



Almana Limited

曼納有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0.8.1.8.6)

2023
Interim Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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 Stock 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 board (the "Board") of directors (the "Directors") of Almana Limited (the "Company") collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs, 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 in this report misleading.

The Board would like to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and the six months ended 30 June 2023 (“Reporting Period”) together with the comparative unaudited figures for the corresponding periods in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | For the three months ended 30 June | | For the six months ended 30 June | |
|---|-------|---------------------------------------|----------|-------------------------------------|----------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | 2 | 7,572 | 10,395 | 12,591 | 16,009 |
| Cost of sales | | (5,310) | (9,070) | (9,378) | (14,040) |
| Gross profit | | 2,262 | 1,325 | 3,213 | 1,969 |
| Other income and gains | 4 | 131 | 317 | 134 | 317 |
| Administrative expenses | | (1,647) | (1,330) | (3,082) | (2,931) |
| Finance costs | 5 | (1) | (538) | (2) | (1,014) |
| Profit/(loss) before income tax | | | | | |
| expenses | 5 | 745 | (226) | 263 | (1,659) |
| Income tax | 6 | (252) | (205) | (301) | (348) |
| Profit/(loss) and total comprehensive income attributable to owners of the Company | | 493 | (431) | (38) | (2,007) |
| Earnings/(loss) per Share (HK cents) | | | | | |
| Basic and diluted | | 1.7 | (2.8) | (0.1) | (12.9) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 30 June 2023 HK\$'000 (Unaudited) | 31 December 2022 HK\$'000 (Audited) |
|--|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 4,908 | 2,544 |
| Right-of-use assets | | 63 | 114 |
| Equity investment at fair value through other comprehensive income | | 167 | 167 |
| Debt investment at fair value through profit or loss | | 161 | 161 |
| Prepayment | | – | 2,500 |
| Total non-current assets | | 5,299 | 5,486 |
| Current assets | | | |
| Inventories | | 4,920 | 159 |
| Trade receivables | 10 | 12,333 | 10,693 |
| Prepayments, other receivables and other assets | | 485 | 895 |
| Cash and bank balances | | 4,052 | 4,960 |
| Total current assets | | 21,790 | 16,707 |
| Current liabilities | | | |
| Trade payables | 11 | 10,559 | 2,433 |
| Other payables and accruals | | 9,150 | 12,580 |
| Lease liabilities | | 63 | 91 |
| Tax payables | | 2,166 | 1,865 |
| Total current liabilities | | 21,938 | 16,969 |
| Net current liabilities | | (148) | (262) |
| Total assets less current liabilities | | 5,151 | 5,224 |
| Non-current liabilities | | | |
| Lease liabilities | | – | 35 |
| Total non-current liabilities | | – | 35 |
| Net assets | | 5,151 | 5,189 |
| EQUITY | | | |
| Share capital | 12 | 2,277 | 2,277 |
| Reserves | | 2,874 | 2,912 |
| Total equity | | 5,151 | 5,189 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2023*

| | Attributable to owners of the Company | | | | | |
|-------------------------------------|---------------------------------------|----------------|-----------------------|---------------------|---------------------|-----------------|
| | Share capital | Share premium* | Working capital loan* | Fair value reserve* | Accumulated losses* | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 1 January 2023 (audited) | 2,277 | 4,777 | 200 | (790) | (1,275) | 5,189 |
| Profit for the period | – | – | – | – | (38) | (38) |
| Comprehensive income for the period | – | – | – | – | (38) | (38) |
| 30 June 2023 (unaudited) | 2,277 | 4,777 | 200 | (790) | (1,313) | 5,151 |
| 1 January 2022 (audited) | 1,247 | – | 2,004 | (642) | (50,565) | (47,956) |
| Loss for the period | – | – | – | – | (2,007) | (2,007) |
| Comprehensive income for the period | – | – | – | – | (2,007) | (2,007) |
| Movement during the year, net | – | – | 2,858 | – | – | 2,858 |
| 30 June 2022 (unaudited) | 1,247 | – | 4,862 | (642) | (52,572) | (47,105) |

* The total of these accounts represent “Reserves” in the condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the six months ended 30 June | |
|---|---|----------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| <hr/> | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net cash flows used in operating activities | (843) | (1,614) |
| <hr/> | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Inception of loans | – | 2,858 |
| Capital element of lease rentals paid | (65) | (29) |
| <hr/> | | |
| Net cash flows (used in)/from financing activities | (65) | 2,829 |
| <hr/> | | |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (908) | 1,215 |
| Cash and cash equivalents at beginning of the period | 4,960 | 1,857 |
| Effect of foreign exchange rate changes | – | – |
| <hr/> | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 4,052 | 3,072 |
| <hr/> | | |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 4,052 | 3,072 |
| <hr/> | | |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated interim results have been prepared (i) on the historical cost convention except for equity investment at fair value through other comprehensive income and debt investment at fair value through profit or loss, which have been measured at fair value, and (ii) in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2022, except for the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2023:

| | |
|-------------------------------|---|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Costs of Fulfilling a Contract |
| Annual Improvements to HKFRSs | Annual Improvements to HKFRSs 2018–2020 |

The adoption of the new and revised HKFRSs in the current period had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim results.

2. REVENUE

| | For the three months ended 30 June | | For the six months ended 30 June | |
|--|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Revenue from contracts with customers | | | | |
| Sale of household products | 1,735 | 5,512 | 4,351 | 9,275 |
| Sale of plantation products | 1,192 | 1,103 | 2,410 | 2,605 |
| Sale of accessory items | 4,645 | 3,780 | 5,830 | 4,129 |
| | 7,572 | 10,395 | 12,591 | 16,009 |

| | For the three months ended 30 June | | For the six months ended 30 June | |
|---|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$’000 | HK\$’000 | HK\$’000 | HK\$’000 |
| Sales of household and plantation products and accessory items | | | | |
| <i>Timing of revenue recognition</i> | | | | |
| Goods transferred at a point of time | 7,572 | 10,395 | 12,591 | 16,009 |
| Revenue from contracts with customers | 7,572 | 10,395 | 12,591 | 16,009 |

3. OPERATING SEGMENT INFORMATION

During the period, the Group is principally engaged in (i) the Household Business; (ii) the Plantation Businesses; and (iii) the Accessory Business. The Group's financial services business has been inactive for the past two years.

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, unallocated finance costs, as well as corporate expenses are excluded from such measurement. Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude other borrowing, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Operating Segment Information

Segment revenue and results

For the six months ended 30 June 2023 (unaudited)

| | Household Business HK\$'000 | Plantation Business HK\$'000 | Accessory Business HK\$'000 | Total HK\$'000 |
|--------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|
| Reportable segment revenue | 4,351 | 2,410 | 5,830 | 12,591 |
| Reportable segment profit | 340 | 57 | 1,281 | 1,678 |
| Unallocated corporate expenses | | | | (1,415) |
| Profit before tax | | | | 263 |
| Income tax expenses | | | | (301) |
| Loss for the period | | | | (38) |

For the six months ended 30 June 2022 (unaudited)

| | Household Business HK\$'000 | Plantation Business HK\$'000 | Accessory Business HK\$'000 | Total HK\$'000 |
|----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|
| Reportable segment revenue | 9,275 | 2,605 | 4,129 | 16,009 |
| Reportable segment profit/(loss) | 1,411 | (87) | 393 | 1,717 |
| Unallocated corporate expenses | | | | (2,362) |
| Unallocated finance costs | | | | (1,014) |
| Loss before tax | | | | (1,659) |
| Income tax expenses | | | | (348) |
| Loss for the period | | | | (2,007) |

Segment assets and liabilities

As at 30 June 2023 (unaudited)

| | Household Business HK\$'000 | Plantation Business HK\$'000 | Accessory Business HK\$'000 | Total HK\$'000 |
|----------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|
| Segment assets | 14,785 | 3,794 | 7,526 | 26,105 |
| Unallocated assets | | | | 984 |
| Total assets | | | | 27,089 |
| Segment liabilities | (13,533) | (1,746) | (5,179) | (20,458) |
| Unallocated liabilities | | | | (1,480) |
| Total liabilities | | | | (21,938) |

As at 31 December 2022 (audited)

| | Household Business HK\$'000 | Plantation Business HK\$'000 | Accessory Business HK\$'000 | Total HK\$'000 |
|----------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|
| Segment assets | 16,981 | 3,760 | 934 | 21,675 |
| Unallocated assets | | | | 518 |
| Total assets | | | | 22,193 |
| Segment liabilities | (11,791) | (1,772) | (424) | (13,987) |
| Unallocated liabilities | | | | (3,017) |
| Total liabilities | | | | (17,004) |

Geographical Information**Revenue from external customers**

| | For the six months ended 30 June | |
|--------------------------------|-------------------------------------|----------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Hong Kong | 2,410 | 2,954 |
| The People's Republic of China | 8,847 | 8,542 |
| The United States | 1,334 | 4,513 |
| | 12,591 | 16,009 |

The classification of the revenue arising from the Group's businesses are based on the location of the customers' operations.

4. OTHER INCOME AND GAINS

| | For the three months ended 30 June | | For the six months ended 30 June | |
|----------------------|---------------------------------------|------------|-------------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Rental income | 100 | – | 100 | – |
| Exchange gain, net | 30 | 317 | 30 | 317 |
| Bank interest income | – | – | 2 | – |
| Others | 1 | – | 2 | – |
| | 131 | 317 | 134 | 317 |

5. LOSS BEFORE INCOME TAX EXPENSES

Loss before income tax expenses is arrived at after charging:

| | For the three months ended 30 June | | For the six months ended 30 June | |
|---|---------------------------------------|------------|-------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Finance costs: | | | | |
| Interest on other borrowing and other loans | – | 339 | – | 673 |
| Interest on bond | – | 195 | – | 331 |
| Interest on lease liabilities | 1 | 4 | 2 | 10 |
| | 1 | 538 | 2 | 1,014 |
| Staff costs (excluding Directors' emoluments): | | | | |
| Wages and salaries | 297 | 256 | 598 | 533 |
| Retirement scheme contributions | 7 | 4 | 13 | 10 |
| | 304 | 260 | 611 | 543 |
| Other items: | | | | |
| Auditor's remuneration | 315 | 250 | 590 | 500 |
| Depreciation of property, plant and equipment | 70 | 25 | 88 | 50 |
| Depreciation of right-of-use assets | 14 | 84 | 52 | 168 |

6. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. The Enterprise Income Tax of the People's Republic of China is calculated at a rate of 25%.

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the three months and the six months ended 30 June 2023.

7. EARNINGS/(LOSS) PER SHARE

| | For the three months ended 30 June | | For the six months ended 30 June | |
|--|---------------------------------------|------------------|-------------------------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 |
| Profit/(loss) for the period | | | | |
| Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share | 493 | (431) | (38) | (2,007) |
| Number of ordinary share | | | | |
| | For the three months ended 30 June | | For the six months ended 30 June | |
| | 2023 '000 | 2022 '000 | 2023 '000 | 2022 '000 |
| Weighted average number of ordinary shares in issue during the period, used in the basic earnings/(loss) per share calculation | 28,467 | 15,585 | 28,467 | 15,585 |

8. DIVIDEND

The Board does not recommend payment of interim dividend for the Reporting Period (2022: Nil).

9. MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT

The Group has completed the acquisition of HK\$2.5 million of property, plant and equipment during the Reporting Period (2022: HK\$Nil).

10. TRADE RECEIVABLES

| | 30 June 2023 HK\$'000 (Unaudited) | 31 December 2022 HK\$'000 (Audited) |
|-------------------|---|---|
| Trade receivables | 14,145 | 12,505 |
| Less: Impairment | (1,812) | (1,812) |
| | 12,333 | 10,693 |

The movements in impairment allowances during the period under review are as follows:

| | HK\$'000 |
|-------------------------------------|----------|
| As at 1 January 2023 (audited) | 1,812 |
| Reversal of impairment | – |
| Amount written off as uncollectible | – |
| As at 30 June 2023 (unaudited) | 1,812 |

Impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

| | 30 June 2023 <i>HK\$'000</i> (Unaudited) | 31 December 2022 <i>HK\$'000</i> (Audited) |
|--------------------|--|---|
| Current to 30 days | 4,840 | 372 |
| 31 to 60 days | 1,403 | 348 |
| 61 to 90 days | 375 | 411 |
| 91 to 180 days | 494 | 120 |
| Over 180 days | 5,221 | 9,442 |
| | 12,333 | 10,693 |

The trade receivables are non-interest bearing and generally settled in 60–90 days.

11. TRADE PAYABLES

The ageing analysis of the trade payables based on invoice date is as follows:

| | 30 June 2023 <i>HK\$'000</i> (Unaudited) | 31 December 2022 <i>HK\$'000</i> (Audited) |
|--------------------|--|---|
| Current to 30 days | 8,760 | 750 |
| 31 to 60 days | 435 | 330 |
| 61 to 90 days | 895 | 619 |
| 91 to 180 days | 469 | 734 |
| | 10,559 | 2,433 |

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

12. SHARE CAPITAL

| | Authorised | | Issued and fully paid | |
|------------------------------------|------------------|---------------------------|-----------------------|---------------------------|
| | Number of Shares | Amount <i>HK\$'000</i> | Number of Shares | Amount <i>HK\$'000</i> |
| Ordinary Share of HK\$0.08 each at | | | | |
| 1 January and 30 June 2023 | 2,500,000,000 | 200,000 | 28,467,160 | 2,277 |

13. FAIR VALUE AND FAIR VALUE HIERARCHY

The management has assessed that the fair value of the cash and bank balances, trade receivables and financial assets included in prepayments, other receivables and other assets, trade payables, other borrowing and financial liabilities included in other loan, other payables and accruals, approximate to their carrying amounts largely due to the short term maturity of these instruments. The fair values of the financial assets are stated at the amount at which the instruments could be exchanged in current transactions between willing parties (other than in a forced or liquidation sale).

The following table provides an analysis of the financial instrument which was measured at fair value at the end of each reporting period for recurring measurement and grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policies.

| | Fair value | | Fair value hierarchy | Valuation technique and key input |
|--|---|---|----------------------|---|
| | 30 June 2023 HK\$'000 (Unaudited) | 31 December 2022 HK\$'000 (Audited) | | |
| Equity investment at fair value through other comprehensive income | 167 | 167 | Level 3 | Market Approach |
| Debt investment at fair value through profit or loss | 161 | 161 | Level 3 | Discounted Cash Flow and Binomial Pricing Model |

There was no transfer among the different levels of the fair value hierarchy for the six months ended 30 June 2023 and the year ended 31 December 2022. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in this unaudited condensed consolidated interim results approximate their fair value.

14. EVENTS AFTER REPORTING PERIOD

Save as disclosed, as at the date of this report, the Group does not have any material event subsequent to the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND BUSINESS OVERVIEW

The Group is principally engaged in the Household Business, Plantation Business and Accessory Business. Despite its financial services business having become inactive in the past two years, the Group has been continuously making efforts to explore opportunities in the business segment. The Group will continue to focus on the development of its principal businesses and pursue appropriate business opportunities to expand into those businesses which would have synergy with its principal business.

The Group's revenue for the Reporting Period decreased by 21.4% to HK\$12.6 million (2022: HK\$16.0 million), but its gross profit and gross profit margin increased to HK\$3.2 million (2022: HK\$2.0 million) and 25.5% (2022: 12.3%) respectively due to increase in the gross profit margin of household and accessories products. As a result of the Group's improved business performance and the reduction in finance costs following completion of the Group's debt restructuring by way of scheme of arrangement in January 2023, the Group managed to achieve the breakeven point for the Reporting Period (2022: loss of HK\$2.0 million). Basic and diluted loss per share of the Company attributable to the owners of the Company was merely HK0.1 cents (2022: loss of HK12.9 cents).

Since almost all of the transactions of the Group and its recognised financial assets and liabilities are denominated either in Hong Kong dollars, United States dollars or Renminbi and the exchange rates of these currencies have been quite stable, the Group's foreign currency risk is not material and does not have a foreign currency hedging policy. However, the Group will continuously monitor its foreign exchange exposure and apply appropriate measures if necessary. The Group's businesses are also subject to certain risks including price fluctuations and competition of its product offerings.

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the Reporting Period, the Group's net cash outflow from operating activities amounted to HK\$0.8 million (2022: HK\$1.6 million) and its net cash outflow from financing activities was HK\$0.1 million (2022: inflow of HK\$2.8 million). As a result of the above cumulative effect, the Group recorded a net cash outflow of HK\$0.9 million during the period (2022: inflow of HK\$1.2 million).

As at 30 June 2023, the Group had total assets of HK\$27.1 million (31 December 2022: HK\$22.2 million) and total liabilities of HK\$21.9 million (31 December 2022: HK\$17.0 million), resulting in the net assets and net assets per share of the Group as at 30 June 2023 and 31 December 2022 remained at similar level of HK\$5.2 million and HK\$0.18 respectively. The Group's current assets as at 30 June 2023 amounted to HK\$21.8 million (31 December 2022: HK\$16.7 million), of which HK\$4.1 million (31 December 2022: HK\$5.0 million) was cash and bank balances, and its current liabilities amounted to HK\$21.9 million (31 December 2022: HK\$17.0 million).

PROSPECTS

Looking ahead, the outlook for the global economy is still uncertain. The challenges arising from the continuing Sino-United States conflict, the war in Ukraine, global interest rate hikes and tightening of monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operation. The Company's experience in past years has shown that prompt response to changes in the business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. The Group will proactively respond to the evolving market dynamics with an aim at achieving growth in recurring earnings. Given the Group's improved profitability and financial position having returned to normality following completion of the scheme of arrangement, the Company is confident that it is in a good position to strengthen its business foundation for delivering solid performances in the coming years.

CAPITAL COMMITMENT

Save as disclosed, no significant capital commitment of the Group was outstanding as at 30 June 2023.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not make any significant investment and any material acquisition/disposal.

FUND-RAISING ACTIVITIES

The Company did not conduct any equity fund-raising activities during the Reporting Period.

CHARGE ON ASSETS OF THE GROUP

As at 30 June 2023, no asset of the Group was pledged.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material outstanding contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Details are disclosed in note 14 to this interim report.

EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES

As at 30 June 2023, the Group had 11 (31 December 2022: 9) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.

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

As at 30 June 2023, based on 28,467,160 shares in issue, the interest and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

| Name | Capacity of interests | Number of Shares | Number of underlying Shares | Percentage of shareholding |
|-----------------|------------------------------|-------------------------|------------------------------------|-----------------------------------|
| Ms. Chan Ho Yee | Personal | 676,127 | – | 2.4% |

As at 30 June 2022, no director or the chief executive of the Company or their associates had any interest or right to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO. At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their respective associates (including spouses or children under eighteen years of age) to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, based on 28,476,160 shares in issue, so far as is known to any of the Directors or the chief executive of the Company, the following persons (other than a director and the chief executive of the Company as disclosed above) had interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying right to vote at the general meetings of the Company.

Long positions in the Shares

| Name | Capacity of interests | Number of Shares | Number of underlying Shares | Percentage of shareholding |
|----------------------------------|-----------------------|------------------|-----------------------------|----------------------------|
| Perfect Advance Holdings Limited | Corporate owner | 8,476,364 | – | 29.78% |
| Rising Sun Investments Limited | Corporate owner | 2,640,000 | – | 9.27% |
| Landmass Investments Limited | Corporate owner | 1,517,212 | – | 5.33% |

SHARE SCHEMES

The Company has adopted two share schemes, namely the share option scheme and the share award scheme pursuant to resolutions passed by the shareholders of the Company on 30 June 2023, which are in compliance with the requirements of the GEM Listing Rules effective from 1 January 2023. The total number of shares which may be allotted and issued upon exercise of all share options and grant of share awards under the share option scheme and the share award scheme must not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date on 30 June 2023, i.e. 2,846,716 shares based on the 28,467,160 shares in issue as at 30 June 2023.

The Company may grant share options to eligible participants to subscribe for the Shares under its share option scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). No share option was granted during the Reporting Period and the Company had no share option outstanding as at 30 June 2023.

The Company adopted a share award scheme on 9 April 2018 and has a term of 10 years from date of adoption. The scheme had been terminated upon the adoption of the new share award scheme (the principal terms of which are set out in the Company's circular dated 7 June 2023). The Company has not granted any share award to any person and there was no share award outstanding under both schemes share award schemes during the Reporting Period.

DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 30 June 2023 or during the six months ended 30 June 2023.

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividend for the Reporting Period (2022: Nil).

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

None of the directors or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete with the businesses of the Group or have other conflict of interests with the Group for the Reporting Period.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made enquiry to all Directors and each of them has confirmed his/her compliance with the required standard of dealings and code of conduct concerning securities transactions by directors during the Reporting Period.

CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company being vacated. The Board will continue to identify a suitable candidate and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

AUDIT COMMITTEE

As at the date of this interim report, the audit committee of the Board comprises three members, all being independent non-executive Directors. The chairperson of the audit committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include ensuring that the Group's financial statements, annual and interim and quarterly reports/results announcements, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial control, internal control and risk management systems; and reviewing the Group's financial and accounting policies and practices. The audit committee is provided with sufficient resources to enable it to discharge its duties.

The audit committee has reviewed this unaudited condensed consolidated interim results of the Group for the Reporting Period and was of the opinion that the preparation of the unaudited condensed consolidated interim results is complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board
Chan Ho Yee
Executive Director

Hong Kong, 9 August 2023