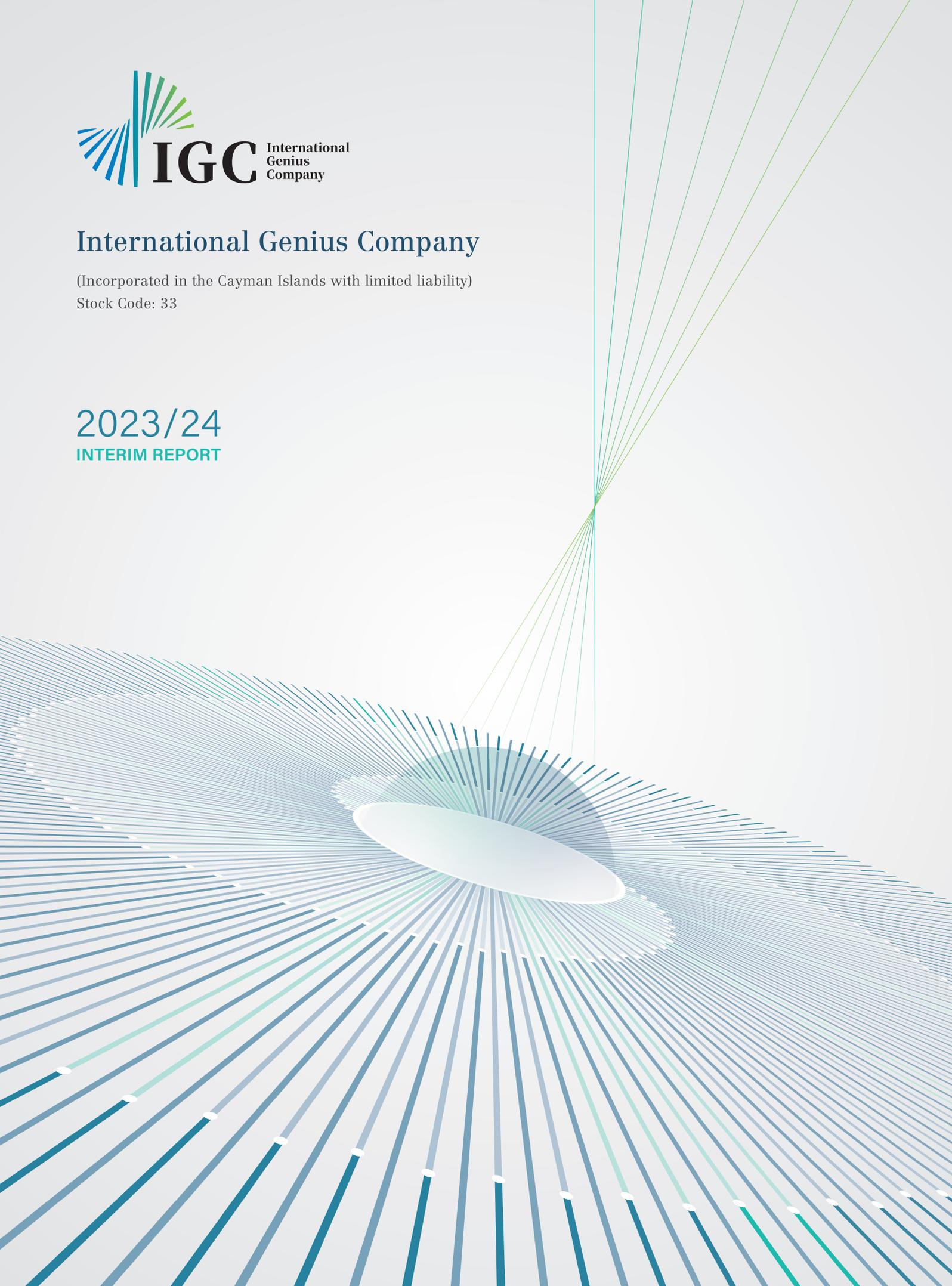




International Genius Company

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 33

2023/24
INTERIM REPORT



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CORPORATE INFORMATION

Honorary Chairman

Ng Yu (*Appointed on 25 July 2023*)

Executive Directors

Lin Feng

Ng Yu (*Chairman*)(*Resigned on 25 July 2023*)

Non-executive Directors

Sun Qiuzhen

Dai Chengyan

Independent Non-executive Directors

Lo Hang Fong

Wang Jun Sheng

Yip Tze Wai Albert

Executive Committee

Lin Feng

Ng Yu (*Chairman*) (*Resigned on 25 July 2023*)

Audit Committee

Yip Tze Wai Albert (*Chairman*)

Wang Jun Sheng

Lo Hang Fong

Remuneration Committee

Wang Jun Sheng (*Chairman*)

Dai Chengyan (*Appointed on 25 July 2023*)

Yip Tze Wai Albert

Ng Yu (*Resigned on 25 July 2023*)

Nomination Committee

Wang Jun Sheng (*Chairman*)

Lin Feng

Yip Tze Wai Albert

Risk Management Committee

Lin Feng (*Chairman*)

Wang Jun Sheng

Yip Tze Wai Albert

Authorised Representatives

Lin Feng (*Appointed on 25 July 2023*)

Cheung Ka Fai (*Appointed on 25 July 2023*)

Ng Yu (*Resigned on 25 July 2023*)

Leong Kai Weng Subrina

(*Resigned on 25 July 2023*)

Joint Company Secretary

Cheung Ka Fai

Leong Kai Weng Subrina

Website

www.geniusi.com

Registered Office

94 Solaris Avenue

Camana Bay

PO Box 1348

Grand Cayman, KY1-1108

Cayman Islands

Principal Place of Business in Mainland China

42/F, China Resources Tower

Nanshan District

Shenzhen

Guangdong Province

China

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

Suite 3204, Unit 2A

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

Gardenia Court, Camana Bay

Grand Cayman

KY1-1100, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Principal Bank

Bank of China (Hong Kong)

East West Bank

Auditor

McMillan Woods (Hong Kong) CPA Limited

Stock Code

0033 (Listed on the Main Board of

The Stock Exchange of Hong Kong Limited)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (the “Company”, together with its subsidiaries, the “Group”) was incorporated and domiciled in the Cayman Islands under The Companies Act (as revised) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The current financial reporting period will cover a six-months period from 1 July 2023 to 31 December 2023 (the “Reporting Period”), and the unaudited comparative figures from 1 July 2022 to 31 December 2022 (the “Corresponding Period”).

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

FINANCIAL REVIEW

During the second half of 2023, the Group prudently maintained its existing business operations and continued its stringent control over the operating costs.

The Group recorded revenue of approximately HK\$102.86 million for the Reporting Period (Corresponding Period: HK\$192.79 million), representing a decrease of around 46.65%. The decrease was mainly attributable to: (i) the decrease in demand for raw materials from the downstream companies due to the decrease in net export in traditional industries in China, like toys and plastic products production, which led to the drop of overall sales volume of raw materials; and (ii) the increase in market supply of party products due to the recovery of international logistics after the pandemic, resulting in falling prices from fierce competition. For details, please refer to the section headed “Business Review”.

Cost control measures continue to be in place in the second half of 2023, and operating expenses reduced by 0.18% to approximately HK\$22.10 million during the Reporting Period. Net loss for the Reporting Period was approximately HK\$20.72 million (Corresponding Period: HK\$14.31 million).

During the Reporting Period, the loss per share of the Company was HK\$3.86 cents (Corresponding Period: HK\$2.67 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Trading of Party Products

During the Reporting Period, the revenue generated from the trading of party products segment was approximately HK\$27.44 million (Corresponding Period: HK\$93.64 million), representing a decrease of 70.70%. During the Reporting Period, market supply of party products increased due to the recovery of international logistics after the pandemic, resulting in falling prices and revenue from fierce competition.

Securities Brokers and Assets Management

The Group did not have any revenue generated in this segment in the Reporting Period (Corresponding Period: Nil). As at 31 December 2023, the Group was licensed to carry on business in Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (“SFO”). The relevant licenses of the Group to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) regulated activities under the SFO were suspended due to the insufficient appointment of Representative Officer (“RO”) and the Group is in the process of looking for an appropriate RO and will apply for the resumption of these licenses. The Group will continue to identify and evaluate suitable business expansion and investment management opportunities for the assets management business of the Group in other countries and regions, as well as to explore and devote resources to the application of technological innovation in this business segment.

Trading of Commodities

During the Reporting Period, the Group generated revenue of approximately HK\$75.41 million (Corresponding Period: HK\$99.15 million) from this segment, representing a decrease of 23.94%. The drop of this segment’s revenue was mainly due to the decrease in demand for raw materials from the downstream companies resulted from the decrease in net export in traditional industries in China, like toys and plastic products production, which led to the drop of overall sales volume. For this segment, the Group will continue to explore high profit products to meet the changing demands of the market, like silicon which is used in the production of chips.

Advancing Business

The advancing business of the Group was carried out by a wholly-owned subsidiary (“Subsidiary”) of the Company under money lenders license granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

MANAGEMENT DISCUSSION AND ANALYSIS

(a) *The Company's advancing business*

The Group aims to provide financing to individual and corporate clients of different backgrounds. As the advancing business remains to be limited in scale, the Group targets to source potential client referrals through the business network acquaintances of its existing management and staff. That being the case, the Group does not rule out walk-in clients so long as they can fulfil the relevant credit assessment requirements. The source of funds of the advancing business is funded by the internal resources of the Group.

During the six months ended 31 December 2023, the Group had granted loan to nil customer and generated nil revenue from its advancing business.

(b) *Credit risk assessment policy*

The Group has adopted a credit risk policy to manage its advancing business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its/her assets, the credibility of the borrower, and if applicable, the necessity in obtaining collaterals. The credit risk assessment was made on a case-by-case basis by assessing the background of the borrowers, considering size of the loan, the borrower's financial strength (e.g. ownership of real estate property) and credit history, as well as evaluating whether the borrower is in bankruptcy or liquidation etc. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan may vary. The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

(c) *Internal controls measures*

Credit limits and approvals

The Group generally takes the following steps to determine limits and approvals:

- (a) obtain and review the borrower's identity proof, such as identity card or passport of individuals and corporate documents of corporate entities;
- (b) obtain and review the borrower's address proof such as utility bills, bank statements or formal correspondence issued by a government/statutory body;
- (c) assess and justify the repayment ability of the borrower by looking into the background of the borrower (including his/her occupation and social status etc.), his/her/its available assets in Hong Kong, previous payments record and other relevant information; and
- (d) conduct credit assessment searches such as desktop searches, land searches, company searches, litigation searches and to obtain credit assessment report issued by independent professional firms if necessary.

The Group maintains proper record and documentation for all results of credit assessments and the grant of loan to borrower is subject to the final review and approval of the management team.

MANAGEMENT DISCUSSION AND ANALYSIS

Recoverability and collection

The Group has designated staff to closely monitor its loan portfolio and regularly update credit profile and risk associated with each individual borrower. The Group also keep track of the repayment schedule constantly and makes alerts to the management in case of default or late repayment. On a regular basis, the designated staff checks if there is overdue balances or late payment and the risk management staff performs independent reviews on the loans portfolio and closely monitor the status and report to the management. Internal discussions generally take place on a case-by-case basis to determine the necessary recovery actions, including (but are not limited to) phones calls, statutory demand and formal legal actions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, (i) the Group's net current assets were approximately HK\$101.04 million (30 June 2023: HK\$115.51 million); (ii) the Group's total assets less current liabilities were approximately HK\$141.35 million (30 June 2023: HK\$166.98 million); (iii) the Group's current ratio was 2.14 (30 June 2023: 3.88); and (iv) the Group did not have any gearing as at 31 December 2023 (30 June 2023: Nil). Normally, the gearing ratio was calculated as net debts divided by total assets. As at 31 December 2023, there were no outstanding loans due to third parties (30 June 2023: Nil).

As at 31 December 2023, the Group had cash and bank balances of approximately HK\$55.94 million (30 June 2023: HK\$89.08 million). The cash and bank balances were denominated in Hong Kong dollar, Renminbi and US dollar. The Group had no structured investment products and foreign exchange contracts as at 31 December 2023. The Group is not exposed to material fluctuations in exchange rates.

PROSPECTS

After the pandemic, China's economy has been striving to return to a balanced state. In order to accelerate the progress of the economic upturn, the decision-making authorities have strengthened the innovation and coordination of policy instruments. On 5 February 2024, the People's Bank of China announced that it would cut the deposit reserve ratio of all banks by 50 basis points, which is expected to increase credit supply. Subsequently, it is expected to see a boost in credit demand in the market, which is subject to an improvement in business confidence or a significant reduction in the LPR base rate in the loan market. Apart from the supporting policies in money market, certain industries have been prosperously growing to be the new engines for economic growth, such as technology and artificial intelligence particularly.

MANAGEMENT DISCUSSION AND ANALYSIS

On 22 January 2024 (after trading hours), the Group announced that it has conditionally acquired entire issued shares of a company called Deep Neural Computing Company Limited and its subsidiaries (the “Target Group”), to further enhance the research and development and application of AI trading technology. The Target Group specializes in deep neural networks, AI, distributed computing and quantitative trading algorithms. At the same time, it provides a wide range of services to investment funds, including the provision of technical support with cutting-edge technology, distributed neural network algorithms and risk management model. For details of the acquisition, please refer to the Company’s announcement dated 23 January 2024.

In the foreseeable future with the prospect of global interest rate cuts and policy supports, the Group will continue to seek breakthroughs in technology upgrade and application in assets management and other related financial services businesses, specifically in the area of algorithmic trading and AI trading technology to further enhance the sources of income and profitability of the Group.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

As at 31 December 2023, the authorized share capital of the Company was HK\$10,000,000,000 divided into 1,000,000,000,000 shares of HK\$0.01 each, and the issued share capital of the Company was HK\$5,372,451 divided into 537,245,104 shares of HK\$0.01 each.

For the Reporting Period ended 31 December 2023, there was no change in the capital structure of the Company.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of the usage of proceeds up to 31 December 2023 are as follows:

Use of proceeds	Estimated amount HK\$ million	Proposed timeline of the intended use of proceeds	Actual	Unutilised	Actual	Unutilised	Actual	Unutilised	Actual	Unutilised
			Use of Proceeds for the period from 4 November 2020 to 30 June 2021 HK\$ million	Proceeds as at 30 June 2021 HK\$ million	Use of Proceeds for the period from 1 July 2021 to 30 June 2022 HK\$ million	Proceeds as at 30 June 2022 HK\$ million	Use of Proceeds for the period from 1 July 2022 to 30 June 2023 HK\$ million	Proceeds as at 30 June 2023 HK\$ million	Use of Proceeds for the period from 1 July 2023 to 31 December 2023 HK\$ million	Proceeds as at 31 December 2023 HK\$ million
Repayment of overdue external debts of the Group	50	Within 6 months after the Rights Issue	50	-	-	-	-	-	-	-
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	40	Within 6 months after the Rights Issue	40	-	-	-	-	-	-	-
Repayment of overdue Convertible Bonds	110	Within 12 months after the Rights Issue	-	110	110	-	-	-	-	-
Additional capital for trading of party products business	30	Within 6 months after the Rights Issue	30	-	-	-	-	-	-	-
Additional liquid capital for the securities brokerage and assets management business	15	Within 6 months after the Rights Issue	15	-	-	-	-	-	-	-
Additional capital for the advancing business of the Group	15	Within 12 months after the Rights Issue	-	15	2	13	-	13	-	13 (Note 1)
General working capital	24	Within 36 months after the Rights Issue	-	24	-	24	24	-	-	-
Total	284		135	149	112	37	24	13	-	13

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

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

MERGERS, ACQUISITIONS AND DISPOSAL

Apart from the proposed acquisition disclosed in the section headed "Prospects", the Group did not have any other significant merger, acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE OF ASSETS

As at 31 December 2023, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

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

HUMAN RESOURCES

As at 31 December 2023, the Group had 35 employees (30 June 2023: 36 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have any material capital commitment.

DISCLOSURE OF INTERESTS

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

As at 31 December 2023, the interests and short positions of the Directors and Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix C3 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, were as follows:

Long Position

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

Note: Save as disclosed above, as at 31 December 2023, as far as the Directors are aware, none of the Directors and Chief Executive had any other interests, long position or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on information available to the Board and to the best knowledge of the Board, as at 31 December 2023, other than the interests of the Directors and Chief Executive as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO. The number of shares in the issued share capital of the Company as at 31 December 2023 was 537,245,104.

Long Position

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in the sections headed "Directors' and Chief Executive's Interests And Short Positions In Shares, Underlying Shares And Debentures Of The Company And The Associated Corporations" and "Share Option Scheme", at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and Chief Executive to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME

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

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

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

No share option was granted during the Reporting Period, and the Company had no share options outstanding under the Share Option Scheme as at 31 December 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules except for the following:

Under C.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. The Company had no Chief Executive Officer prior to 25 July 2023, the functions of Chief Executive Officer were performed by the Executive Committee of the Board. The Board considered that this structure would not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

On 25 July 2023, Dr. Ng Yu resigned as the Chairman of the Board, the Company is in the process of identifying suitable candidate(s) to fill the vacancy in the office of the Chairman of the Board; and Mr. Cheung Ka Fai was re-designated from the position of Chief Financial Officer of the Company to the position of Chief Executive Officer of the Company, mainly responsible for the day-to-day management of the Group's business, recommending strategies to the Board, and determining and implementing operational decisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix C3 of the Listing Rules regarding directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Board (“Audit Committee”) was established on 30 October 2007. The Company adopted a set of revised written terms of reference for the Audit Committee in February 2023. The primary duties of the Audit Committee are to make recommendations on the appointment, re-appointment and removal of external auditor, to review financial statements and make recommendations on the financial reporting, and to review and supervise the financial reporting and internal control procedures of the Group. The Audit Committee shall meet at least four times a year.

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

		For the six months ended 31 December	
		2023	2022
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	102,855	192,786
Cost of sales and services		(101,208)	(187,969)
Gross profit		1,647	4,817
Other revenue and other net gain/(loss)	5	598	3,464
Operating expenses		(22,097)	(22,136)
Loss from operations		(19,852)	(13,855)
Finance costs	6(a)	(870)	(291)
Loss before tax	6	(20,722)	(14,146)
Income tax expense	7	–	(167)
Loss for the period		(20,722)	(14,313)
Other comprehensive income/(loss) for the period			
Items may be reclassified to profit or loss:			
Exchange differences on translating financial statements of subsidiaries		1,967	(4,179)
		1,967	(4,179)
Total comprehensive loss for the period		(18,755)	(18,492)
(Loss)/profit for the period attributable to:			
Equity shareholders of the Company		(20,724)	(14,321)
Non-controlling interests		2	8
		(20,722)	(14,313)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

For the six months ended 31 December 2023

		For the six months ended 31 December	
		2023	2022
Notes		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive (loss)/income for the period attributable to:			
	Equity shareholders of the Company	(18,758)	(18,499)
	Non-controlling interests	3	7
		<u>(18,755)</u>	<u>(18,492)</u>
Loss per share			
	— Basic (HK\$ cents)	<u>(3.86)</u>	<u>(2.67)</u>
	— Diluted (HK\$ cents)	<u>(3.86)</u>	<u>(2.67)</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December 2023	As at 30 June 2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		6,798	8,772
Right-of-use assets		28,854	35,943
Deposit paid	11	4,658	6,754
		<u>40,310</u>	<u>51,469</u>
Current assets			
Inventories		2,480	9,700
Trading securities	17	97	112
Trade receivables	10	74,550	24,476
Prepayments, deposits and other receivables	11	55,440	31,428
Client trust bank balance		802	825
Cash and cash equivalents		55,935	89,084
		<u>189,304</u>	<u>155,625</u>
Total Assets		<u>229,614</u>	<u>207,094</u>
Capital and reserves			
Share capital	12	5,372	5,372
Reserves		118,540	137,298
Equity attributable to shareholders of the Company		123,912	142,670
Non-controlling interests		29	26
Total Equity		<u>123,941</u>	<u>142,696</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2023

		As at 31 December 2023	As at 30 June 2023
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000 (Audited)</i>
Non-current liabilities			
Lease liabilities		<u>17,411</u>	<u>24,284</u>
		<u>17,411</u>	<u>24,284</u>
Current liabilities			
Trade payables	13	52,133	13,335
Accruals and other payables		16,389	8,929
Lease liabilities		14,799	12,950
Tax payables		<u>4,941</u>	<u>4,900</u>
		<u>88,262</u>	<u>40,114</u>
Total Equity and Liabilities		<u>229,614</u>	<u>207,094</u>
Net current assets		<u>101,042</u>	<u>115,511</u>
Total assets less current liabilities		<u>141,352</u>	<u>166,980</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Attributable to equity shareholders of the Company						Subtotal	Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Capital reserve	Convertible bonds reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2023 (audited)	5,372	4,317,787	(10,442)	(15,000)	-	(4,155,047)	142,670	26	142,696
Total comprehensive income for the period	-	-	1,966	-	-	(20,724)	(18,758)	3	(18,755)
At 31 December 2023 (unaudited)	<u>5,372</u>	<u>4,317,787</u>	<u>(8,476)</u>	<u>(15,000)</u>	<u>-</u>	<u>(4,175,771)</u>	<u>123,912</u>	<u>29</u>	<u>123,941</u>
At 1 July 2022 (audited)	5,372	4,317,787	(3,486)	(15,000)	-	(4,116,337)	188,336	(760)	187,576
Total comprehensive income for the period	-	-	(4,178)	-	-	(14,321)	(18,499)	7	(18,492)
At 31 December 2022 (unaudited)	<u>5,372</u>	<u>4,317,787</u>	<u>(7,664)</u>	<u>(15,000)</u>	<u>-</u>	<u>(4,130,658)</u>	<u>169,837</u>	<u>(753)</u>	<u>169,084</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	For the six months ended	
	31 December	2022
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(26,812)	(20,796)
Cash flows from investing activities		
Interest received	5	14
Purchase of property, plant and equipment	(32)	–
Net cash generated (used in)/from investing activities	(27)	14
Cash flows from financing activities		
Capital element of lease payments	(5,804)	(1,994)
Interest element of lease payments	(870)	(291)
Net cash used in financing activities	(6,674)	(2,285)
Net decrease in cash and cash equivalents	(33,513)	(23,067)
Cash and cash equivalents at beginning of the period	89,084	99,191
Effect of foreign exchange rate changes	364	468
Cash and cash equivalents at end of the period	55,935	76,592

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The address of the principal place of business of the Company is 42/F, China Resources Tower, Nanshan District, Shenzhen, Guangdong Province, China and the Company has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance since 4 September 2007.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group’s consolidated financial statements for the year ended 30 June 2023.

Going concern basis

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGE IN ACCOUNTING POLICIES

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

4. REVENUE

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

Disaggregation of Revenue

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

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of party products	27,444	93,639
Trading of commodities	75,411	99,147
Total	<u>102,855</u>	<u>192,786</u>
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— At a point in time	<u>102,855</u>	<u>192,786</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	For the six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies	–	1,065
Net exchange gain/(loss)	326	(2,175)
Interest income	5	14
Dividend income	1	1
Unrealised loss on fair value changes in trading securities	(15)	(34)
Gain on lease modification	–	579
Sundry income	101	3,916
Rental income	180	90
Gain on disposal of property, plant and equipment	–	8
	598	3,464

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	For the six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest on lease liabilities	870	291
(b) Other items		
Depreciation on property, plant and equipment	2,011	2,421
Depreciation on right-of-use assets	7,869	1,237
Total	9,880	3,658

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

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

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — PRC Income Tax		
Charged for the period	—	167
	<u> </u>	<u> </u>
Total income tax charge	<u> </u>	<u> </u> 167

No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2023 as the Group has no assessable profits for the period (For the six months ended 31 December 2022: Nil).

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

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

8. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2023 and 31 December 2022.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE

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

	For the six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company	(20,724)	(14,321)

	Number of shares	
The weighted average number of ordinary shares	537,245,104	537,245,104

For the six months ended 31 December 2023 and 2022, no diluted loss per share is presented as there were no potential ordinary shares issued during the period.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	At 31 December 2023 <i>HK\$'000</i> (Unaudited)	At 30 June 2023 <i>HK\$'000</i> (Audited)
Trade receivables arising from dealing in securities	2,754	2,754
Interest receivables arising from advancing business	333	333
Trade receivables arising from trading of party products	27,647	–
Trade receivables arising from trading of commodities	46,898	24,471
	77,632	27,558
Less: Impairment	(3,082)	(3,082)
	74,550	24,476

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

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

	At 31 December 2023 <i>HK\$'000</i> (Unaudited)	At 30 June 2023 <i>HK\$'000</i> (Audited)
Within 30 days	66,004	3,404
31 to 60 days	–	18,800
61 to 90 days	–	–
Over 90 days	8,546	2,272
	74,550	24,476

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At	At
	31 December	30 June
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Other receivables (note ii)	12,496	10,136
Prepayments and other deposits (note i, ii)	59,158	39,602
	71,654	49,738
Less: Impairment (note ii)	(11,556)	(11,556)
	60,098	38,182
Representing:		
Current portion	55,440	31,428
Non-current portion	4,658	6,754
	60,098	38,182

Note:

- (i) As at 31 December 2023, the Group recorded approximately HK\$45,260,000, HK\$6,472,000 and HK\$7,426,000 of prepayment to suppliers, rental deposits and other deposits respectively (30 June 2023: HK\$26,510,000, HK\$6,512,000 and HK\$6,580,000 respectively). The amount of prepayments and other deposits expected to be recovered or recognised as expense after more than one year is approximately HK\$4,658,000 (30 June 2023: HK\$6,754,000). The remaining amount is expected to be recovered or recognised as expense within one year.
- (ii) Total impairment loss for other receivables and other deposits was approximately HK\$5,556,000 and HK\$6,000,000 respectively (30 June 2023: HK\$5,556,000 and HK\$6,000,000 respectively) as at 31 December 2023. No impairment loss on other receivables and other deposits were made during the period (30 June 2023: Nil).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE CAPITAL

	<u>Number of shares</u>	<u>Amount</u>
	<i>'000</i>	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 July 2022, 30 June 2023, 1 July 2023 and 31 December 2023	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 July 2022, 30 June 2023, 1 July 2023 and 31 December 2023	<u>537,245</u>	<u>5,372</u>

13. TRADE PAYABLES

	At	At
	31 December	30 June
	2023	2023
	<u><i>HK\$'000</i></u>	<u><i>HK\$'000</i></u>
	(Unaudited)	(Audited)
Trade payables arising from trading of commodities	24,592	12,510
Trade payables arising from dealing in securities	802	825
Trade payables arising from trading of party products	<u>26,739</u>	<u>–</u>
	<u>52,133</u>	<u>13,335</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE PAYABLES *(Continued)*

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

	At 31 December 2023	At 30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 30 days	51,310	–
31 to 60 days	–	11,044
61 to 90 days	–	192
Over 90 days	21	1,274
	51,331	12,510

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

14. SEGMENT REPORTING

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

The Group has four (For the six months ended 31 December 2022: four) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT REPORTING (Continued)

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

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

	Revenue		Segment results	
	For the six months ended 31 December		For the six months ended 31 December	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Trading of party products	27,444	93,639	554	4,398
Securities brokerage and assets management	–	–	(3,908)	(4,176)
Trading of commodities	75,411	99,147	(780)	1,826
Advancing business	–	–	(364)	(333)
	<u>102,855</u>	<u>192,786</u>	<u>(4,498)</u>	<u>1,715</u>
Reconciliation:				
Net exchange gain/(loss)			326	(2,175)
Bank interest income			5	14
Unallocated corporate expenses			(15,786)	(17,325)
Unallocated corporate income			101	3,916
Finance costs			(870)	(291)
Loss before tax			(20,722)	(14,146)
Income tax expense			–	(167)
Loss for the period			<u>(20,722)</u>	<u>(14,313)</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT REPORTING *(Continued)*

(b) Segment Assets and Liabilities

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

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

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

As at 31 December 2023

	Securities brokerage and assets management	Advancing business	Trading of party products	Trading of commodities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited					
ASSETS					
Segment assets	1,443	352	36,181	93,778	131,754
Bank balances and cash					55,935
Unallocated corporate assets					41,925
					<u>229,614</u>
Consolidated total assets					<u>229,614</u>
LIABILITIES					
Segment liabilities	(1,322)	(406)	(27,116)	(35,973)	(64,817)
Tax payables					(4,941)
Unallocated corporate liabilities					(35,915)
					<u>(105,673)</u>
Consolidated total liabilities					<u>(105,673)</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT REPORTING (Continued)

(b) Segment Assets and Liabilities (Continued)

As at 30 June 2023

	Securities brokerage and assets management	Advancing business	Trading of party products	Trading of commodities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Audited					
ASSETS					
Segment assets	1,392	501	1	65,360	67,254
Bank balances and cash					89,084
Unallocated corporate assets					50,756
					<u>207,094</u>
Consolidated total assets					<u>207,094</u>
LIABILITIES					
Segment liabilities	(1,804)	(580)	(284)	(12,678)	(15,346)
Tax payables					(4,900)
Unallocated corporate liabilities					(44,152)
					<u>(64,398)</u>
Consolidated total liabilities					<u>(64,398)</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT REPORTING *(Continued)*

(c) Geographic information

Revenue

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

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Mainland China	76,060	180,247
Malaysia	–	12,518
Singapore	26,795	–
Thailand	–	21
	<hr/>	<hr/>
Total	102,855	192,786
	<hr/> <hr/>	<hr/> <hr/>

Specified non-current assets

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

	At	At
	31 December	30 June
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	10,495	15,074
Mainland China	25,157	29,641
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SEGMENT REPORTING (Continued)

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

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from customer attributable to trading of party products business Company A*	–	81,100
Revenue from customer attributable to trading of commodities business Company B*	–	34,833
Revenue from customer attributable to trading of commodities business Company C [#]	32,787	–
Revenue from customer attributable to trading of party products business Company D [#]	26,795	–

* These two customers did not individually contribute 10% or more of total revenue of the Group during the six months ended 31 December 2023.

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

15. RELATED PARTY TRANSACTIONS

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

- (a) As at 31 December 2023, the Group had cash and cash equivalents of HK\$38,502,000 (30 June 2023: HK\$52,492,000) deposited in YF Securities Pte. Ltd ("YF Securities"), a brokerage company incorporated in Singapore with limited liability and beneficially owned by Dr. Ng Yu (the ultimate controlling party of the Company). The balance was unsecured and no provision for doubtful debts had been made in respect of the balance.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS *(Continued)*

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

	For the six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	2,874	1,543
Contributions to defined contribution retirement plans	27	5
	<u>750</u>	<u>1,548</u>

16. CAPITAL COMMITMENTS

As at 31 December 2023 and 30 June 2023, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis (30 June 2023: recurring basis), categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

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

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

	31 December 2023 Level 1 and total	30 June 2023 Level 1 and total
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trading securities		
— Listed equity securities	<u>97</u>	<u>112</u>

During the six months ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (For the six months ended 31 December 2022: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

18. EVENTS AFTER THE REPORTING PERIOD

Apart from the proposed acquisition disclosed in the section headed "Prospects", there are no other significant events affecting the Company and its subsidiaries which have occurred after the six months ended 31 December 2023 and up to the date of this report.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2023 were approved by the Board on 28 February 2024.