

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

2024 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the “Board”) of Da Yu Financial Holdings Limited (the “Company”) announces the interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 as below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June	
	Notes	2024 HK\$'000	2023 HK\$'000
Services revenue	3	24,057	18,410
Interest revenue	3	775	2,737
Other net income		1	5
Other net financial gain		18,235	892
Employee benefit expense		(8,293)	(7,865)
Administrative and other expenses		(7,867)	(8,766)
Finance costs		(67)	(104)
Reversal of impairment losses on financial assets		100	–
Profit before income tax	5	26,941	5,309
Income tax expense	6	(1,128)	(1,106)
Profit and total comprehensive income for the period attributable to the owners of the Company		25,813	4,203
Earnings per share attributable to the owners of the Company (HK cents)			
– Basic	7	1.24	0.37
– Diluted		1.24	0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		184	220
Goodwill	9	108,788	108,788
Intangible assets	10	60,811	57,537
Right-of-use assets		1,903	3,454
Mortgage loans	11	8,668	12,251
Financial assets at fair value through profit or loss (“FVPL”)		77,066	49,579
Other assets		200	200
		<u>257,620</u>	<u>232,029</u>
Current assets			
Mortgage loans	11	3,225	2,968
Term loans	12	9,048	4,964
Contract assets		53	53
Trade and other receivables, deposits paid and prepayments	13	7,491	3,996
Amount due from a related company		4,281	4,225
Financial assets at FVPL		49,356	10,739
Client trust bank balances	14	264,018	163,152
Cash and cash equivalents		194,411	70,406
		<u>531,883</u>	<u>260,503</u>
Current liabilities			
Contract liabilities		4,312	36
Trade and other payables and accrued expenses	15	266,894	168,437
Lease liabilities		1,964	3,156
Taxation payable		1,287	1,104
		<u>274,457</u>	<u>172,733</u>
Net current assets		<u>257,426</u>	<u>87,770</u>
Total assets less current liabilities		<u>515,046</u>	<u>319,799</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)*As at 30 June 2024*

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Non-current liabilities		
Deferred tax liabilities	9,209	9,494
Lease liabilities	–	367
	<u>9,209</u>	<u>9,861</u>
Net assets	<u>505,837</u>	<u>309,938</u>
EQUITY		
Equity attributable to the owners of the Company		
Share capital	227,866	113,933
Reserves	277,971	196,005
	<u>505,837</u>	<u>309,938</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 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. MATERIAL ACCOUNTING POLICY INFORMATION

The 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 material accounting policy information adopted in the 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 2023, except for the adoption of the amendments to Hong Kong Financial Reporting Standard (“HKFRSs”) (which include individual HKFRSs, HKASs and Interpretations) as disclosed below.

Adoption of amendment to HKFRSs – effective 1 January 2024

In the current period, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group’s financial statements for the annual financial period beginning on 1 January 2024.

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these amendments to HKFRSs has no significant impact on the Group’s interim condensed consolidated financial statements.

3. REVENUE

(a) Disaggregation of revenue

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Services Revenue		
Type of services		
– Advisory and related services	11,034	9,048
– Asset management services	7,722	7,326
– Securities and related services	1,119	1,186
– Referral fees	3,746	375
– Sundry income	436	475
	<u>24,057</u>	<u>18,410</u>
Revenue from contracts with customers not within the scope of HKFRS 15:		
Interest Revenue		
Loan interest income	<u>775</u>	<u>2,737</u>
	<u>24,832</u>	<u>21,147</u>
Timing of services revenue recognition within the scope of HKFRS 15:		
At a point in time	10,345	3,011
Transferred over time	<u>13,712</u>	<u>15,399</u>
	<u>24,057</u>	<u>18,410</u>

(b) Transaction price allocated to remaining performance obligations

As of 30 June 2024 and 31 December 2023, the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) is approximately HK\$16,412,000 and approximately HK\$10,090,000 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	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Remaining performance obligations expected to be satisfied during:		
the year ending 31 December 2024	<u>16,412</u>	<u>10,090</u>
<i>(Note)</i>	<u>16,412</u>	<u>10,090</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 2024:

- (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.

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	Asset management services	Securities and related services	Money lending business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited					
Six months ended 30 June 2024					
Revenue					
– external	11,034	8,158	4,865	775	24,832
– inter-segment	–	230	–	–	230
Other net income (<i>Note</i>)	–	1,025	522	1	1,548
Other net financial gain					
– all generated from proprietary trading	18,532	–	229	181	18,942
Less: inter-segment	(707)	(1,255)	(522)	–	(2,484)
Reportable segment revenue					
– external customers	<u>28,859</u>	<u>8,158</u>	<u>5,094</u>	<u>957</u>	<u>43,068</u>
Results					
Reportable segment profit/(loss)					
before income tax	<u>22,209</u>	<u>4,420</u>	<u>518</u>	<u>(206)</u>	<u>26,941</u>
Unaudited					
Six months ended 30 June 2023					
Revenue – external					
	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	(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>

Note: None of the other net income generated from proprietary trading was included in segment revenue for the six months ended 30 June 2024 (2023: gain of approximately HK\$3,000 was included in segment revenue under corporate finance services, investment and others).

Segment assets and liabilities

	Corporate finance services, investment and others	Asset management services	Securities and related services	Money lending business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unaudited					
As at 30 June 2024					
Reportable segment assets and consolidated total assets	435,376	41,922	280,026	32,179	789,503
Reportable segment liabilities	13,855	553	266,501	69	280,978
Unallocated: other payables, accrued expenses and taxation payable					<u>2,688</u>
Consolidated total liabilities					<u>283,666</u>
Audited					
As at 31 December 2023					
Reportable segment assets and consolidated total assets	237,035	40,085	177,893	37,519	492,532
Reportable segment liabilities	10,080	859	165,409	867	177,215
Unallocated: other payables, accrued expenses and taxation payable					<u>5,379</u>
Consolidated total liabilities					<u>182,594</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 2024 and 2023, is set out below:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Customer A ¹	8,059	7,801
Customer B ³	5,000	–
Customer C ²	3,746	–
Customer D ³	3,000	–
Customer E ³	–	2,500
Customer F ³	–	2,323
	<u> </u>	<u> </u>

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

² Revenue from Customer C is attributable to securities and related services.

³ Revenue from Customers B, D, 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 43.2% (as at 31 December 2023: 17.7%) and 69.5% (as at 31 December 2023: 52.4%) of the total mortgage loans and term loans 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
2024 2023
HK\$'000 **HK\$'000**

Profit before income tax is arrived at after charging/(crediting):

Amortisation on intangible assets	1,726	1,726
Depreciation of		
– Owned property, plant and equipment	50	43
– Right-of-use assets	1,551	1,803
Employee benefit expense (including Directors' emoluments)	8,293	7,865
Interest on lease liabilities	67	104
Reversal of impairment losses on financial assets	(100)	–
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of one subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Unaudited
Six months ended 30 June
2024 2023
HK\$'000 **HK\$'000**

Current tax		
– Hong Kong profits tax	(1,413)	(1,391)
Deferred tax	285	285
	<u> </u>	<u> </u>
Income tax expense	<u>(1,128)</u>	<u>(1,106)</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	
	2024	2023
	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>25,813</u>	<u>4,203</u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	<u>2,073,580,946</u>	<u>1,139,330,190</u>

There were no potential ordinary share in issue for the six months ended 30 June 2024 and 2023. Accordingly, the diluted earnings per share presented are the same as the basic earnings per share.

The weighted average number of ordinary shares of 2,073,580,946 for the six months ended 30 June 2024 is derived from 1,139,330,190 shares in issue as at 1 January 2024 after taking into account the effects of the issue of shares upon rights issue completed on 2 February 2024.

8. DIVIDEND

At a Board meeting held on 27 August 2024, the Board resolved not to declare an interim dividend for the period (2023: Nil).

9. GOODWILL

	HK\$'000
Cost	
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>302,965</u>
Accumulated impairment	
At 1 January 2023	21,724
Impairment losses	<u>172,453</u>
At 31 December 2023, 1 January 2024 and 30 June 2024	<u><u>194,177</u></u>
Carrying amount	
At 31 December 2023 (Audited)	<u>108,788</u>
At 30 June 2024 (Unaudited)	<u><u>108,788</u></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>	Club membership <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 January 2023, 31 December 2023 and 1 January 2024	15,560	9,620	69,044	3,740	–	97,964
Addition	–	–	–	–	5,000	5,000
At 30 June 2024	15,560	9,620	69,044	3,740	5,000	102,964
Amortisation and impairment						
At 1 January 2023	15,560	9,620	11,795	–	–	36,975
Amortisation	–	–	3,452	–	–	3,452
At 31 December 2023 and 1 January 2024	15,560	9,620	15,247	–	–	40,427
Amortisation	–	–	1,726	–	–	1,726
At 30 June 2024	15,560	9,620	16,973	–	–	42,153
Carrying amount						
At 31 December 2023 (Audited)	–	–	53,797	3,740	–	57,537
At 30 June 2024 (Unaudited)	–	–	52,071	3,740	5,000	60,811

11. MORTGAGE LOANS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Secured mortgage loans	11,893	15,219
Analysed for reporting purposes as:		
– Non-current assets	8,668	12,251
– Current assets	3,225	2,968
	11,893	15,219

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
	2024	2023
	HK\$'000	HK\$'000
Less than 31 days past due	841	953
61-90 days	–	946
91-365 days	965	–
	1,806	1,899

As at 30 June 2024 and 31 December 2023, the Group has not recognised any loss allowance for the mortgage loans which are secured by collateral as the realisable 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
	2024	2023
	HK\$'000	HK\$'000
Current assets		
Term loans	9,048	5,064
Less: impairment allowance	<u>–</u>	<u>(100)</u>
	<u>9,048</u>	<u>4,964</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
	2024	2023
	HK\$'000	HK\$'000
Trade receivables (<i>Note</i>)	3,068	2,041
Other receivables	2,515	220
Prepayments	960	787
Rental and utility deposits	948	948
	<u>7,491</u>	<u>3,996</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
	2024	2023
	HK\$'000	HK\$'000
Within 30 days	551	456
Over 30 days but within 60 days	–	1,330
Over 90 days but within 365 days	2,517	255
	<u>3,068</u>	<u>2,041</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
	2024	2023
	HK\$'000	HK\$'000
Trade payables arising from the ordinary course of business of securities dealing and brokerage services (<i>Note</i>)		
– Cash clients	264,257	163,160
– Stock Exchange	1,126	–
Other payables and accrued expenses	1,511	5,277
	266,894	168,437

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 2024, included in trade payables arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$264,018,000 (31 December 2023: approximately HK\$163,152,000) 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 2024 (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 mainly 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, allowing Morgan Finance 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 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 and the Takeovers Code.

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

Revenue for the Interim Period from corporate finance advisory and related services was approximately HK\$11.0 million (2023: approximately HK\$9.0 million).

Asset Management

During the Interim Period, Yu Ming provided asset management services to SHK Hong Kong Industries Limited and other two investment funds.

Revenue for the Interim Period from asset management services was approximately HK\$8.1 million (2023: approximately HK\$7.8 million), net of intragroup asset management services fee.

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 small profit during the Interim Period.

Revenue for the Interim Period from securities and related services was approximately HK\$4.9 million (2023: approximately HK\$1.2 million).

Money Lending

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

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). 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\$0.8 million (2023: approximately HK\$3.1 million).

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Interim Period (2023: Nil).

FINANCIAL REVIEW

Overall Results

The Group recorded a net profit of approximately HK\$25.8 million for the Interim Period (2023: approximately HK\$4.2 million), representing an increase in profit of approximately HK\$21.6 million. The reasons were mainly due to an increase in investment gain, coupled with a growth in advisory and referral fee income during the Interim Period.

The abovementioned investment gain comprised financial gain and interest income totaling approximately HK\$18.2 million (2023: approximately HK\$0.9 million) through the treasury management of Yu Ming as well as the investment gain by Yu Ming High Dividend Fund (“YMHD Fund”) which was incorporated as an exempted limited company in the Cayman Islands and registered as a regulated mutual fund under the Mutual Funds Act (2021 Revision) of the Cayman Islands and launched in February 2024. For details of YMHD Fund, please refer to the “Significant Investments, Acquisitions and Disposals” section below.

Revenue and Financial Resources

For the Interim Period, the Group had revenue of approximately HK\$24.8 million (2023: approximately HK\$21.1 million).

As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$194.4 million (31 December 2023: approximately HK\$70.4 million). As at 30 June 2024, the Group’s current ratio (current assets to current liabilities) was approximately 193.8% (31 December 2023: approximately 150.8%).

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 intangible assets of approximately HK\$1.7 million (2023: approximately HK\$1.7 million).

Banking Facilities and Gearing Ratio

The Group had no bank and other borrowings as at 30 June 2024 and 31 December 2023.

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 2024 and 31 December 2023, was 0%.

Assets and Liabilities

As at 30 June 2024, the Group had total assets of approximately HK\$789.5 million (31 December 2023: approximately HK\$492.5 million) and total liabilities of approximately HK\$283.7 million (31 December 2023: approximately HK\$182.6 million). The net assets of the Group as at 30 June 2024 were approximately HK\$505.8 million (31 December 2023: approximately HK\$309.9 million). The rights issue (the “Rights Issue”) completed in February 2024 gave rise to an increase in net assets of approximately HK\$170.1 million.

Capital Structure

The share capital during the Interim Period was changed due to the completion of the Rights Issue as disclosed in the “Use of Proceeds” section below.

As at the date of this announcement, the Company’s number of issued shares was 2,278,660,380 shares (2023: 1,139,330,190 shares).

Use of Proceeds

On 17 November 2023, the Company proposed to issue by way of rights up to 1,139,330,190 new shares (the “Rights Share(s)”) at a subscription price of HK\$0.15 per Rights Share on the basis of one (1) Rights Share for every one (1) share of the Company. The aggregate nominal value of the Rights Shares was HK\$113,933,019. The reasons for the Rights Issue were: (i) to seed money into YMHD Fund so as to expand the Group’s asset management business; and (ii) to increase the financial resources of Morgan Finance which will enable Morgan Finance to seize new growth opportunities so as to expand the Group’s money lending business. The Rights Issue was approved by the independent shareholders of the Company at the extraordinary general meeting held on 28 December 2023. The Rights Issue had been completed on 2 February 2024 and an aggregate of 1,139,330,190 new shares had been allotted and issued by the Company. The gross proceeds from the Rights Issue were approximately HK\$170.9 million and the net proceeds from the Rights Issue, after deducting all relevant expenses for the Rights Issue, were approximately HK\$170.1 million. The net price per Rights Share was approximately HK\$0.149. The closing market price per share of the Company on 17 November 2023 (being the date on which the terms of Rights Issue were fixed) was HK\$0.135. Details of the Rights Issue were disclosed in the Company’s announcements dated 17 November 2023, 28 December 2023 and 1 February 2024, the Company’s circular dated 11 December 2023 and the Company’s prospectus dated 11 January 2024.

As at 30 June 2024, the intended use and actual use of the net proceeds from the Rights Issue, as well as the unutilized net proceeds therefrom were as follows:

	Intended use of proceed from the Rights Issue <i>HK\$ million</i>	Actual use of net proceeds as at 30 June 2024 <i>HK\$ million</i>	Unutilized net proceeds as at 30 June 2024 <i>HK\$ million</i>	Expected timeline for the intended use
Expansion of asset management business	150.1	117.4	32.7	Before end of July 2024
Expansion of money lending business	20.0	–	20.0	Before end of July 2024
Total	<u>170.1</u>	<u>117.4</u>	<u>52.7</u>	

Commitments

As at 30 June 2024 and 31 December 2023, the Group had no outstanding contracted capital commitments.

Charges on Group Assets

As at 30 June 2024 and 31 December 2023, the Group had no assets under pledge.

Significant Investments, Acquisitions and Disposals

YMHD Fund

YMHD Fund was launched in February 2024. In February 2024, the Company invested US\$15.0 million (equivalent to approximately HK\$117.4 million) in the YMHD Fund which became wholly-owned subsidiary of the Company in February 2024. YMHD Fund's results were consolidated into the Group's financial statements since February 2024. The Company increased investment in the YMHD Fund of US\$4.2 million (equivalent to approximately HK\$32.8 million) in July 2024, with total cost amounted to US\$19.2 million (equivalent to approximately HK\$150.2 million). Details of YMHD Fund were disclosed in the Company's announcements dated 17 November 2023 and 1 February 2024, the Company's circular dated 11 December 2023 and the Company's prospectus dated 11 January 2024 in connection with the Rights Issue.

Perpetual notes issued by The Bank of East Asia, Limited (“BEA”), (the “BEA Notes”)

As at 30 June 2024, Yu Ming held a total nominal amount of US\$6.0 million in the BEA Notes and the total cost amounted to approximately HK\$37.2 million.

As at 30 June 2024, the fair value of the BEA Notes was approximately HK\$46.5 million (representing 5.9% of the Group’s total assets). No realised gain/loss and dividend was recorded but unrealised gain of approximately HK\$5.0 million and received coupons of approximately HK\$1.4 million from the BEA Notes were recognised during the Interim Period.

BEA is incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 23). BEA and its subsidiaries (“BEA Group”) are principally engaged in banking and financial sectors.

Performance of BEA Notes’ issuer, BEA:

For the Interim Period, BEA Group earned a profit attributable to owners of BEA of HK\$2,111 million, representing a decrease of 19.9% compared with the HK\$2,636 million earned in the same period in 2023.

Basic earnings per share of BEA were HK\$0.69 in the Interim Period, compared with HK\$0.87 in the corresponding period in 2023. The annualized return on average assets remained stable at 0.4%, while the annualized return on average equity was 3.7%.

BEA considered its core business was resilient. Pre-provision operating profit was held stable year-on-year at HK\$5,671 million, despite the challenging external conditions.

Net interest income increased by HK\$183 million, or 2.3%, to HK\$8,228 million. Net interest margin (“NIM”) widened by 7 basis points year-on-year, from 2.03% to 2.10%.

Net fee and commission income slightly decreased by 2.2% year-on-year to HK\$1,418 million amid continued weak market sentiment. A decline in net fee income from lending business and credit cards was offset by a growing contribution of fees from trade finance and sales of third-party insurance policies.

Taken together, net trading and hedging results and net results from other financial instruments increased by HK\$58 million, or 9.0%, to HK\$700 million. Non-interest income increased by 1.1% to HK\$2,256 million.

Overall, total operating income increased by 2.0% to HK\$10,484 million.

Operating expenses rose by HK\$225 million, or 4.9%, to HK\$4,813 million. BEA continued to invest in talent and digital capabilities while realizing efficiency gains from the transformation initiatives. The cost-to-income ratio for the Interim Period slightly increased by 1.2 percentage points to 45.9%.

Impairment losses on financial instruments were HK\$2,881 million for the Interim Period, higher year-on-year but lower than the level recorded in the second half of 2023. BEA considered the Mainland commercial real estate sector continued to be the main concern for asset quality, accounting for some 52% of loan loss provisions. BEA Group's impaired loan ratio decreased from 2.69% at the end of December 2023 to 2.62% at the end of June 2024.

Prospects of BEA Notes' issuer, BEA:

With rates set to remain elevated for longer, BEA is expected to continue to benefit from strong NIMs. However, with tepid global economic growth and the Chinese Mainland placing renewed emphasis on its domestic economy, BEA is expected to remain committed to strengthening the fundamentals by improving the asset quality, growing diversified sustainable income and building future capabilities.

Investment strategy in BEA Notes:

In view of the attractive yield, the Group intends to hold the investment.

Save as disclosed above, there were no other 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 2024 and 31 December 2023, the Board is not aware of any material contingent liabilities.

EVENTS AFTER THE REPORTING DATE

On 9 July 2024, the Group purchased a nominal amount of US\$1.0 million at a discount at approximately HK\$6.8 million of the notes (the “Notes”). Together with the Notes previously held, the total purchasing cost amounted to approximately HK\$13.0 million. The Notes are fixed rate resetting perpetual subordinated contingent convertible securities issued by Standard Chartered PLC with the outstanding principal amount of US\$1,500.0 million and initial coupon rate of 4.3% and callable since 19 August 2028. Details of the transaction were disclosed in the Company’s announcement dated 9 July 2024.

Save as disclosed above, 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

The improvement of results during the Interim Period was founded on investment gains from bonds acquired at an opportune timing, and corporate finance mandates on complex transactions for listed companies. However, as corporate finance mandates of such nature are random and unpredictable, the team remains vigilant in keeping the momentum for the second half of 2024.

At the time of writing, the Federal Reserve of the United States has not yet initiated the interest rate cut cycle, which is admittedly later than what we expect at the beginning of 2024. At present, the Company has seeded YMHD Fund with approximately HK\$150.2 million as set out in the Rights Issue circular dated 11 December 2023. As the employment data of the United States has shown some weakness of late, we still hold the view of an interest rate cut in the United States this year. Any interest rate cut is expected to benefit YMHD Fund and the debt securities portfolio held by the Group.

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 2024 Interim Report including a general review of the interim condensed consolidated financial statements for the six months ended 30 June 2024. 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 C1 to the Listing Rules during the Interim Period, except for code provision F.2.2 as set out hereunder.

Under the code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Kuo Jen-Hao, a Non-Executive Director of the Company and the chairman of the Board, was unable to attend the Company's annual general meeting held on 24 May 2024 ("AGM") due to other prior commitment. Mr. Lee Wa Lun, Warren, an Executive Director and Managing Director of the Company, who was elected by Directors and acted as the AGM chairman, together with all other Board members (including the chairmen of audit, remuneration and nomination committees) who attended AGM, were of sufficient calibre for answering questions from and communicating with the stakeholders at AGM.

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 C3 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, 27 August 2024

As at the date of this announcement, the Non-Executive Director is Mr. Kuo Jen-Hao (Chairman), the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Xu Haohao, 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.