Other receivables, deposits and prepayments	21,419	21,483
Total	132,617	146,243

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (a) Cash clients and clearing house of financial services business

The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date.

Receivables that were past due but not impaired represent unsettled trade transacted on the last two days prior to the end of reporting period and also relates to a wide range of independent clients for whom there are no recent history of default.

The table below details the credit risk exposures of the Group's trade receivables from cash clients and clearing house of financial services business, which are subject to ECL assessment:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Gross carrying amounts				
As at 30 June 2024				
(Unaudited)	9,934	180	-	10,114
As at 31 December 2023				
(Audited)	4,624	189	-	4,813

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes: (Continued)

(a) Cash clients and clearing house of financial services business (Continued)

An analysis of changes in the corresponding ECL allowances is as follows:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
(Unaudited)				
As at 1 January 2024	-	189	-	189
Reversal of impairment loss during the period	-	(9)	-	(9)
As at 30 June 2024	-	180	-	180

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the nature of the business of dealing in securities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes: (Continued)

(b) Margin clients of financial services business

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading and bear interests at commercial rates. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The margin ratio is reviewed and determined periodically. As at 30 June 2024, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK\$917,004,000 (31 December 2023: HK\$953,455,000).

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the revolving nature of the margin financing business.

The table below details the credit risk exposures of the Group's trade receivables from margin clients of financial services business, which are subject to ECL assessment:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Gross carrying amounts				
As at 30 June 2024				
(Unaudited)	101,264	-	-	101,264
As at 31 December 2023				
(Audited)	120,136	-	-	120,136

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14. TRADE AND OTHER PAYABLES

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Trade payables from:		
Financial services business		
– Cash clients (<i>Note</i>)	23,012	3,487
– Margin clients (<i>Note</i>)	6,123	11,736
– Clearing house (<i>Note</i>)	7,658	–
	36,793	15,223
Other payables and accrued charges	3,984	10,628
Total	40,777	25,851

Note:

Financial services business

The majority of the payables in respect of financial services business are repayable on demand, except that certain balances payable to clients represent margin deposits received from clients for their trading activities under normal course of business, under which the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables to clients and clearing house arising from the ordinary course of business of dealing in securities are two days after trade date.

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the nature of these businesses.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The Group leases out certain office premises in Hong Kong under operating leases. The leases typically run for a term of two years. None of the leases under contingent rentals. At the end of the reporting period, the Group's aggregate future minimum rental income receivables under non- cancellable operating leases are as follows:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within one year	960	510
More than one year but less than five years	960	–
	1,920	510

16. CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted but not provided for in the condensed consolidated interim financial information:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Commitment contracted for but not provided for in respect of investment in an investment fund currently held by the Group	2,989	2,378

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial information approximate their fair values.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value			
	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	Fair value hierarchy	Valuation technique(s)
Equity securities listed in Hong Kong classified as financial assets at FVTPL	335,005	363,515	Level 1	Quoted bid prices
Unlisted investment funds classified as financial assets at FVTPL	84,218	84,091	Level 2	Net asset values provided by fund administrators and quoted price provided by third party
Unlisted investment funds classified as financial assets at FVTPL	2,608	3,602	Level 3	Market approach
Unlisted equity investments classified as financial assets at FVTPL	46,112	31,067	Level 3	Guideline public method and discounted cash flow method and scenario-based method

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 30 June 2023:

Financial assets at FVTPL (Level 3 fair value)	Valuation technique	Significant unobservable input	Range/ Percentage	Relationship of unobservable inputs to fair value
Unlisted investment funds classified as financial assets at FVTPL	Market approach	Changes in index price	-42.47% (31 December 2023; -20.54%)	Increase/decrease in the changes in index price would result in increase/decrease in fair value
		Trading discount	50% (31 December 2023; 50%)	Increase/decrease in the change in trading discount would result in decrease/increase in fair value
Unlisted equity investments classified as financial assets at FVTPL	Guideline public company method	Enterprise value to revenue multiple of comparable companies	0.67 to 194.07 (31 December 2023; 0.98 to 80.63)	increase in the change in enterprise value to revenue multiple would result in increase in fair value
		Discount for lack of marketability	20.50% (31 December 2023; 20.50%)	Increase in the discount for lack of marketability would result in decrease in fair value
	Discounted cash flow method	Terminal growth rate	2.5% (31 December 2023; 2.5%)	Increase/decrease in the terminal growth rate would result in increase/ decrease in fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

Financial assets at FVTPL (Level 3 fair value)	Valuation technique	Significant unobservable input	Range/ Percentage	Relationship of unobservable inputs to fair value
		Discount rate	16.33% (31 December 2023; 16.08%)	Increase/decrease in the discount rate would result in decrease/increase in fair value
		Discount for lack of control	22.10% (31 December 2023; 21.90%)	Increase/decrease in the discount for lack of control would result in decrease/ increase in fair value
		Discount for lack of marketability	20.50% (31 December 2023; 20.50%)	Increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value
	Profit guarantee valuation model	Discount rate	16.33% (31 December 2023; 18.54%)	Increase/decrease in the discount rate would result in decrease/increase in fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

During the six months ended 30 June 2024 and 2023, there were no transfer between different level of fair value hierarchy.

The reconciliation of fair value measurements in Level 3 are as follows:

Financial assets at FVTPL (Level 3 fair value)	2024 HK\$'000	2023 HK\$'000
(Unaudited)		
As at 1 January	34,669	23,203
Addition	-	21,729
Net change in fair value	14,051	(4,123)
As at 30 June	48,720	40,809

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

The following table presents the fair value of the Group's investment property measured at the end of the reporting period:

	Fair value		Fair value hierarchy	Valuation technique(s)
	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000		
Investment Property				
- Commercial (Hong Kong)	31,300	38,100	Level 3	Direct comparison method

There were no transfers between different levels of fair value hierarchy for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. CONTINGENT LIABILITIES

(a) Writ of summons by Convoy Global Holdings Limited

Classictime Investments Limited ("Classictime"), a wholly-owned subsidiary of the Company, is the 24th Defendant in a writ of summons served on 19 December 2017 on behalf of Convoy Global Holdings Limited ("Convoy", the 1st Plaintiff), Convoy Collateral Limited ("CCL", the 2nd Plaintiff) and CSL Securities Limited ("CSL", the 3rd Plaintiff) (collectively, the "Plaintiffs") in a set of legal proceedings brought by the Plaintiffs in the High Court of Hong Kong (the "Convoy HC Action"). It is the Plaintiffs' case that, amongst other things, the 1st Defendant, Mr. Cho Kwai Chee Roy, and his associates (who are named as co-defendants in the Convoy HC Action) implemented a scheme such that shares in Convoy would be allotted to and held by companies related to the 1st Defendant (the "Placees") which had agreed to act upon the direction of the 1st Defendant. The Plaintiffs alleged that the 1st Defendant and his associates on the board of Convoy, CCL and/or CSL improperly used their power to allot shares and to grant loans to the detriment of the Convoy Group, constituting serious breaches of fiduciary duties or other director's duties, dishonest assistance, unlawful and/or lawful means conspiracy. Classictime is one of the alleged Placees in the Convoy HC Action. The Plaintiffs, amongst other things, seek an order against Classictime that the allotment of shares to Classictime be set aside, together with damages, interests, costs, and further and/or other relief. As at the date of this report, pleadings are deemed to be closed as between the Plaintiffs and Classictime but discovery has not taken place.

Please refer to the Company's announcement dated 20 December 2017 for more details.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. CONTINGENT LIABILITIES (Continued)

(b) Zhu Xiao Yan Petition

Classictime is one of the thirty three respondents in a petition made by Zhu Xiao Yan as the petitioner ("Petitioner") under a set of legal proceedings in the High Court of Hong Kong ("Petition"). In summary, the Petitioner alleged that the detriment suffered by her to the real value of her shares in Convoy was a consequence of the unfairly prejudicial mismanagement or misconduct in and about the business and affairs of, amongst other companies, Convoy, CCL and CSL. Such allegations made are mainly based on those set out in the writ in the Convoy HC Action.

Please refer to the Company's announcement dated 3 January 2018 for more details.

A Case Management Conference was held on 6 March 2018. In summary, the Court directed that the Petition be stayed pending determination of the Convoy HC Action.

(c) Counterclaim made by Best Year Enterprises Limited ("Best Year") and Mr. Sin Kwok Lam ("Mr. Sin")

On 25 July 2018, Minerva Securities Limited (formerly known as Power Securities Company Limited) ("Minerva Securities"), a wholly-owned subsidiary of the Company, commenced legal proceedings against, amongst other parties, Best Year and Mr. Sin by way of a writ of summons for recovery of margin shortfall. Minerva Securities subsequently filed and served the Statement of Claim on 30 November 2018. On 8 March 2019, Best Year and Mr. Sin filed a defence and counterclaim. The said counterclaim was made against, amongst other parties, Minerva Securities and other parties for damages for conspiracy to be assessed, interest, costs and such further and/or other relief.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. CONTINGENT LIABILITIES (Continued)

(c) Counterclaim made by Best Year Enterprises Limited (“Best Year”) and Mr. Sin Kwok Lam (“Mr. Sin”) (Continued)

On 24 June 2019, the Court made a winding-up order (the “Winding-up Order”) against Best Year. By reason of the Winding-up Order, the counterclaim by Best Year against Minerva Securities and Mr. Sit Sai Hung, Billy, a former Director, was stayed. On 24 June 2019, Minerva Securities and Mr. Sit Sai Hung, Billy took out an application to strike out Mr. Sin’s counterclaim. By the Order of Coleman J dated 5 December 2019 (“Coleman J’s Order”), Mr. Sin’s claim was struck out. On 27 December 2019, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021.

On 21 April 2023, the Court of Appeal (the “CA”) handed down the judgment. The CA dismissed Mr. Sin’s appeal and Mr. Sin’s counterclaim remains to be struck out.

(d) Writ of summons by Best Year and Mr. Sin

On 17 June 2019, Best Year and Mr. Sin commenced another legal proceedings against Minerva Securities and another party based on the same subject matter of the counterclaim set out in Section (c) above. By the writ of summons, Best Year and Mr. Sin sought for, amongst others, a declaration that the summary judgment (the “Summary Judgment”) obtained by Minerva Securities against Best Year previously in relation to a margin shortfall was obtained by fraud, an order that the Summary Judgment be set aside, an account order, payment order, damages, interest, costs and such further and/or other relief.

By reason of the Winding-up Order as set out in Section (c) above, the claim by Best Year against Minerva Securities was stayed. On 23 July 2019, Minerva Securities took out an application to strike out Mr. Sin’s claim. By Coleman J’s Order as set out in Section (c) above, Mr. Sin’s claim was struck out. On 9 March 2020, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. CONTINGENT LIABILITIES (Continued)

(d) Writ of summons by Best Year and Mr. Sin (Continued)

On 21 April 2023, the CA handed down the judgment. The CA dismissed Mr. Sin's appeal and Mr. Sin's claim remains to be struck out.

Regarding aforementioned cases (a) and (b), given that they are still in an early stage, having considered the alleged claims, the Directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Company; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

Regarding aforementioned cases (c) and (d), given that the CA has dismissed Mr. Sin's appeal and his claims remain to be struck out, the Directors are of the view that no provision for the claims of these legal proceedings is required to be made based on its current development.

20. MAJOR NON-CASH TRANSACTIONS

The Group entered into new lease agreements for the use of office premises for two years. On the lease commencement, the Group recognised approximately HK\$3,760,000 of right-of-use assets and lease liabilities respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2024 (the "Period"), the Group recorded revenue of approximately HK\$36.5 million (2023: HK\$39.0 million). The decrease in overall revenue was primarily attributed to the combined impact of the Group's major business segments: (i) the money lending business experienced a slight decrease in interest income of approximately HK\$1.9 million, resulting in the segment's revenue of approximately HK\$26.9 million for the Period (2023: HK\$28.8 million); (ii) the financial services business decreased by approximately HK\$0.7 million, with the segment's revenue amounting to approximately HK\$9.0 million for the Period (2023: HK\$9.7 million); and (iii) revenue from asset investment segment amounted to approximately HK\$0.5 million for the Period (2023: HK\$0.5 million). The overall gross profit of the Group decreased to approximately HK\$33.9 million during the Period (2023: HK\$36.6 million), which was dragged down by the recession in revenue and gross profit derived from the Group's two major business segments, namely, the money lending business and financial services business segments.

The net loss attributable to owners of the Company was approximately HK\$14.0 million during the Period (2023: HK\$34.9 million). This decrease on loss mainly resulted from loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$25.1 million for the Period (2023: HK\$56.6 million) from holding equity securities listed in Hong Kong, unlisted investment funds and unlisted equity investments, which was principally in line with (i) the overall Hong Kong stock market as well as the global market in first half of 2024; and (ii) the specific performance of certain sectors, particularly in the healthcare sector, where the Hang Seng Composite Industry Index – Healthcare experienced a 28% decrease in first half of 2024.

The Group's cash position remained strong, with bank balances and cash totaling approximately HK\$168.0 million as at 30 June 2024 (31 December 2023: HK\$188.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Hong Kong economy continues to face a series of challenges. These challenges are further compounded by high interest rates and slowdown in the growth of Gross Domestic Product ("GDP"). The forecast for the overall Hong Kong real GDP growth in 2024 remains at 2.5%-3.5%, while the real GDP growth was 3.2% in 2023. Additionally, the International Monetary Fund has revised its global growth outlook from 3.0% in 2023 to 3.2% for the current period, highlighting the severity of the economic challenges faced by many countries worldwide.

On the domestic stock market, the Hang Seng Index recorded a 5.5% increase throughout the period. However, when considering the industry index under the Hang Seng Composite Industry Indexes (HSCI), significant disparities were observed. The Energy sector emerged as the top-performing sector, experiencing a notable increase of 43.3%. Conversely, the Healthcare sector fared poorly, witnessing a decline of 28.4%. The Healthcare sector remained in negative territory throughout the period, marking its third consecutive period of decline.

Against this challenging backdrop, the Group remained committed to exercising financial prudence while staying the course with its action plans to deliver sustainable and profitable outcomes.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Services

The Group's financial services business is mainly operated by Minerva Holding Financial Securities Limited, which is licensed to operate Type 1 (dealing in securities), Type 4 (advising on securities) regulated activities and Minerva Advisory Global Capital Limited, which is licensed to operate Type 6 (advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of financial services activities includes providing margin financing, securities brokerage services, corporate finance advisory service, equity capital market ("ECM") services such as placings and advising on securities. The Group's financial services segment closely adheres to the compliance and risk-based measures detailed in its operation manual and will continue to source additional revenue and broaden the customer base for its margin financing operations. Bolstered by sufficient cash reserves, the Group may seek to leverage business connections to obtain additional referrals of margin financing clients. However, affected by the bearish stock market sentiment, the Group's financial services segment generated revenue of approximately HK\$9.0 million during the Period (2023: HK\$9.7 million), recording a decrease of approximately 7.1%. There was also a decrease in both the number of outstanding margin loan clients as well as the amount of margin loan receivables over the Period. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK\$7.0 million for the Period compared with approximately HK\$9.0 million in 2023.

Through the Group's continuous effort in recruiting financial service talents to expand the client base, the Group is poised to expand in the range of financial services. Among which, ECM business will also become a solid source of revenue to complement other business sectors of the Group. The Group aims to continue to signify a broader focus on corporate finance, asset investment and management, as well as other advisory services, branching out from its principal business and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals.

MANAGEMENT DISCUSSION AND ANALYSIS

Money Lending

The money lending operations of the Group are managed through its wholly-owned subsidiaries, E Finance Limited ("E Finance") and E Cash Fintech Limited ("E Cash"), both with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. Following the integration of E Cash's business, the Group enhanced its money lending business as a result of the robust demand for corporate and individual financing whereas E Finance continued to focus on property mortgage loans and other secured loans. The Group plans to explore further potential money lending business opportunities, including project based financing, subject to the prevailing market conditions and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the Period were mainly via the social network and referrals of past and existing customers of the Group, third party agents, staff and management of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policies and operation manuals in respect of loan approval, loan renewal, loan recovery, loan compliance, loan monitoring and anti-money laundering.

Internal Controls

The Group is also keen on striking a successful balance in its business operations and risk management by adhering to its comprehensive credit policies in order to control the quality of its loan portfolio. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's credit committee are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loan receivables. Legal actions were taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

Loan Approval

Before any loan applications can be granted, internal credit assessments would have to be performed to decide the proposed loan size and interest rate charged. The internal credit assessment include, but is not limited to, (i) verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.); (ii) income or asset proof of the borrower and guarantor, such as share certificates, bank statements and securities statements, etc.; (iii) the evaluation of the value of collateral; and (iv) the verification of the authenticity of the information provided. Furthermore, the Group would perform public searches on the borrower and guarantor to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing ("AML & CTF"). There are no specific requirements on their income and/or asset threshold set by the Group. Normally, the management would determine and approve the loan amount and interest rates based on the relevant financial strength, repayment ability as well as the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan Renewal

For loan renewal, the Group would carry out an updated assessment similar to that during the loan approval stage. In addition, the Group would assess the borrower's past repayment record and changes in market circumstance before making a decision on loan renewal and the relevant interest rate charged.

Recovery and Compliance Matters

After the loan is granted, the Group would conduct review on the repayment records and loan portfolio on a weekly basis, and in particular, any past due loan accounts. When considered appropriate, the Group would further (i) obtain relevant updated information and documents from the borrower; and (ii) perform public searches on the borrower to assess the recoverability of loan. Putting every possible effort on loan recovery, appropriate course of actions, such as sending legal demand letters, legal proceeding arrangements, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

As a licenced money lender in Hong Kong, the Group shall ensure compliance with the applicable laws, regulations and codes of all the relevant regulatory authorities, in particular, the Money Lenders Ordinance and the relevant requirements and regulations of AML & CTF.

In order to ensure the compliance with the abovementioned requirements throughout the course of conducting the money lending business, loan transaction review would be conducted upon the grant of the loan as an on-going monitoring purpose. The overall internal control system, which includes the implementation of the Group's credit policy, operation manual and other related internal control measures would be reviewed by the management on a regular basis and the policies would be devised and revised from time to time when considered necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest Rates

In addition to the aforementioned factors included in the Group's credit approval policy, when deciding the interest rate for loans, the Group would also take a holistic view in the assessments of setting loan terms based on the general market environment at the time, interest rate of competitors at the time, the amount of the Group's funds available and also the overall quality of the borrower. In general, collaterals and/or guarantees are provided to secure a property mortgage loan, other secured loans and guaranteed loans among different loan categories. Property mortgage loans refer to first and subordinated mortgages, which are secured by landed properties in Hong Kong. The collaterals for other secured loans mainly include equity shares and/or securities of certain listed and unlisted companies whereas guaranteed loans are secured by personal and/or corporate guarantor(s).

For the Group's existing loan portfolio as at 30 June 2024, the interest rates charged to borrowers for unsecured loans ranged from 10% to 24% p.a., whilst interest rates charged to borrowers for secured loans ranged from 9% to 12% p.a.. Generally, the Group would determine the interest rates for loans on a case-by-case basis considering the loan-to-value ratio, repayment record and ability, quality and business relationship with the individual borrower and/or the guarantor (if provided). Generally, unsecured loans are subject to higher interest rates given the lack of collaterals; however, the actual interest rate charged might vary subject to the terms of maturity, loan size, financial strength of borrower/guarantor as well as business relationship with the Group.

Financial Information

During the Period, the Group's money lending segment generated revenue of approximately HK\$27.0 million (2023: HK\$28.9 million), accounting for approximately 73.9% of overall revenue, and money lending business remained as the major segment in support of the Group's comprehensive performance. Operating profit during the Period from this business segment amounted to approximately HK\$21.3 million (2023: HK\$29.6 million), representing a decrease of approximately 28% compared to that of the previous period.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period, the Group recorded an reversal of impairment loss on loans and interest receivable of approximately HK\$1.8 million (2023: HK\$7.5 million), alongside the continued uncertainty of the recoverability of certain past due loans. Despite being secured by collaterals or/and guarantees provided, a number of loans were regarded as impaired after reviewing and assessing the repayment ability of each customer, the respective collateral values and the status of legal proceedings.

The Group continuously monitors and carries out targeted negotiations and other due processes in its loan collection process. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan Portfolio

As at 30 June 2024, the Group's loan portfolio by categories is shown as below:

		Loan principal as at 30 June 2024 HK\$'000	Interest rate per annum	% of total loan principal as at 30 June 2024	Duration	Loan matured but not settled; or Loan not matured but with interest overdue HK\$'000	% of past due loans to relevant principal
Individual loan							
- secured loan (note a)	11	155,801	10% to 12%	29%	Within 1 year	88,095	16%
- unsecured loan	23	187,185	10% to 20%	35%	1 to 2 years	132,685	24%
Corporate loan							
- secured loan (note b)	4	54,000	9% to 12%	10%	Within 1 year	9,000	2%
- unsecured loan	13	145,132	10% to 24%	26%	1 to 2 years	50,182	9%
Total	51	542,118		100%		279,962	51%

Notes:

- For individual secured loans, the security pledged included landed properties in Hong Kong and shares of listed companies and share of unlisted companies.
- For corporate secured loans, the security pledged included landed properties in Hong Kong and shares of unlisted companies, vessels and share of listed companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The following is the breakdown of the amount of loan and interest receivables and allowance for expected credit losses as at 30 June 2024:

	As at 30 June 2024			
	Loan principal	Gross amount of loan and interest receivables	Allowance for expected credit losses	Net amount of loan and interest receivables
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Individual loan				
- secured loan	155,801	163,013	(22,633)	140,380
- unsecured loan	187,185	196,450	(22,063)	174,387
Corporate loan				
- secured loan	54,000	57,290	-	57,290
- unsecured loan	145,132	148,890	(35,162)	113,728
Total	542,118	565,643	(79,858)	485,785

As at 30 June 2024, the Group had 51 (31 December 2023: 51) active accounts, of which 34 (31 December 2023: 36) of them were individual loans and the remaining 17 (31 December 2023: 15) were corporate loans. In terms of loan product category, the Group's 51 active accounts comprised 15 secured loans (31 December 2023: 17) and 36 unsecured loans (31 December 2023: 34).

During the Period, interest income generated from the top five customers accounted for approximately 17.3% (2023: 16.6%) of the Group's total revenue, while the single largest customer accounted for approximately 3.6% (2023: 4.7%) of the Group's total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, loan and interest receivables balance of the largest and top five customers accounted for approximately 5.0% (31 December 2023: 5.1%) and 21.6% (31 December 2023: 23.0%) of the Group's total loan and interest receivables balance respectively.

The following is an aging analysis of net amount of loan and interest receivables based on the due date at the end of the reporting period:

	HK\$'000
Not yet due	228,167
Overdue:	
- 1-30 days	-
- 31-60 days	-
- 61-90 days	-
- over 90 days	257,618
Total	485,785

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers whose loans were still outstanding as at 30 June 2024. To the best of the Directors' knowledge, information and belief based on internal records, the Group does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrowers whose loans were still outstanding as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets Investment

The Group's assets investment business aims at spreading investments across a variety of asset classes including a portfolio of bonds, funds, equity investments and investment property. During the Period, the Group strategically adjusted the portfolio size of its assets investment business segment so that it can reserve or reallocate more resources and funding to other better performing activities, including margin financing and money lending operations. For the Period, the Group incurred a loss of approximately HK\$36.9 million (2023: HK\$69.9 million) for this segment, which was driven by the loss on changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments. The loss was largely attributable to the dramatic slowdown of the Hong Kong stock market, which concerns about rising interest rates, slowing economic growth, and persistently high inflation, exacerbating the market's decline.

The Group had invested a portfolio of listed bonds in the past with an aim to generate stable and fixed interest income. Along with the worsening market sentiment, bond price adjustments, and past default occurrences of certain bonds, the management minimised the size of its bond investments in recent years. As at 30 June 2023, the Group's portfolio of bonds comprised 2 bonds, both of which are in default and having already made full provision in prior period.

In addition, the Group invested in 6 unlisted close-ended funds, which it will continue to hold until their respective maturity dates or until the early redemption of such funds. The Group's designated investment team regularly monitors the underlying performance of the fund investments via updates from the fund administrators and discussions with fund managers or general partners of the funds. The challenging economic environment, characterised by geopolitical tensions, aggressive rate hikes and weak property markets, has led to a significant slowdown of the Hong Kong economy. In addition, regulatory crackdowns on large-cap mainland China technology, real estate stocks as well as the healthcare sector, have further exacerbated the decline of valuation in the relevant fund investments. These factors have contributed to the poor performance of the Group's fund investment, highlighting the difficulties faced by investors in generating stable returns in the current economic climate.

MANAGEMENT DISCUSSION AND ANALYSIS

To manage and diversify investment risks from other asset classes, the Group also maintained an investment portfolio in a certain number of Hong Kong listed equities. The Group's securities investment portfolio is closely monitored and overseen on a timely manner by the Group's designated investment team. The investment mix and investment strategies are reviewed regularly and adjusted depending on market conditions or the performance and business prospects associated with such listed companies.

The management acknowledges the recent downturn experienced by the financial technology and healthcare industries, recognising their significant disruptive impacts in previous years, which was largely in line with prevailing global economic conditions. The management considers this timing as an opportune moment for investment rather than a setback. As a result, the Group has been exploring and investing in additional investment opportunities in financial technology, healthcare as well as biotechnology related opportunities.

Among the Group's private equity investments, Seamless Group Inc. ("Seamless") pioneers in global fintech banking platform for e-wallets, financial institutions and merchants worldwide, delivering frictionless interoperable real-time fund transfers and instant messaging. The state-of-the-art digital ecosystem empowers billions of smart consumers and businesses to win in over 150 countries. Seamless will merge with INFINT Acquisition Corporation, a Special Purpose Acquisition Corporation (SPAC), on a mission to bring promising financial technology company to the U.S. public market. Seamless will be rebranded and is expected to trade on the Nasdaq Stock Market LLC ("Nasdaq") with stock code CURR, being the Group's first private equity that leveraged de-SPAC transaction to transform and list on Nasdaq.

As at 30 June 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$467.9 million (31 December 2023: HK\$482.3 million), including (a) equity securities totaling approximately HK\$335.0 million (31 December 2023: HK\$363.5 million); (b) unlisted investment funds of approximately HK\$86.8 million (31 December 2023: HK\$87.7 million); and (c) unlisted equity investments of approximately HK\$46.1 million (31 December 2023: HK\$31.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group's portfolio of financial assets at fair value through profit or loss comprised (a) 29 equity securities listed in Hong Kong; (b) 6 unlisted investment funds; and (c) 2 unlisted equity investments. 28 listed equity securities, accounted for approximately 6.9% of the Group's unaudited consolidated total assets as at 30 June 2024, while the remaining 1 accounted for approximately 18.3% of the Group's unaudited consolidated total assets as at 30 June 2024. Each of the 6 unlisted investment funds accounted for approximately 0.1% to 3.2% of the Group's unaudited consolidated total assets as at 30 June 2024. Each of the unlisted equity investments accounted for approximately 1.7% to 1.8% of the Group's unaudited consolidated total assets as at 30 June 2024.

As at 30 June 2024, the Group held the property for investment purpose of which amounted to approximately HK\$31.3 million (31 December 2023: HK\$38.1 million) and leased out the property for rental income.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

Description of investments	Brief description of the business	Fair value of investments as at		Number of shares held as at		Approximate percentage of shareholding in the investee as at		Approximate percentage of the Group's consolidated net assets as at		Dividends received	Realised gain	Unrealised (loss)/gain
		30 June 2024 (HK\$'000)	31 December 2023 (HK\$'000)	30 June 2024 ('000)	31 December 2023 ('000)	30 June 2024	31 December 2023	30 June 2024	31 December 2023	during the Period (HK\$'000)	during the Period (HK\$'000)	during the Period (HK\$'000)
<i>Significant investments</i>												
<i>Listed securities</i>												
<i>Investments in Hong Kong</i>												
Town Health International Medical Group Limited ("Town Health") (stock code: 3886)	Provision of medical and dental services in Hong Kong; managing healthcare networks and provision of third party medical network administrator services in Hong Kong; provision of medical and dental services in the People's Republic of China ("PRC"), provision of hospital management services and related services; provision of miscellaneous healthcare related services and leasing of properties	243,696	282,861	870,342	870,342	12.85%	12.85%	19.30%	22.14%	-	-	(39,165)
<i>Other investments</i>												
<i>Other listed securities</i>												
Investments ¹		91,309	80,654							19	5,523	(5,552)
Unlisted investment funds ²		86,826	87,693							-	-	(981)
Unlisted equity investments ³		46,112	31,067							-	-	15,045
Grand total for the financial assets at fair value through profit or loss		467,943	482,275							19	5,523	(30,653)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Other listed securities investments mainly comprise the Group's investments in 28 companies whose shares are listed on the Main Board and GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of the investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.
2. The unlisted investment funds comprise 6 different private funds. The business/ investment sector of the unlisted investment funds mainly relates to various industries including, but not limited to, companies in consumer goods, retail, medical and health services, and internet-related and mobile-application-related industries. Each of the unlisted investment funds has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.
3. The unlisted equity investments represent the investment in Seamless and a private company. Each of the investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.

SIGNIFICANT INVESTMENTS

Performance and future prospects of significant investment under financial assets at fair value through profit or loss

The Group held a significant investment with a carrying amount accounting for 5% or more of the Group's unaudited consolidated total assets as at 30 June 2024 as follows:

As at 30 June 2024, the Group held 870,342,000 shares of Town Health, with investment cost of approximately HK\$921.3 million, which represented approximately 12.85% of the issued shares of Town Health as at 30 June 2024. The fair value of such investment was approximately HK\$243.7 million, representing approximately 18.3% of the Group's unaudited consolidated total assets as at 30 June 2024 and approximately 19.3% of the Group's unaudited consolidated net assets as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

No dividend was received by the Group from Town Health during the Period and the Group recorded a fair value loss of approximately HK\$39.2 million for its investment in Town Health.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health are disclosed in Town Health's interim result announcement for the six months ended 30 June 2024 will be published on 29 August 2024.

As disclosed in the profit warning announcement of Town Health as published on the website of the Stock Exchange, during the Period, Town Health expected that for the six months ended 30 June 2024, Town Health will record an unaudited consolidated loss attributable to shareholder in the range of approximately HK\$42.9 million to HK\$52.4 million and an unaudited consolidated loss in the range of approximately HK\$25.7 million to HK\$31.4 million respectively. It was due to (1) the significant increase on fair value loss of Town Health's investment properties and financial assets; and (2) impairment losses and share of losses on the Town Health's interests in associates, recorded for the six months ended 30 June 2024.

The Directors hold positive views towards the future prospect of the principal businesses of Town Health and expects its significant investment in Town Health will continue to enhance investment return for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial information, no important events affecting the Company occurred since 30 June 2024 and up to the date of this report.

BUSINESS OUTLOOK

The Hong Kong economy is still facing high interest rates and a slowdown in the growth of the economic market performance and GDP. This situation could have significant implications for the financial industry in Hong Kong. It is expected that market volatility will continue to persist amid rising interest rates and inflation pressures. Furthermore, the Hong Kong Government has forecasted a real GDP growth rate of 2.5% to 3.5% for 2024, which is similar to the actual result of real GDP in 2023. It is anticipated that there may not be a significant improvement in the economic market performance in the second half of 2024.

In an effort to optimise this market momentum, the Group will continue to source additional revenues and broaden the customer base for its margin financing business through the broad social networks of the Group's experienced staff and new hires in order to build more in-depth as well as new business relationships, which will bring sustainable and steady growth to the segment.

As for its money lending business, the Group will continue to expand into corporate and individual loans through E Cash and E Finance. Under today's challenging and unpredictable economic environment, the Group expects to face lending risks which may affect loan demands from borrowers. The Group will continue to carefully evaluate its risk management strategies and ensure a proper balance between risks and returns and over the long run. To help ensure a sound loan portfolio, the Group will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. The Group will also keep a close eye on the repayment performance of its loan portfolio while evaluating the repayment ability of borrowers.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to cautiously monitor the general business environment and market conditions to mitigate the potential impact to our operations and investments while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of high interest rate and Hong Kong economic slowdown, the Group will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

Considering the ongoing growth of the healthcare industry, driven by a growing population and increased health consciousness, the Group remains focused on exploring investment opportunities in the healthcare sector. With the intention of generating sustainable returns for the Group, we recognise the potential in this sector and will actively pursue investments that align with our strategic objectives. By capitalising on the expanding healthcare market, we aim to create long-term value for our shareholder.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group held bank balances and cash of approximately HK\$168.0 million (31 December 2023: HK\$188.0 million). Net current assets amounted to approximately HK\$1,045.6 million (31 December 2023: HK\$1,081.6 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 17.0 times (31 December 2023: 23.0 times). The gearing ratio of the Group (defined as total liabilities to total assets) were approximately 5.0% (31 December 2023: 3.7%).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2024, the Group had approximately HK\$22.7 million bank borrowings (31 December 2023: HK\$23.0 million) pledged by an investment property. The bank borrowings denominated in Hong Kong dollars as at 30 June 2024 bore interest rate at HIBOR plus 2% per annum or 2.25% per annum below Hong Kong dollar prime rate whichever is lower. As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars and United States dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, an investment property of approximately HK\$31.3 million (31 December 2023: HK\$38.1 million) has been pledged as collateral for mortgage loan (31 December 2023: same).

CAPITAL COMMITMENT

Details of capital commitments are stated in Note 16 to the unaudited condensed consolidated interim financial information.

CONTINGENT LIABILITIES

Details of contingent liabilities are stated in Note 19 to the unaudited condensed consolidated interim financial information.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed 29 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The emolument policy of the employees of the Group is mainly based on industry practices and individual's performance, competence, qualifications, position, seniority and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as the individual's performance. The Company maintained good relationship with its employees.

The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in the underlying shares of the Company under equity derivatives

Name of Director	Capacity	Nature of interest	Number of underlying shares of the Company under equity derivatives	Approximate % of the issued share capital of the Company as at 30 June 2024
<i>(Note 2)</i>				
Mr. Li Wing Cheong <i>(Note 1)</i>	Beneficial owner	Personal interest	27,830,000	1.11%

Note 1: Mr. Li Wing Cheong had been granted options under the share option scheme of the Company adopted on 4 June 2013.

Note 2: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 30 June 2024.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests 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 were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules.

SHARE OPTIONS

2023 Share Option Scheme

The Company has adopted the 2023 share option scheme (the “2023 Share Option Scheme”) on 16 June 2023, under which the directors may grant options to eligible persons, including directors and employees of the Group, to subscribe for shares of the Company.

The 2023 Share Option Scheme is to enable the Directors to grant share options to the eligible persons as incentives or rewards for their contribution to the growth and development of the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Under the 2023 Share Option Scheme, the Company may grant options to eligible participant(s) (as defined under the 2023 Share Option Scheme), including but not limited to Directors and directors of the subsidiaries of the Company, to subscribe for the shares of the Company subject to the terms and conditions as stipulated therein. Unless otherwise cancelled or amended, the 2023 Share Option Scheme will remain valid for a period of 10 years from the date of its adoption.

OTHER INFORMATION

The maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme was nil as at 28 August 2024 (i.e. the date of this report).

The number of share options available for grant under the 2023 Share Option Scheme was 278,355,273 as of 1 January 2024 and 278,355,273 share options as of 30 June 2024 (representing approximately 11.11% of the issued shares of the Company as at 30 June 2024).

The number of share options available for grant to Service Provider(s) subject to Service Provider Sublimit under the 2023 Share Option Scheme was 27,835,527 as of 1 January 2024 and 27,835,527 share options as of 30 June 2024.

The number of Shares that may be issued in respect of the options granted under the 2023 Share Option Scheme during the Period is Nil, which when divided by 2,505,282,734 Shares (i.e. the weighted average number of Shares in issue for the Period).

During the six months ended 30 June 2024, no share option has been granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme (2023: nil).

OTHER INFORMATION

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2023 Share Option Scheme and any other share option scheme of the Group (excluding any options lapsed in accordance with the terms of the 2023 Share Option Scheme) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Where any further grant of share options to a grantee under the 2023 Share Option Scheme would result in the ordinary shares of the share capital of the Company ("Shares") issued and to be issued upon exercise of all share options granted and proposed to be granted to such person (excluding any options lapsed in accordance with the terms of the scheme) under the 2023 Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or associates where such grantee is a connected person of the Company) abstaining from voting.

Where any grant of share options to a substantial Shareholder or an independent non-executive director, or any of their respective associates, would result in the Shares issued and to be issued in respect of all share options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any share options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme) 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 relevant class of Shares in issue, such further grant of share options must be approved by the Shareholders in general meeting.

2013 Share Option Scheme

The share option scheme approved and adopted by the Shareholders at the annual general meeting of the Company held on 4 June 2013 (the "2013 Share Option Scheme"), which had expired on 3 June 2023 in accordance with the terms of the 2013 Share Option Scheme. Upon the expiry of the 2013 Share Option Scheme on 3 June 2023, no further share options will be granted under the 2013 Share Option Scheme but the 2013 Share Option Scheme shall in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding share options granted prior to its termination. The then outstanding share options will continue to be valid and exercisable in accordance with the terms of the 2013 Share Option Scheme. All such share options are not subject to any vesting period and were vested upon their grant.

The maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme was in aggregate 139,150,000 Shares as at 28 August 2024 (representing approximately 5.55% of the issued shares as at the date of this report).

The number of share options available for grant under the 2013 Share Option Scheme was nil share options as of 1 January 2024 and 30 June 2024.

The number of Shares that may be issued in respect of the options granted under the 2013 Share Option Scheme during the Period is 5.55%, which when divided by 2,505,282,734 Shares (i.e. the weighted average number of the Shares in issue for the Period).

There was no service provider sublimit set by the 2013 Share Option Scheme.

During the six months ended 30 June 2024, no share option has been granted, exercised, lapsed or cancelled under the 2013 Share Option Scheme (2023: nil).

OTHER INFORMATION

The following table discloses the movements of the share options granted under the 2013 Share Option Scheme during the six months ended 30 June 2024:

Name	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024
Director								
Mr. Li Wing Cheong	29/7/2022	29/7/2022 to 28/7/2024	0.103	27,830,000	-	-	-	27,830,000
Employees	29/7/2022	29/7/2022 to 28/7/2024	0.103	111,320,000	-	-	-	111,320,000
Total				139,150,000	-	-	-	139,150,000
Exercisable at the end of the period								139,150,000
Weighted average exercise price								HK\$0.103

OTHER INFORMATION

The following table discloses the movements of the share options granted under the 2013 Share Option Scheme during the six months ended 30 June 2023:

Name	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2023
Director								
Mr. Li Wing Cheong	29/7/2022	29/7/2022 to 28/7/2024	0.103	27,830,000	-	-	-	27,830,000
Employees								
	29/7/2022	29/7/2022 to 28/7/2024	0.103	111,320,000	-	-	-	111,320,000
Total				139,150,000	-	-	-	139,150,000
Exercisable at the end of the period								139,150,000
Weighted average exercise price								HK\$0.103

OTHER INFORMATION

The exercise price of share options outstanding at the end of the year was HK\$0.103 and their weighted average remaining contractual life at that date was 0.08 years (2023: 1.08 years).

Of the total number of share options outstanding at the end of the Period, 139,150,000 options (2023: 139,150,000 options) had vested and were exercisable at the end of the Period.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS

So far as is known to any Director or chief executive of the Company, as at 30 June 2024, the following shareholders had interests or short positions in the shares or underlying shares of the Company which were would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company

Name of shareholders	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company as at 30 June 2024
			(Note 2)
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000 (Note 1)	7.06%

Note 1: The number of Shares held by the Shareholder have been adjusted as a result of the capital reorganisation (the "Capital Reorganisation") approved by the Shareholders at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK\$0.10 and (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK\$0.10 each was reduced from HK\$0.10 to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued consolidated share and thereby creating the shares and the Capital Reorganisation became effective on 6 April 2016.

Note 2: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 30 June 2024 (i.e. 2,505,282,734 Shares).

Save as disclosed above, as at 30 June 2024, there was no other person (other than the Directors or chief executive of the Company) who had any interest or short position 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, or as otherwise notified to the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company endeavours to maintain good corporate governance for the enhancement of shareholders' value. The Board has adopted all the code provisions contained in the Corporate Governance Code (the "CG Code") in Appendix C1 of the Listing Rules as the Company's corporate governance code. The Company has fully complied with all the code provisions of the CG Code throughout the Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Lai Ping (the chairperson of the Audit Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the Period.

On behalf of the Board

Li Wing Cheong

Chairman

Hong Kong, 28 August 2024