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DA YU FINANCIAL HOLDINGS LIMITED
大禹金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1073)

2023 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the “Board”) of Da Yu Financial Holdings Limited (the “Company”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 as below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Unaudited	
		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Services revenue	3	18,410	44,237
Interest revenue	3	2,737	430
Other net income	3	5	91
Other net financial gain/(loss)		892	(1,201)
Employee benefit expense		(7,865)	(7,943)
Administrative and other expenses		(8,766)	(9,559)
Finance costs		(104)	(51)
Impairment losses on trade receivables		–	(45)
Profit before income tax	5	5,309	25,959
Income tax expense	6	(1,106)	(4,136)
Profit and total comprehensive income for the period attributable to the owners of the Company		4,203	21,823
Earnings per share attributable to the owners of the Company (HK cents)			
– Basic	7	0.37	1.92
– Diluted		0.37	1.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		Unaudited As at 30 June 2023 <i>HK\$'000</i>	Audited As at 31 December 2022 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		202	210
Goodwill	9	281,241	281,241
Intangible assets	10	59,263	60,989
Right-of-use assets		5,179	690
Mortgage loans	11	14,374	32,370
Other assets		200	200
		360,459	375,700
Current assets			
Mortgage loans	11	3,062	4,942
Term loans	12	21,772	1,501
Contract assets		1,052	1,053
Trade and other receivables, deposits paid and prepayments	13	1,778	4,456
Amount due from a related company		4,134	4,033
Financial assets at fair value through profit or loss		11,607	11,586
Client trust bank balances	14	143,647	160,737
Cash and cash equivalents		91,906	91,328
		278,958	279,636
Current liabilities			
Contract liabilities		521	1,250
Trade and other payables and accrued expenses	15	144,995	168,834
Lease liabilities		3,260	697
Taxation payable		2,967	2,763
		151,743	173,544
Net current assets		127,215	106,092
Total assets less current liabilities		487,674	481,792

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)*As at 30 June 2023*

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Non-current liabilities		
Lease liabilities	1,964	–
Deferred tax liabilities	9,778	10,063
	<u>11,742</u>	<u>10,063</u>
Net assets	<u>475,932</u>	<u>471,729</u>
EQUITY		
Equity attributable to the owners of the Company		
Share capital	113,933	113,933
Reserves	361,999	357,796
	<u>475,932</u>	<u>471,729</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value, as appropriate.

The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the new/revised Hong Kong Financial Reporting Standard (“HKFRSs”) (which include individual HKFRSs, HKASs and Interpretations) as disclosed below.

Adoption of new/revised HKFRSs – effective 1 January 2023

In the current period, the Group has applied for the first time the following new/revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 January 2023.

HKFRS 17	Insurance Contracts and the related Amendments
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
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 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The adoption of these new/revised HKFRSs has no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

3. REVENUE AND OTHER NET INCOME

(a) Disaggregation of revenue

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Services Revenue		
Type of services		
– Advisory and related services	9,048	26,418
– Asset management services	7,326	7,557
– Securities and related services	1,186	1,401
– Referral fees	375	8,375
– Sundry income	475	486
	<u>18,410</u>	<u>44,237</u>
Revenue from contracts with customers not within the scope of HKFRS 15:		
Interest Revenue		
Loan interest and related income	<u>2,737</u>	<u>430</u>
	<u>21,147</u>	<u>44,667</u>
Timing of services revenue recognition within the scope of HKFRS 15:		
At a point in time	3,011	27,918
Transferred over time	<u>15,399</u>	<u>16,319</u>
	<u>18,410</u>	<u>44,237</u>

(b) Transaction price allocated to remaining performance obligations

As of 30 June 2023 and 31 December 2022, the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) is approximately HK\$6,740,000 and approximately HK\$5,490,000 respectively. The transaction price does not include any estimated amounts of variable consideration, unless at the reporting date it is highly probable that the Group will satisfy the conditions of variable consideration. The Group expects to recognise the amount as revenue when the performance obligations are satisfied in coming 6 to 12 months, depending on the contract terms. The following table shows the time band for remaining performance obligations to be satisfied.

	Unaudited As at 30 June 2023 <i>HK\$'000</i>	Audited As at 31 December 2022 <i>HK\$'000</i>
Remaining performance obligations expected to be satisfied during:		
the year ending 31 December 2023	<u>6,740</u>	<u>5,490</u>
<i>(Note)</i>	<u><u>6,740</u></u>	<u><u>5,490</u></u>

Note:

According to HKFRS 15 – Revenue from Contracts with Customers, the amount of remaining performance obligations above did not include a significant advisory transaction subject to conditions, because according to its mandate, as at 30 June 2023:

- (i) there are uncertainties surrounding the actual amount to be received;
- (ii) the range for the final amounts to be received is wide, the worst of it being nil;
- (iii) the uncertainty about the amount of advisory entitlement fee is not expected to be resolved within a short period of time; and
- (iv) there is no substantial commercial reality to ascertain the amount of the advisory entitlement fee.

(c) Other net income

	Unaudited Six months ended 30 June 2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Exchange gain, net	3	3
Other income	2	–
Government grants	<u>–</u>	<u>88</u>
	<u><u>5</u></u>	<u><u>91</u></u>

4. SEGMENT INFORMATION

The Group's reportable and operating segments are as follows:

- (a) Corporate finance services, investment and others – provision of corporate finance advisory services including financial advisory services, services incidental to financial advisory, compliance advisory services, placing agency and/or underwriting services, investment business and others.
- (b) Asset management services – provision of asset management services including investment advisory services and sundry income derived from provision of the services.
- (c) Securities and related services – provision of securities broking, underwriting and placing of securities and investment in securities.
- (d) Money lending business – provision of loan financing and related services.

Segment revenue and results

	Corporate finance services, investment and others <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Securities and related services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited					
Six months ended 30 June 2023					
Revenue – external customers	9,048	7,801	1,186	3,112	21,147
Other net income (<i>Note</i>)	3	–	534	2	539
Other net financial gain/(loss) – all generated from proprietary trading	2,138	–	(112)	–	2,026
Less: inter-segment revenue	(1,134)	–	(534)	–	(1,668)
Reportable segment revenue – external customers	<u>10,055</u>	<u>7,801</u>	<u>1,074</u>	<u>3,114</u>	<u>22,044</u>
Results					
Reportable segment profit/(loss) before income tax	<u>1,969</u>	<u>4,212</u>	<u>(3,110)</u>	<u>2,238</u>	<u>5,309</u>
Unaudited					
Six months ended 30 June 2022					
Revenue – external customers	26,418	8,043	1,401	8,805	44,667
Other net income (<i>Note</i>)	44	47	160	–	251
Other net financial (loss)/gain – all generated from proprietary trading	(1,224)	–	154	–	(1,070)
Less: inter-segment revenue	(131)	–	(160)	–	(291)
Reportable segment revenue – external customers	<u>25,107</u>	<u>8,090</u>	<u>1,555</u>	<u>8,805</u>	<u>43,557</u>
Results					
Reportable segment profit/(loss) before income tax	<u>16,874</u>	<u>4,503</u>	<u>(3,562)</u>	<u>8,144</u>	<u>25,959</u>

Note: Other net income generated from proprietary trading included in segment revenue under corporate finance services, investment and others for the six months ended 30 June 2023 was gain of approximately HK\$3,000 (2022: included in segment revenue under corporate finance services, investment and others of approximately HK\$3,000).

Segment assets and liabilities

	Corporate finance services, investment and others <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Securities and related services <i>HK\$'000</i>	Money lending business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited					
As at 30 June 2023					
Reportable segment assets and consolidated total assets	<u>393,253</u>	<u>40,317</u>	<u>163,492</u>	<u>42,355</u>	<u>639,417</u>
Reportable segment liabilities	11,093	1,158	146,939	672	159,862
Unallocated: other payables, accrued expenses and taxation payable					<u>3,623</u>
Consolidated total liabilities					<u>163,485</u>
Audited					
As at 31 December 2022					
Reportable segment assets and consolidated total assets	<u>387,717</u>	<u>39,347</u>	<u>170,548</u>	<u>57,724</u>	<u>655,336</u>
Reportable segment liabilities	11,383	276	161,225	719	173,603
Unallocated: other payables, accrued expenses and taxation payable					<u>10,004</u>
Consolidated total liabilities					<u>183,607</u>

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

- all assets are allocated to operating segments; and
- all liabilities are allocated to operating segments other than other payables, accrued expenses and taxation payable (except for other payables, accrued expenses and taxation payable attributable to securities and related services and money lending business segments).

Major customers information

Revenue from major customers, each of whom amounted to 10% or more of Group's revenue during the six months ended 30 June 2023 and 2022, is set out below:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Customer A ¹	7,801	8,043
Customer B ³	2,500	–
Customer C ³	2,323	–
Customer D ²	–	8,000
Customer E ³	–	8,000
Customer F ³	–	6,500
	<u> </u>	<u> </u>

¹ Revenue from Customer A is attributable to asset management services.

² Revenue from Customer D is attributable to money lending business.

³ Revenue from Customers B, C, E and F are attributable to corporate finance services, investment and others.

Concentration of loans on major customers

At the end of the reporting period, the Group has certain concentration of credit risk as 26.0% (as at 31 December 2022: 44.2%) and 66.5% (as at 31 December 2022: 63.4%) of the total mortgage loans and term loans which was due from the Group's largest customer and the five largest customers within the money lending business segment respectively.

Geographic information

The Group's operations are mainly located in Hong Kong and all the Group's non-current assets are located in Hong Kong.

5. PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging:		
Amortisation on intangible assets	1,726	2,900
Depreciation of		
– Owned property, plant and equipment	43	93
– Right-of-use assets	1,803	1,803
Employee benefit expense(including Directors' emoluments)	7,865	7,943
Interest on lease liabilities	104	51
Intangible assets derecognition upon contract completion	–	419
Impairment losses on trade receivables	–	45
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2023 and 2022. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of one subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	(1,391)	(4,683)
Deferred tax	285	547
	<u> </u>	<u> </u>
Income tax expense	<u>(1,106)</u>	<u>(4,136)</u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to the owners of the Company)	<u>4,203</u>	<u>21,823</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<u>1,139,330,190</u>	<u>1,139,330,190</u>

There were no potential ordinary share in issue for the six months ended 30 June 2023 and 2022. Accordingly, the diluted earnings per share presented are the same as the basic earnings per share.

8. DIVIDEND

At a Board meeting held on 25 August 2023, the Board resolved not to declare an interim dividend for the period (2022: Nil).

9. GOODWILL

	<i>HK\$'000</i>
Cost	
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>302,965</u>
Accumulated impairment	
At 1 January 2022	–
Impairment losses	<u>21,724</u>
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>21,724</u>
Carrying amount	
At 31 December 2022 (Audited)	<u>281,241</u>
At 30 June 2023 (Unaudited)	<u>281,241</u>

10. INTANGIBLE ASSETS

	Investment management agreement <i>HK\$'000</i>	Backlog <i>HK\$'000</i>	Trade name <i>HK\$'000</i>	Securities and Futures Commission licences <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2022	15,560	12,706	69,044	3,740	101,050
Derecognition upon contract completion	–	(3,086)	–	–	(3,086)
At 31 December 2022, 1 January 2023 and 30 June 2023	<u>15,560</u>	<u>9,620</u>	<u>69,044</u>	<u>3,740</u>	<u>97,964</u>
Amortisation and impairment					
At 1 January 2022	15,560	11,006	8,343	–	34,909
Amortisation	–	1,281	3,452	–	4,733
Derecognition upon contract completion	–	(2,667)	–	–	(2,667)
At 31 December 2022 and 1 January 2023	15,560	9,620	11,795	–	36,975
Amortisation	–	–	1,726	–	1,726
At 30 June 2023	<u>15,560</u>	<u>9,620</u>	<u>13,521</u>	<u>–</u>	<u>38,701</u>
Carrying amount					
At 31 December 2022 (Audited)	<u>–</u>	<u>–</u>	<u>57,249</u>	<u>3,740</u>	<u>60,989</u>
At 30 June 2023 (Unaudited)	<u>–</u>	<u>–</u>	<u>55,523</u>	<u>3,740</u>	<u>59,263</u>

11. MORTGAGE LOANS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured mortgage loans	<u>17,436</u>	<u>37,312</u>
Analysed for reporting purposes as:		
– Non-current assets	14,374	32,370
– Current assets	<u>3,062</u>	<u>4,942</u>
	<u>17,436</u>	<u>37,312</u>

The following is an ageing analysis for the mortgage loans that are past due at the reporting date:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Less than 31 days past due	<u>2,024</u>	<u>2,400</u>

As at 30 June 2023 and 31 December 2022, the Group has not recognised any loss allowance for the mortgage loans which are secured by collateral as the market value of collateral of such mortgage loans can be objectively ascertained to cover the outstanding loan amounts.

12. TERM LOANS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Current assets		
Term loans	<u>21,772</u>	<u>1,501</u>

No ageing analysis is disclosed for term loans financing, as, in the opinion of the Directors, the ageing analysis does not give additional value in the view of the nature of the term loans financing business.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Trade receivables (<i>Note</i>)	590	1,344
Other receivables	90	1,643
Prepayments	169	475
Rental and utility deposits	<u>929</u>	<u>994</u>
	<u>1,778</u>	<u>4,456</u>

Note: The Group normally applies credit terms to its customers according to industry practice together with consideration of their creditability, repayment history and years of establishment. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The ageing analysis of the carrying amount of the Group's trade receivables as at the reporting date, based on invoice dates, is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Within 30 days	<u>590</u>	<u>1,344</u>
Trade receivables, net of loss allowance	<u>590</u>	<u>1,344</u>

14. CLIENT TRUST BANK BALANCES

The Group maintains segregated deposit accounts with a recognised bank to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as client trust bank balances under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding trade payables (Note 15) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated deposit accounts balances are restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

15. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Trade payables arising from the ordinary course of business of securities dealing and brokerage services (<i>Note</i>)		
– Cash clients	143,662	160,747
Other payables and accrued expenses	1,333	8,087
	<u>144,995</u>	<u>168,834</u>

Note: The settlement terms of trade payables attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the Directors, an ageing analysis does not give additional value to users of this announcement in view of the business nature of securities dealing and brokerage services.

As at 30 June 2023, included in trade payables arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$143,647,000 (31 December 2022: approximately HK\$160,737,000) payable to clients in respect of segregated deposit accounts balances received and held for clients in the course of the conduct of regulated activities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2023 (the “Interim Period”), the Group is principally engaged in the provision of corporate finance advisory services and asset management services through its wholly-owned subsidiary, Yu Ming Investment Management Limited (“Yu Ming”), in securities broking and placing of securities through a wholly-owned subsidiary, Morton Securities Limited (“Morton Securities”), and in money lending business in Hong Kong through another wholly-owned subsidiary, Morgan Finance Limited (“Morgan Finance”).

Yu Ming is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

Morton Securities is a securities dealer licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO. Morton Securities is also an Exchange Participant of the Stock Exchange and is admitted by Hong Kong Securities Clearing Company Limited to participate in the Central Clearing and Settlement System as a Direct Clearing Participant (within the meaning of the General Rules of Central Clearing and Settlement System).

Morgan Finance holds the money lenders licence, which was granted by the licensing court pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and the Money Lenders Regulations, to carry on money lending business in Hong Kong.

Corporate Finance Advisory

During the Interim Period, the corporate finance advisory services provided by Yu Ming mainly included the following:

- (i) acting as financial adviser to advise listed issuers, shareholders and investors of listed issuers and entities on specific transactions in respect of the Listing Rules, the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and/or the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”); and
- (ii) acting as financial adviser to listed issuers on retainer basis to advise listed issuers on corporate strategies and compliance with the Listing Rules, the GEM Listing Rules and the Takeovers Code.

Amongst the transactions advised include resumption of trading of Main Board listed companies on the Stock Exchange, privatization, takeover under the Takeovers Code and rights issues.

Revenue for the Interim Period from corporate finance advisory and related services was approximately HK\$9.0 million (2022: approximately HK\$26.4 million).

Asset Management

During the Interim Period, Yu Ming provided asset management services solely to SHK Hong Kong Industries Limited (“SHK”), the first investment company listed on the Stock Exchange. Although SHK was privatized in April 2021, the investment management agreement with SHK continues.

Revenue for the Interim Period from asset management services was approximately HK\$7.3 million (2022: approximately HK\$7.6 million).

Securities Broking

During the Interim Period, Morton Securities was principally engaged in securities broking and placing of securities and investment in securities.

Morton Securities maintains a solid operation despite a nominal loss during the Interim Period.

Revenue for the Interim Period from securities and related services was approximately HK\$1.2 million (2022: approximately HK\$1.4 million).

Money Lending

During the Interim Period, Morgan Finance was principally engaged in money lending business in Hong Kong.

The Group completed the acquisition of two mortgage loans portfolios in April 2022 which comprised 43 mortgage loans at that time with the aggregated outstanding principal amount of approximately HK\$41.7 million.

Morgan Finance together with its subsidiary derive referral fees and interest income from commercial and personal lending as well as property mortgage financing. The loans granted to customers range from unsecured loans (i.e. term loan and personal loan) to secured loans (i.e. property mortgage and share mortgage). Built a good reputation for delivering professional and personalised loan services, Morgan Finance has developed a niche in the loan market, providing corporate and retail clients with tailored liquidity solutions to meet their corporate goals and personal needs. In view of the economic instability, Morgan Finance continued to adhere to its cautious approach to strengthening the overall credit risk management and control mechanism, in order to minimise default risks, it also adjusted the interest rate and loan-to-value ratio on a timely basis, according to the market situation.

Revenue for the Interim Period from money lending and related business was approximately HK\$3.1 million (2022: approximately HK\$8.8 million).

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Interim Period (2022: Nil).

FINANCIAL REVIEW

Overall Results

The Group recorded a net profit of approximately HK\$4.2 million for the Interim Period (2022: approximately HK\$21.8 million), representing a decrease in profit of approximately HK\$17.6 million. The reasons were mainly due to the drop in corporate finance advisory income and the absence of substantial fee income in the money lending business during the Interim Period despite the favourable decreases in investment loss, amortisation charge of intangible assets and resulting tax effect.

Revenue and Financial Resources

For the Interim Period, the Group had revenue of approximately HK\$21.1 million (2022: approximately HK\$44.7 million).

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$91.9 million (31 December 2022: approximately HK\$91.3 million). As at 30 June 2023, the Group's current ratio (current assets to current liabilities) was approximately 183.8% (31 December 2022: approximately 161.1%).

For the Interim Period, the Group had no material exposure to fluctuations in exchange rates.

Administrative and Other Expenses

Apart from the Group's administrative expenses, other expenses for the Interim Period included the amortisation on and derecognition of intangible assets of approximately HK\$1.7 million (2022: approximately HK\$3.3 million).

Banking Facilities and Gearing Ratio

The Group had no bank and other borrowings as at 30 June 2023 and 31 December 2022.

The Group's gearing ratio, calculated by reference to the ratio of total bank borrowings (if any) to total equity attributable to the owners of the Company as at 30 June 2023 and 31 December 2022, was 0%.

Assets and Liabilities

As at 30 June 2023, the Group had total assets of approximately HK\$639.4 million (31 December 2022: approximately HK\$655.3 million) and total liabilities of approximately HK\$163.5 million (31 December 2022: approximately HK\$183.6 million). The net assets of the Group as at 30 June 2023 were approximately HK\$475.9 million (31 December 2022: approximately HK\$471.7 million).

Capital Structure

There was no change to the share capital during the Interim Period and last corresponding period.

Commitments

As at 30 June 2023 and 31 December 2022, the Group had no significant outstanding contracted capital commitments.

Charges on Group Assets

As at 30 June 2023 and 31 December 2022, the Group had no assets under pledge.

Significant Investments, Acquisitions and Disposals

There were no significant investments, acquisitions and disposals by the Group during the Interim Period.

Contingent Liabilities

As at the date of this announcement and as at 30 June 2023 and 31 December 2022, the Board is not aware of any material contingent liabilities.

EVENTS AFTER THE REPORTING DATE

There are no important events affecting the Group which have occurred after the end of the Interim Period and up to the date of this announcement.

PROSPECT

We have well-prepared to expand our service offerings in the financial services industry so as to maintain sustainable development of the Group.

The barrage of delisting notices filed by the Stock Exchange on listed companies offers both awe and opportunities to us as a financial adviser. The lifting of COVID travel restrictions finally allowed us to meet clients face-to-face, deepening trust further. However, capital market post-COVID did not revive as we and most practitioners had expected.

On balance, the prospect of the Group for the full year 2023 – 2024 hinges on new mandates and income recognition of the corporate finance transactions, which depends on satisfaction of conditions and timing of completion, the renewal of the investment management agreement with SHK and the subsequent development of the securities business and money lending business.

AUDIT COMMITTEE

The Company had an Audit Committee established in accordance with Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed financial reporting matters and the 2023 Interim Report including a general review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA and representations from management. The Audit Committee has not undertaken detailed independent audit checks.

COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules during the Interim Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Interim Period.

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

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

By Order of the Board
DA YU FINANCIAL HOLDINGS LIMITED
Lee Wa Lun, Warren
Managing Director

Hong Kong, 25 August 2023

As at the date of this announcement, the Non-Executive Directors are Mr. Kuo Jen-Hao (Chairman) and Mr. Xu Haohao, the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred.