



GLOBAL MASTERMIND
環球大通

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

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

INTERIM
REPORT
2023

*For identification purposes only

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

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income from money lending business		1,309	3,794	3,022	7,678
Commission income from securities brokerage		593	445	939	1,112
Interest income from margin financing		1,636	1,661	3,209	3,377
Handling and settlement income arising from securities brokerage		609	978	1,044	2,399
Asset management fee income		-	-	1	2
Advisory fee income from corporate finance		70	70	70	70
Net realised gain on securities investment	3	299	-	299	-
Net unrealised loss on securities investment	3	(1,406)	(1,188)	(3,279)	(4,313)
Other income, other gains and losses	5	870	1,086	1,103	2,031
Staff costs		(3,808)	(3,460)	(8,014)	(7,332)
Depreciation and amortisation expenses	9	(421)	(85)	(841)	(170)
Gain on fair value changes of investment properties	12	5,500	7,000	5,500	7,000
Reversal/(recognition) of allowance for expected credit loss on loan receivables	14	4,465	(29,305)	4,957	(29,715)
Recognition of allowance for expected credit loss on account receivables from securities margin clients	13	(1,622)	(6,269)	(1,169)	(6,269)
Recognition of allowance for expected credit loss on account receivable from a securities cash client	13	-	-	(121)	-
Other expenses	6	(3,045)	(5,016)	(5,295)	(9,257)
Finance costs	7	(1,994)	(1,994)	(3,967)	(3,967)
Profit/(loss) before tax		3,055	(32,283)	(2,542)	(37,354)
Income tax credit	8	-	4,921	-	4,916
Profit/(loss) and total comprehensive income/(expense) for the period	9	3,055	(27,362)	(2,542)	(32,438)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Three months ended 30 June		Six months ended 30 June	
	NOTE 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to:				
Owners of the Company	3,056	(27,314)	(2,541)	(32,389)
Non-controlling interests	(1)	(48)	(1)	(49)
	<u>3,055</u>	<u>(27,362)</u>	<u>(2,542)</u>	<u>(32,438)</u>
Earnings/(loss) per share attributable to owners of the Company:				
	11			
Basic and diluted (HK cents)	<u>0.60</u>	<u>(5.35)</u>	<u>(0.50)</u>	<u>(6.34)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	NOTES	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	42,525	1
Investment properties	12	124,500	162,200
Intangible asset	12	296	461
		167,321	162,662
CURRENT ASSETS			
Trade and other receivables	13	54,068	54,506
Loan receivables	14	32,819	36,149
Financial assets at fair value through profit or loss	15	10,232	11,847
Tax recoverable		7	925
Bank trust account balances		8,705	13,513
Bank balances and cash		29,042	31,193
		134,873	148,133
CURRENT LIABILITIES			
Trade and other payables	16	22,912	26,710
Other borrowing	17	100,000	100,000
Financial guarantee contract	18	2,669	4,930
		125,581	131,640
NET CURRENT ASSETS		9,292	16,493
TOTAL ASSETS LESS CURRENT LIABILITIES		176,613	179,155

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2023

	NOTE	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
NET ASSETS		176,613	179,155
CAPITAL AND RESERVES			
Share capital	19	51,079	51,079
Share premium and reserves		125,543	128,084
Equity attributable to owners of the Company		176,622	179,163
Non-controlling interests		(9)	(8)
TOTAL EQUITY		176,613	179,155

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Company							Total HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Capital reserve HK\$'000 (Unaudited) <i>(Note i)</i>	Property revaluation reserve HK\$'000 (Unaudited) <i>(Note ii)</i>	Accumulated losses HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	
At 1 January 2023	51,079	1,068,425	32,589	65,547	(1,038,477)	179,163	(8)	179,155
Loss and total comprehensive expense for the period	-	-	-	-	(2,541)	(2,541)	(1)	(2,542)
At 30 June 2023	51,079	1,068,425	32,589	65,547	(1,041,018)	176,622	(9)	176,613
At 1 January 2022	51,079	1,068,425	32,589	65,547	(875,662)	341,978	(7)	341,971
Loss and total comprehensive expense for the period	-	-	-	-	(32,369)	(32,369)	(49)	(32,436)
At 30 June 2022	51,079	1,068,425	32,589	65,547	(908,051)	309,589	(56)	309,533

Notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(3,378)	80
Increase in trade and other receivables	(849)	(4,628)
Decrease in bank trust account balances	4,808	3,825
Loan advanced to a customer of money lending business	(1,000)	(15,792)
Loan repayments from customers of money lending business	8,178	20,412
Decrease/(increase) in loan interest receivables from customers of money lending business	1,109	(708)
Increase in financial assets at fair value through profit or loss	(1,664)	–
(Decrease)/increase in trade and other payables	(3,776)	1,097
Decrease in financial guarantee contract	(2,558)	(2,562)
	<hr/>	<hr/>
Cash generated from operations	870	1,724
Income tax refunded	918	–
	<hr/>	<hr/>
Net cash generated from operating activities	1,788	1,724

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
INVESTING ACTIVITIES		
Interest received	50	–
Net cash generated from investing activities	<u>50</u>	<u>–</u>
FINANCING ACTIVITIES		
Interest paid	(3,989)	(3,989)
Net cash used in financing activities	<u>(3,989)</u>	<u>(3,989)</u>
Net decrease in cash and cash equivalents	<u>(2,151)</u>	<u>(2,265)</u>
Cash and cash equivalents at 1 January	<u>31,193</u>	<u>33,657</u>
Cash and cash equivalents at 30 June, represented by bank balances and cash	<u><u>29,042</u></u>	<u><u>31,392</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM made by The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards (“**HKFRSs**”) financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022 (the “**2022 Annual Report**”).

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the 2022 Annual Report.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to 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

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

3. NET LOSS ON SECURITIES INVESTMENT

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

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Dividend income from securities investment	299	-	299	-
Net unrealised loss on financial assets at FVTPL	(1,406)	(1,188)	(3,279)	(4,313)
	(1,107)	(1,188)	(2,980)	(4,313)

4. OPERATING SEGMENTS

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

For the six months ended 30 June 2023 and 2022, the Group's operations are organised into six reportable and operating segments under HKFRS 8 *Operating Segments*, namely treasury management business, money lending business, brokerage business, asset management business, corporate finance advisory business and travel business.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. OPERATING SEGMENTS *(Continued)*

Segment revenue and results

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

	Segment revenue		Segment (losses)/profits	
	Six months ended 30 June		Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Treasury management business	299	-	(2,984)	(4,321)
Money lending business	3,022	7,678	4,903	(21,076)
Brokerage business	5,192	6,888	(18)	(4,475)
Asset management business	1	2	2	(10)
Corporate finance advisory business	70	70	(985)	(877)
Travel business	-	-	-	-
Total	8,584	14,638	918	(30,759)
Gain on fair value changes of investment properties			5,500	7,000
Unallocated income			1,078	2,075
Unallocated expenses			(10,038)	(10,754)
Loss for the period			(2,542)	(32,438)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. OPERATING SEGMENTS *(Continued)*

Segment revenue and results *(Continued)*

	Segment revenue		Segment (losses)/profits	
	Three months ended 30 June		Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Treasury management business	299	-	(1,109)	(1,193)
Money lending business	1,309	3,794	4,550	(22,819)
Brokerage business	2,838	3,084	(922)	(5,412)
Asset management business	-	-	1	(4)
Corporate finance advisory business	70	70	(497)	(393)
Travel business	-	-	-	-
Total	4,516	6,948	2,023	(29,821)
Gain on fair value changes of investment properties			5,500	7,000
Unallocated income			555	1,106
Unallocated expenses			(5,023)	(5,647)
Profit/(loss) for the period			3,055	(27,362)

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

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

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

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<i>Segment assets</i>		
Treasury management business	10,591	11,973
Money lending business	33,289	37,608
Brokerage business	77,959	84,098
Asset management business	8,965	8,553
Corporate finance advisory business	222	302
Travel business	-	-
	<hr/>	<hr/>
Total reportable segment assets	131,026	142,534
Unallocated bank balances and cash	1,528	4,724
Unallocated assets	169,640	163,537
	<hr/>	<hr/>
Consolidated assets	302,194	310,795
	<hr/>	<hr/>
<i>Segment liabilities</i>		
Money lending business	4	57
Brokerage business	13,782	16,899
Asset management business	546	76
Corporate finance advisory business	-	-
Travel business	-	-
	<hr/>	<hr/>
Total reportable segment liabilities	14,332	17,032
Unallocated liabilities	111,249	114,608
	<hr/>	<hr/>
Consolidated liabilities	125,581	131,640
	<hr/>	<hr/>

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

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental income from related parties <i>(note 22(b))</i>	458	880	1,040	1,759
Interest income	43	1	53	1
Loss on financial guarantee contract	-	(24)	(297)	(24)
Government grant* - Employment Support Scheme from the Hong Kong government	-	144	-	144
Others	369	85	307	151
	870	1,086	1,103	2,031

* The conditions of the government grant had been fulfilled and the Group had received the government grants already.

6. OTHER EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Handling fee and commission arising from brokerage business	1,025	1,154	1,690	2,846
Expense relating to short-term leases	667	768	1,447	1,497
Telecommunication expenses	182	219	366	358
Computer expenses	178	208	339	379
Legal and professional fees	181	1,914	217	2,924
Others	812	753	1,236	1,253
	3,045	5,016	5,295	9,257

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on other borrowing	1,994	1,994	3,967	3,967

8. INCOME TAX CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The tax (charge)/credit comprises:				
Current tax				
– Hong Kong Profits Tax	-	(2)	-	(7)
Deferred tax – current period	-	4,923	-	4,923
	-	4,921	-	4,916

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

9. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has been arrived at after charging the following items:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Amortisation of intangible asset	83	84	165	166
Depreciation of property, plant and equipment	338	1	676	4
Total depreciation and amortisation expenses	421	85	841	170

10. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the six months ended 30 June 2023 and 2022 nor has any dividend been proposed since the end of both reporting periods.

11. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
EARNINGS/(LOSS)				
Earnings/(loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per share	3,056	(27,314)	(2,541)	(32,389)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

	Three months ended 30 June		Six months ended 30 June	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	510,794	510,794	510,794	510,794

For the three months and six months ended 30 June 2023 and 2022, diluted earnings/(loss) per share was the same as the basic earnings/(loss) per share as there was no potential dilutive ordinary shares.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

During the six months ended 30 June 2023 and 2022, the Group did not acquire any property, plant and equipment. During the six months ended 30 June 2023, investment properties with a fair value of HK\$43,200,000 was transferred to “property, plant and equipment” as the Group commenced owner-occupation.

The Group’s investment properties were valued by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group at 30 June 2023 and 2022. The valuations were arrived at by using combination of income capitalisation method and direct comparison method. Income capitalisation method is based on capitalisation of rent receivables under the existing tenancies while direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The resulting increase in fair values of investment properties of HK\$5,500,000 (for the six months ended 30 June 2022: HK\$7,000,000) has been recognised directly in profit or loss for the six months ended 30 June 2023.

On 1 March 2021, the Group entered into a settlement agreement with a bank in repaying the outstanding bank borrowings and the accrued interest payable owed by Safe2Travel Pte Ltd, a then subsidiary of the Company (“**Safe2Travel**”). The repayment is secured by a first legal mortgage over the Group’s owner-occupied property and investment properties and the assignment of rental proceeds deriving from these investment properties to the bank. At 30 June 2023 and 2022, the first legal mortgage remains in full force and effect until the outstanding bank borrowings are fully repaid.

The Group has a brand name license which entitles the Group to promote, distribute and sell the tea products under the brand name of “Hocha” or “好茶養生” in the Greater China and Southeast Asia regions for three years. The license is amortised over the license period of three years.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Accounts receivables from brokerage business:		
– Margin clients, net of accumulated allowance for expected credit losses (“ECL”) <i>(Note i)</i>	43,916	49,213
– Cash clients, net of accumulated allowance for ECL <i>(Note ii)</i>	1,177	2,086
– Clearing house <i>(Note ii)</i>	5,794	1,206
Trade receivables from asset management business	–	30
Trade receivables from corporate finance advisory business, net of accumulated allowance for ECL	223	303
Brokers receivables	9	84
Deposits, prepayments and other receivables	2,949	1,584
	54,068	54,506

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

13. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

- (i) At 30 June 2023, loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$131,351,000 (31 December 2022: HK\$147,373,000). The loans are repayable on demand and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities pledged. The collateral held can be repledged and sold at the Group's discretion to settle any outstanding amount owed by the securities margin clients. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

During the six months ended 30 June 2023, an allowance for ECL of HK\$1,169,000 (2022: HK\$6,269,000) was recognised on three loans with the gross carrying amount of HK\$26,641,000 (2022: HK\$26,344,000) to securities margin clients, which have been classified as stage 3 (credit-impaired). The fair value of the pledged securities of the three loans held by these clients of HK\$5,091,000 (2022: HK\$12,926,000) at 30 June 2023 fell below their respective securities margin loan amount. The accumulated allowance for ECL was HK\$21,550,000 at 30 June 2023 (31 December 2022: HK\$20,381,000).

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

As a securities cash client went bankruptcy during the six months ended 30 June 2023, the directors concluded that an allowance for ECL on account receivable from the securities cash client of HK\$121,000 (2022: nil) was required for the six months ended 30 June 2023.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. LOAN RECEIVABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Loan receivables	284,490	291,668
Accrued interest receivables	18,047	19,156
Less: accumulated allowance for ECL	(269,718)	(274,675)
	<hr/> 32,819 <hr/>	<hr/> 36,149 <hr/>
Analysed as: current		

The range of interest rate on the Group's loan receivables is from 8% to 15% per annum (31 December 2022: from 8% to 15% per annum). Loans contain a repayable on demand clause and are classified under current assets.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. LOAN RECEIVABLES *(Continued)*

At 30 June 2023, the net carrying amount of loan receivables amounting to HK\$13,611,000 (31 December 2022: HK\$16,456,000) are secured and guaranteed, and HK\$19,208,000 (31 December 2022: HK\$19,693,000) are unsecured and unguaranteed.

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

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

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

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

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

14. LOAN RECEIVABLES *(Continued)*

Movements in accumulated allowance for ECL on loan receivables:

	Stage 1 HK\$'000	Stage2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
At 1 January 2022	1,261	11,190	149,249	161,700
Transfer from Stage 1 to Stage 2	(1,085)	1,085	–	–
Transfer from Stage 1 to Stage 3	(176)	–	176	–
Transfer from Stage 2 to Stage 3	–	(11,190)	11,190	–
Allowance for ECL recognised	<u>163</u>	<u>7,824</u>	<u>104,988</u>	<u>112,975</u>
At 31 December 2022 (audited) and 1 January 2023	163	8,909	265,603	274,675
Allowance for ECL (reversed)/recognised	<u>(74)</u>	<u>117</u>	<u>(5,000)</u>	<u>(4,957)</u>
At 30 June 2023 (unaudited)	<u>89</u>	<u>9,026</u>	<u>260,603</u>	<u>269,718</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Listed investments held for trading <i>(Note)</i> – Equity securities listed in Hong Kong	10,232	11,847

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

At 30 June 2023 and 31 December 2022, no financial assets at fair value through profit or loss have been pledged as security.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. TRADE AND OTHER PAYABLES

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Accounts payables from brokerage business:		
– Margin clients	4,242	4,488
– Cash clients	9,387	11,025
– Clearing house	37	1,237
Trade payables from asset management business	546	46
Accruals	4,664	5,805
Interest payable	636	658
Tenant deposits received	684	848
Other payables	2,716	2,603
	22,912	26,710

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

17. OTHER BORROWING

At 30 June 2023, the unsecured other borrowing amounting to HK\$100,000,000 (31 December 2022: HK\$100,000,000) is guaranteed by Mr. Cheung Kwok Wai Elton, an executive director of the Company. The other borrowing carried interest at a fixed rate of 8% (31 December 2022: 8%) per annum. The maturity date of the other borrowing is 10 November 2023. The majority of the proceeds were used to finance the working capital of money lending business.

18. FINANCIAL GUARANTEE CONTRACT

As disclosed in note 12, the Company issued financial guarantee to the bank in respect of the bank borrowings granted to Safe2Travel.

At 30 June 2023, the aggregate outstanding amount under the financial guarantee issued to the bank in respect of the bank borrowings granted to Safe2Travel that the Group was required to pay amounted to SG\$461,000 (equivalent to approximately HK\$2,669,000) (31 December 2022: SG\$847,000 (equivalent to approximately HK\$4,930,000)) if the guarantee was called in entirety.

19. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2022, 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	18,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	510,793,747	51,079

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

20. SHARE-BASED PAYMENT TRANSACTIONS

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

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

No share options were granted during the six months ended 30 June 2023 and 2022. No share options were outstanding at 30 June 2023 and 31 December 2022.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

21. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

At 30 June 2023, details of the pledge of assets are as follows:

At 30 June 2023, the Group's owner-occupied property and investment properties in Hong Kong with carrying amounts of HK\$42,525,000 (31 December 2022: nil) and HK\$124,500,000 (31 December 2022: HK\$162,200,000) respectively have been pledged to secure the bank borrowings of Safe2Travel. The bank borrowings were also secured by the assignment of rental proceeds deriving from these investment properties to the bank.

22. RELATED PARTY TRANSACTIONS

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

(a) Compensation of key management personnel

The remuneration of directors during the period was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other benefits	510	510	1,020	1,020
Contribution to retirement benefits scheme	4	4	9	9
	<u>514</u>	<u>514</u>	<u>1,029</u>	<u>1,029</u>

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

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

22. RELATED PARTY TRANSACTIONS *(Continued)*

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

		Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Related companies <i>(Note)</i>	Rental income	458	880	1,040	1,759

Note:

Mr. Mung Hon Ting Jackie (“**Mr. Jackie Mung**”) is a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man Alan (“**Mr. Alan Mung**”), both of them are executive directors of the Company.

For the six months ended 30 June 2023, Mr. Alan Mung has the beneficial interest in the related company.

For the six months ended 30 June 2022, Mr. Alan Mung and Mr. Jackie Mung had the beneficial interests in the related companies.

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

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 30 June 2023 and up to the date of this report.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

The Group recorded a loss attributable to owners of the Company of HK\$2,541,000 for the six months ended 30 June 2023 (2022: HK\$32,389,000). The decrease was mainly due to a reversal of allowance for expected credit loss (“ECL”) on loan receivables of HK\$4,957,000 in the six months ended 30 June 2023, in contrast to the recognition of allowance for ECL on loan receivables of HK\$29,715,000 in the six months ended 30 June 2022.

Revenue and profitability

An analysis of the Group’s revenue for the six months ended 30 June 2023 and 2022 was as follows:

	Six months ended 30 June	
	2023	2022
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Interest income from money lending business	3,022	7,678
Net realised gain on securities investment	299	–
Revenue derived from financial services business	5,263	6,960
	8,584	14,638

For the six months ended 30 June 2023, the revenue of the Group amounted to HK\$8,584,000, which was comprised of interest income from the money lending business of HK\$3,022,000, net realised gain on securities investment of HK\$299,000, and revenue derived from the financial services business of HK\$5,263,000. Revenue derived from financial services business includes commission income from securities brokerage, interest income from margin financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance.

The Group reported a decrease of 41% in its revenue for the six months ended 30 June 2023 compared to HK\$14,638,000 for the six months ended 30 June 2022. This decrease was mainly attributable to (i) a HK\$4,656,000 decrease in interest income from the money lending business, and (ii) a HK\$1,697,000 decrease in revenue derived from the financial services business.

Other income, other gains and losses

Other income, other gains and losses for the six months ended 30 June 2023 amounted to a net income of HK\$1,103,000, representing a decrease of 46% compared to the net income of HK\$2,031,000 for the six months ended 30 June 2022. The decrease was mainly due to (i) the decrease in rental income from related parties, and (ii) the increase in loss on the financial guarantee contract relating to the payments made by the Company to a bank in fulfilling its obligation as a financial guarantor.

Staff costs, depreciation and amortisation expenses, and other expenses

For the six months ended 30 June 2023, staff costs amounted to HK\$8,014,000 (2022: HK\$7,332,000). Depreciation and amortisation expenses amounted to HK\$841,000 (2022: HK\$170,000). Other expenses amounted to HK\$5,295,000 (2022: HK\$9,257,000).

The increase in depreciation and amortisation expenses was mainly attributable to the additional depreciation recognised on an office unit reclassified from investment properties to properties, plant and equipment due to this office unit becoming owner-occupied property in January 2023.

The decrease in other expenses was mainly due to a HK\$2,707,000 decrease in legal and professional fees and a HK\$1,156,000 decrease in handling fee and commission arising from the Group's securities brokerage business.

Gain on fair value changes of investment properties

At the end of the reporting period, the Group remeasured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a gain of HK\$5,500,000 (2022: HK\$7,000,000) on the fair value changes of investment properties. The recognition of the gain on fair value changes of investment properties was due to the better performance of Hong Kong's Grade A office market in Hong Kong in the first half of 2023 as compared with last year.

Allowance for ECL on loan receivables

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Having performed the ECL assessment, the directors concluded that a reversal of allowance for ECL on loan receivables of HK\$4,957,000 (2022: recognition of allowance for ECL on loan receivables HK\$29,715,000) was made for the six months ended 30 June 2023. The reversal of allowance for ECL on loan receivables was mainly due to the partial repayment of a loan classified under stage 3 (credit-impaired).

Allowance for ECL on account receivables from securities margin clients

At the end of the reporting period, the directors performed an ECL assessment on the account receivables from the securities margin clients. As the market values of the pledged securities held by three securities margin clients fell below the outstanding amounts of their respective margin loans, the directors concluded that an allowance for ECL on account receivables from securities margin clients of HK\$1,169,000 (2022: HK\$6,269,000) was required for the six months ended 30 June 2023.

Allowance for ECL on account receivables from a securities cash client

As a securities cash client went bankruptcy during the six months ended 30 June 2023, the directors concluded that an allowance for ECL on account receivable from the securities cash client of HK\$121,000 (2022: nil) was required for the six months ended 30 June 2023.

Finance costs

For the six months ended 30 June 2023, the finance costs amounted to HK\$3,967,000 (2022: HK\$3,967,000), which represented interest expense on other borrowing.

Income tax credit

There was no income tax credit in relation to the allowance for ECL was recognised for the six months ended 30 June 2023 (2022: HK\$4,916,000).

Business Review

Money lending business

During the six months ended 30 June 2023, the Group's money lending business generated interest income on loans of HK\$3,022,000 (2022: HK\$7,678,000), a 61% decrease as compared to the corresponding period last year.

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

During the six months ended 30 June 2023, the Group did not grant any new loan and a customer made a drawing of HK\$1,000,000 from an existing loan and two customers repaid HK\$8,178,000 to the Group.

As at 30 June 2023, nine loans remained outstanding, of which (i) a loan receivable with a gross balance of HK\$13,700,000 was classified under stage 1 (initial recognition), (ii) a loan receivable with a gross balance of HK\$28,234,000 was classified under stage 2 (significant increase in credit risk), and (iii) seven loan receivables with the aggregate gross balance of HK\$260,603,000 were classified under stage 3 (credit-impaired). During the six months ended 30 June 2023, there were no transfers among stages 1, 2 and 3.

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured ECL on loan receivables using the general approach, which is often referred to "three-stage model" under Hong Kong Financial Reporting Standard 9 *Financial Instruments*. Based on the valuation, the reversal of allowance for ECL on loan receivables of HK\$4,957,000 was made.

Of the total allowance for ECL, (i) HK\$74,000 was reversed for the loan receivable classified under stage 1 (initial recognition) resulting from the partial repayment of the loan, (ii) HK\$117,000 was recognised for the loan receivable classified under stage 2 (significant increase in credit risk), and (iii) HK\$5,000,000 was reversed for loan receivables classified under stage 3 (credit-impaired) resulting from the partial repayment of a loan.

Set out below is the latest development of the recovery actions for these loan receivables. Reference is made to loan receivables classified under stage 3 (credit-impaired) which were set out on pages 144 to 146 of the Company's annual report for the year ended 31 December 2022.

- (a) Customer A failed to repay the outstanding principal amount of HK\$26,648,000 and accrued and unpaid interest thereon as they fell due in May 2023. As at the date of this report, the Group is chasing Customer A to repay the overdue amount.
- (b) Customer B has failed to repay the outstanding principal amount of HK\$48,000,000 and accrued and unpaid interest thereon as they fell due in May 2022. Subsequently, Customer B paid HK\$1,514,000 and HK\$5,115,000 to the Group in August and October 2022 respectively as partial repayment of the loan and interest payment. As such the outstanding principal amount of the loan was reduced to HK\$45,239,000 as at 31 December 2022 and 30 June 2023. As at the date of this report, the Group is still chasing Customer B to repay and negotiating with Customer B regarding the settlement arrangement of the remaining loan balance.

- (c) Customer C has failed to pay the interest on the loan in the principal amount of HK\$63,000,000 since February 2022. The Group has negotiated with Customer C with a view to entering into a binding settlement agreement. In March 2023, the Group instructed its legal adviser to send a demand letter to him demanding his immediate settlement. In July 2023, the Group received a reply from him proposing to repay the outstanding principal amount of the loan and the accrued interest by installments. In response to such reply, the Group is trying to contact him, with the view to counter-proposing a shorter repayment schedule and to request him to finalise the settlement proposal in accordance with the proposed terms. The Company cannot presently state for sure that a settlement agreement can be reached with Customer C, but if the Group eventually sign a settlement agreement with him, it would only do so if it considered that the entering into of the settlement agreement is a feasible measure to recover the loan together with the accrued and unpaid interest thereon after exhausted all other recovery measures.
- (d) Customer D has failed to pay the interest on the loan in the principal amount of HK\$58,000,000 since May 2021. In January 2022, the Group obtained a corporate guarantee provided by a property holding company incorporated in the People's Republic of China (the "PRC") to guarantee all of her repayment obligations of the loan under the loan agreement. Thereafter, the Group commenced legal action against the corporate guarantor in an arbitration court in the PRC with a view to recovering the loan and the accrued and unpaid interest thereon. On 16 March 2023, the Group entered into a mediation agreement with the corporate guarantor under the guidance of the arbitration court. In May 2023, the court handed down a mediation statement ruling that the corporate guarantor shall honour its payment obligations under the corporate guarantee to pay the Group the outstanding principal amount of the loan together with the accrued and unpaid interest up to and until the payment date. The Group has instructed its legal adviser to enforce the mediation statement for recovering the loan together with the accrued and unpaid interest thereon. In June 2023, the Group's legal adviser has made an Application for Compulsory Enforcement to the court which is pending for review by the court. In the meantime, the Group is seeking advice from its legal advisers to seek to commence concurrent legal proceedings against Customer D in Hong Kong.

- (e) Customer F did not repay the outstanding principal amount of a loan of HK\$35,300,000 as it fell due in May 2022. The loan receivable was secured by (i) a share charge of the entire issued shares of Customer F, and (ii) a personal guarantee given by the ultimate beneficial owner of Customer F, as security for all the obligations of Customer F under the loan agreement. The Group entered into a deed of settlement with Customer F for a settlement plan of the outstanding principal amount (the “**Settlement Amount**”), of which HK\$7,060,000 was repaid on 30 May 2022 and the remaining outstanding balance of HK\$28,240,000 would be settled by four instalments in 20 months commenced from 1 June 2022. In consideration of the Group agreeing to enter into the deed of settlement, (i) a wholly-owned subsidiary of Customer F has undertaken to pay 70% of the revenue generated from its corporate services business within 30 days after actual receipt of payment in respect of such revenue for settlement of the same amount of the Settlement Amount unless and until the Settlement Amount is fully settled; and (ii) another wholly-owned subsidiary of Customer F has undertaken to pay 80% of all of its revenue (excluding certain revenue as defined in the deed of settlement) actually received by it within 30 days after actual receipt of the payment in respect of such revenue for settlement of the same amount of the Settlement Amount unless and until the Settlement Amount is fully settled. The Group had exhausted all recovery measures and considered that the entering into of the deed of settlement as a feasible measure to recover the loan together with the accrued and unpaid interest thereon. Subsequent to the date of the deed of settlement, Customer F has settled HK\$10,328,000 and paid the accrued interests in accordance with the terms of the deed of settlement up to the date of this report.

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

- (h) Customer I failed to pay the accrued interest since May 2020. The revolving loan facilities of HK\$19,000,000 granted to him were secured by a first legal charge over a commercial property. During the year ended 31 December 2021, the Group took possession of the commercial property and sold it to an independent third party to recover HK\$15,497,000 of the outstanding principal amount. In March 2023, a writ of summons was issued against Customer I, demanding the repayment of the remaining outstanding principal amount of the loan of HK\$3,502,000 together with the accrued and unpaid interest thereon. At the date hereof, the Group's legal adviser is preparing further application by summons and the related supporting affirmation for filing to the court.

The loan granted to Customer J was secured by a share charge in respect of the issued shares of Customer J and a corporate guarantee given by its ultimate holding company.

As at 30 June 2023, the Group's loan receivables and accrued interest receivables (before accumulated allowance for ECL) amounted to HK\$302,537,000 (31 December 2022: HK\$310,824,000).

Treasury management business

During the six months ended 30 June 2023, the Group acquired Hong Kong equities with market value of HK\$1,664,000 and did not dispose of any securities investment. The Group recognised dividend income of HK\$299,000 from its securities investment as a net realised gain on securities investment in the six months ended 30 June 2023. As at 30 June 2023, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK\$3,279,000 (2022: a net unrealised loss of HK\$4,313,000) arising on changes in fair values of securities investment.

Financial services business

During the six months ended 30 June 2023, the revenue of the Group's financial services business decreased by 24% to HK\$5,263,000 (2022: HK\$6,960,000).

Commission income from securities brokerage for the six months ended 30 June 2023 decreased by 16% to HK\$939,000 (2022: HK\$1,112,000). This decrease was due to a decrease in customers' transaction volumes resulting from poor market sentiment.

Interest income from margin financing for the six months ended 30 June 2023 decreased by 5% to HK\$3,209,000 (2022: HK\$3,377,000) as there was a decrease in the Group's securities margin financing business. The average monthly outstanding balance of loans of securities margin clients (before accumulated allowance for ECL) decreased from HK\$70,362,000 in the six months ended 30 June 2022 to HK\$67,456,000 in the six months ended 30 June 2023.

The handling and settlement income arising from securities brokerage for the six months ended 30 June 2023 decreased by 56% to HK\$1,044,000 (2022: HK\$2,399,000) due to the decrease in customers' transaction volumes resulting from poor market sentiment.

The asset management fee income for the six months ended 30 June 2023 decreased by 50% to HK\$1,000 (2022: HK\$2,000). The decrease was due to the decrease in the assets under management by the Group.

The advisory fee income from corporate finance for the six months ended 30 June 2023 amounted to HK\$70,000 (2022: HK\$70,000).

Liquidity and Financial Resources

During the six months ended 30 June 2023, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK\$179,163,000 at 31 December 2022 to HK\$176,622,000 at 30 June 2023. This decrease was due to the loss incurred by the Group for the six months ended 30 June 2023.

As at 30 June 2023, the bank balances and cash of the Group amounted to HK\$29,042,000 (31 December 2022: HK\$31,193,000).

As at 30 June 2023, the Group had an outstanding borrowing of HK\$100,000,000 (31 December 2022: HK\$100,000,000) granted by a finance company, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Cheung Kwok Wai Elton, the Chairman of the Board and an executive director, and maturing on 10 November 2023.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 57% (31 December 2022: 56%).

Net current assets and current ratio

As at 30 June 2023, the Group's net current assets and current ratio were HK\$9,292,000 (31 December 2022: HK\$16,493,000) and 1.1 times (31 December 2022: 1.1 times) respectively. The decrease in net current assets was mainly attributable to the decrease in bank trust account balances.

Capital Structure

There was no change in the Company's capital structure during the six months ended 30 June 2023.

Exchange Rate Risk

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

Pledge of Assets

On 1 March 2021, the Company entered into a settlement agreement with a bank in Singapore pursuant to which the Company agreed to repay the outstanding bank borrowings and the accrued interest payable of Safe2Travel, a then wholly-owned subsidiary of the Company, in discharge of the Company's pre-existing obligations under a parent company guarantee given to the bank to fortify the borrowings of Safe2Travel. The repayment is secured by a first legal mortgage over the Group's owner-occupied property and investment properties in Hong Kong with carrying amounts as at 30 June 2023 of HK\$42,525,000 and HK\$124,500,000 respectively and the assignment of rental proceeds from the Group's investment properties to the bank.

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities.

Material Commitments

As at 30 June 2023, the Group had no material commitments.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2023, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Employees Information

As at 30 June 2023, the total number of employees of the Group was 31 (31 December 2022: 27). Staff costs (including directors' emoluments) for the six months ended 30 June 2023 amounted to HK\$8,014,000 (2022: HK\$7,332,000).

Outlook

China's economy growth missed expectations in the second quarter of this year. The China's property sector is much weaker in the first half of this year compared to last year and the unemployment of youths rose to a record high. In addition, the global economic growth is moderating under the weight of still high inflation and monetary policy tightening. Rapid monetary policy tightening led to weakening in global bank lending, housing, financial markets and the industrial sector.

The directors expect the global economic outlook for 2023 remains subdued. As such, the directors will closely monitor the equity market, adjust the Group's securities investment from time to time, and realise the securities investment into cash as and when appropriate in the remainder of 2023.

Given the downside risks faced by the global economy, the directors will continue closely monitor the repayment and financial condition of the Group's money lending customers to ensure speedy actions on any early signs of loan recovery issues and take various measures to recover the overdue loan receivables and the unpaid interest on loans.

The directors are hopeful for an improvement in the performance of the Group's financial services business in 2023. The directors believe the investors' sentiment will rise following the implementation of government's stimulus measures to spur economic activity.

Based on the results of research and feasibility studies on travel business in Hong Kong conducted by the Company, the directors consider that developing travel business in Hong Kong would be challenging and costly. There are many challenges that the Company would have to face, such as the increased competition from large conglomerates and online booking channels. Hence, the Company has to examine thoroughly the profitability, capital requirements and potential risks before moving forward in this industry.

The directors will continue to lead the Group to weather the challenges and continue to monitor the business environment and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the directors will continue to identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

Events after the Reporting Period

The Group had no material events for disclosure subsequent to 30 June 2023 and up to the date of this report.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

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

As at 30 June 2023, none of the directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation, as recorded in the register required to be kept by the Company under section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 30 June 2023, the register of substantial shareholders kept by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions

Ordinary shares of HK\$0.10 each of the Company

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

Notes:

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

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2023.

Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company on 24 June 2021, the Company adopted a new share option scheme (the “**2021 Share Option Scheme**”) to replace the share option scheme adopted on 19 May 2011. The 2021 Share Option Scheme will be expired on 28 June 2031. The purpose of the 2021 Share Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The maximum number of shares which may be issued upon exercise of all options may be granted at any time under the 2021 Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the issued share capital of the Company as at the date of the approval of the 2021 Share Option Scheme. Accordingly, as at 1 January 2023 and 30 June 2023, the number of options available for grant under the 2021 Share Option Scheme was 51,079,374, representing 10% of the issued share capital of the Company as at the date of approval of the 2021 Share Option Scheme on 24 June 2021. The principal terms of the 2021 Share Option Scheme were disclosed in the Company’s circular dated 30 April 2021.

During the six months ended 30 June 2023, no share options was granted, exercised or lapsed and no outstanding share option as at 31 December 2022 and 30 June 2023.

Disclosure Pursuant to Rule 17.22 of the GEM Listing Rules

As at 30 June 2023, the outstanding principal amount of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK\$62,247,000 (before accumulated allowance for ECL), which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group’s money lending business. Details of the grant of the loan were disclosed in the Company’s announcements dated 28 November 2018 and 11 November 2020.

Directors' Interest in Competing Business

During the six months ended 30 June 2023 and up to the date of this report, Mr. Cheung Kwok Wai Elton, the Chairman of the Board and an executive director, has interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

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

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

Corporate Governance Practices

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

During the six months ended 30 June 2023, the Company was in compliance with the code provisions set out in the Code except for the deviations as explained below:

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

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

Save as those mentioned above, in the opinion of the directors, the Company has met the code provisions set out in the Code during the six months ended 30 June 2023.

Directors' Securities Transactions

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the directors have confirmed that they had complied with the required standards as set out in the GEM Listing Rules during the six months ended 30 June 2023.

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Disclosure of Change of Directors' Information

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in the information of directors since 31 December 2022 and up to the date of this report is set out below:

- (a) Mr. Mung Bun Man Alan resigned as managing director and the chairman of the corporate governance committee of the Board with effect from 16 June 2023, but remains as an executive director and a member of each of the remuneration committee and nomination committee of the Board.
- (b) Mr. Cheung Kwok Wai Elton was appointed as chairman of the corporate governance committee of the Board with effect from 16 June 2023.
- (c) Mr. Wong Chun Hung Hanson was appointed as a non-executive director with effect from 16 June 2023.

Review of Financial Information

The unaudited condensed consolidated financial information for the six months ended 30 June 2023 and this report of the Company have been reviewed by the Audit Committee of the Board, which was of the opinion that the preparation of such financial information and report complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

Acknowledgement

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

On behalf of the Board

Cheung Kwok Wai Elton

Chairman and Executive Director

Hong Kong, 14 August 2023

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