



中策資本控股有限公司 CSC Holdings Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 235)

Interim Report 2024





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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors
“Company”	CSC Holdings Limited
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s)
“%”	per cent

The Chinese version of this interim report is a translation of the English version and is for reference only, in case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

Corporate Information

BOARD OF DIRECTORS

Non-executive Director

Dr. Or Ching Fai *SBS, JP (Chairman)*

Executive Directors

Mr. Sue Ka Lok *(Chief Executive Officer)*

Mr. Chow Kam Wah

Mr. Chow Man Wai, Tony

Independent Non-executive Directors

Ms. Ma Yin Fan

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

Mr. Lam Kin Fung, Jeffrey *GBM, GBS, JP*

AUDIT COMMITTEE

Ms. Ma Yin Fan *(Chairlady)*

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

Mr. Lam Kin Fung, Jeffrey *GBM, GBS, JP*

REMUNERATION COMMITTEE

Mr. Chow Yu Chun, Alexander *(Chairman)*

Ms. Ma Yin Fan

Mr. Leung Hoi Ying

NOMINATION COMMITTEE

Dr. Or Ching Fai *SBS, JP (Chairman)*

Ms. Ma Yin Fan

Mr. Leung Hoi Ying

EXECUTIVE COMMITTEE

Mr. Sue Ka Lok *(Chairman)*

Mr. Chow Kam Wah

Mr. Chow Man Wai, Tony

INVESTMENT & CREDIT COMMITTEE

Mr. Sue Ka Lok *(Chairman)*

Mr. Chow Kam Wah

COMPANY SECRETARY

Mr. Sue Ka Lok

REGISTERED OFFICE

Rooms 3206-3210, 32nd Floor

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Bank of Communications Co., Ltd., Hong Kong Branch

Bank of Communications (Hong Kong) Limited

LEGAL ADVISER

Reed Smith Richards Butler

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited

(Stock Code: 235)

WEBSITE

<https://www.cscholdings.com>





Management Discussion and Outlook

BUSINESS REVIEW

During the six months ended 30 June 2024 (“**HY2024**”), the Group continued to principally engage in the businesses of investment in securities, trading, money lending as well as securities brokerage.

During HY2024, the business conditions faced by the Group continued to be challenging, whilst in the macro context, the recovery of the Hong Kong economy was hindered by the elevated interest rate environment, ongoing geopolitical tensions and the pace of China’s economic growth. In view of these challenges and uncertainties, the Group continued to adopt a cautious and disciplined approach in managing its businesses throughout the review period.

For HY2024, the Group recorded a decrease in revenue by 61% to HK\$19,888,000 (30 June 2023: HK\$51,267,000), mainly due to the decrease in interest income from the money lending operation, and a loss attributable to owners of the Company of HK\$1,926,000 (30 June 2023: HK\$11,996,000). The basic loss per share for the interim period was HK0.01 cent (30 June 2023: HK0.06 cent).

Investment in Securities

The Group generally acquires securities listed on the Hong Kong Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions, and sometimes directly from target companies. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macroeconomic news. When deciding on acquiring securities to be held for long-term purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospects, industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments in different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in the form of capital appreciation and dividend/interest income. For securities investments other than for long-term holding, the Company mainly emphasises on return of investment in the form of trading gains.

At 30 June 2024, the Group’s securities investments comprised (i) a financial asset at fair value through profit or loss (“**FVTPL**”) portfolio comprising equity securities listed in Hong Kong valued at HK\$9,258,000 (31 December 2023: HK\$9,912,000); and (ii) a debt instrument at fair value through other comprehensive income (“**FVTOCI**”) portfolio comprising debt securities listed on overseas stock exchange valued at HK\$4,418,000 (31 December 2023: HK\$4,418,000). As a whole, the Group’s securities investments recorded no revenue (30 June 2023: nil) and a loss of HK\$548,000 (30 June 2023: HK\$12,166,000) for the current period, representing mainly the unrealised loss booked in the Group’s financial asset at FVTPL portfolio.

Management Discussion and Outlook

Financial assets at FVTPL

At 30 June 2024, the Group held a financial asset at FVTPL portfolio amounting to HK\$9,258,000 measured at market/fair value. During HY2024, the portfolio did not generate any revenue (30 June 2023: nil) and recorded a loss on financial assets at FVTPL of HK\$654,000 (30 June 2023: HK\$3,809,000), representing the unrealised loss attributed to the decrease in fair value of the Group's listed equity securities portfolio.

The Group is committed to closely monitor the financial performance of its financial asset at FVTPL portfolio through making investment and divestment decisions on individual securities from time to time based on, amongst others, the internal assessments on prospects of the individual securities and publicly available information of the investee companies.

At 30 June 2024, the Group's financial asset at FVTPL portfolio of HK\$9,258,000 comprised mainly the equity securities of a property company listed on the Hong Kong Stock Exchange.

Debt instruments at FVTOCI

At 30 June 2024, the Group's debt instrument at FVTOCI portfolio of HK\$4,418,000 was measured at market/fair value. During HY2024, the Group's debt instrument at FVTOCI portfolio did not generate any revenue (30 June 2023: nil). According to the contractual maturity profile of the debt securities, the debt instruments at FVTOCI are in default and classified as current assets. During HY2024, the Group had not acquired or disposed of any debt securities.

At 30 June 2024, there had been no significant change in the market/fair value of the debt instrument at FVTOCI portfolio from the prior year end and no fair value change was recognised (30 June 2023: a fair value loss of HK\$3,101,000 was recognised as other comprehensive expense) for the interim period.

For HY2024, the Group had not recognised any impairment loss on debt instruments at FVTOCI as there was no significant change in the expected loss given default of such debt instruments (30 June 2023: recognised impairment loss of HK\$336,000). During the six months ended 30 June 2023, the expected loss given default of the debt instruments, which were corporate bonds issued by a property company based in the Mainland, had increased owing to the defaults of the bond issuer in making interest and principal payments for its indebtedness. As the Group expected the deterioration of the financial position of this bond issuer would ultimately affect the collection of contractual cash flows from its bonds, a provision for impairment loss on debt instruments at FVTOCI of HK\$336,000 was recognised in profit or loss with a corresponding adjustment to other comprehensive income.



Management Discussion and Outlook

The Group performs impairment assessment on the debt instruments held under the expected credit loss (“ECL”) model. The measurement of ECL is a function of the probability of default and loss given default (i.e., the magnitude of the loss if there is a default), with the assessments of the probability of default and loss given default are based on historical data and forward-looking information. In determining the ECL on the Group’s debt instruments for the period, the management had taken into account factors including the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuer. There had been no change in the method used in determining the impairment loss on debt instruments at FVTOCI from the prior financial year.

At 30 June 2024, the Group’s debt instrument at FVTOCI portfolio of HK\$4,418,000 comprised the debt securities of a Mainland based property company.

Trading

During HY2024, the Group’s trading operation did not generate any revenue (30 June 2023: nil) as its commodities trading activities with customers in Europe remained temporarily halted, mainly due to volatile market conditions, particularly in terms of pricing. The profit of the operation of HK\$5,651,000 (30 June 2023: HK\$5,118,000) represented mainly the interest income earned from the cash deposit reserved for pledging as security for bank credit facilities. The Group remains committed to the development of its trading business and has been consistently sourcing and evaluating business opportunities. The management will continue to closely follow the market conditions of the global commodity market, and will step up its effort in proactively seizing business opportunities with a view to improving the results of the operation.

Money Lending

The Group’s money lending business is conducted through CS Credit Limited, U Credit (HK) Limited and Chap Yik Limited, all are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals from its own business network and marketing agents. For HY2024, the operation recorded a decrease in revenue by 69% to HK\$14,662,000 (30 June 2023: HK\$46,587,000) while recorded an increase in profit by 235% to HK\$15,025,000 (30 June 2023: HK\$4,489,000). The decrease in revenue was mainly due to the lower average amount of performing loans advanced to borrowers during HY2024 whilst the improvement in operating results was mainly attributed to the decrease in provision for impairment loss on loan receivables by 93% to HK\$2,651,000 (30 June 2023: HK\$40,614,000).

Management Discussion and Outlook

The Group performs impairment assessment on loan receivables under the ECL model. The measurement of ECL is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default (i.e., the magnitude of the loss after accounting for the value of the collateral if there is a default). The assessments of the probability of default and loss given default are based on historical data and forward-looking information, whilst the valuations of the properties and assets pledged to the Group as collateral are, where appropriate, performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. At the period end, the impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collateral pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral value review against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for loan recovery at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and take possession of the collateral pledged. At 30 June 2024, the balance of impairment allowance decreased by 5% or HK\$23,473,000 to HK\$462,663,000 (31 December 2023: HK\$486,136,000), which comprised a sum of HK\$9,077,000 being impairment provision for the current period, a sum of HK\$6,426,000 being reversal of impairment provision owing to settlement of loans and improvement in credit quality of the borrowers, and a sum of HK\$30,605,000 being written off as the related loan was fully-impaired. There had been no change in the method used in determining the impairment allowance on loan receivables from the prior financial year.



Management Discussion and Outlook

The gross carrying amount of the Group's loan portfolio amounted to HK\$1,316,940,000 (31 December 2023: HK\$1,253,368,000), increased by 5% or HK\$63,572,000 from the prior year end as certain new loans were granted during the review period. The net carrying amount of the loan portfolio, after impairment allowance, amounted to HK\$854,277,000 (31 December 2023: HK\$767,232,000) at the period end, and details of the portfolio are as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Individual	25.72	10.375 - 18.00	Within one year
Corporate	47.25	8.00 - 18.00	Within one year
Corporate	27.03	8.50 - 10.00	Over one year but within two years
	100.00		

At 30 June 2024, 99% (31 December 2023: 99%) of the carrying amount of the loan portfolio (after impairment allowance) was secured by collateral including properties in Hong Kong, listed equity securities and debt securities, with the remaining 1% (31 December 2023: 1%) being unsecured. At the period end, the loans made to all borrowers were term loans of which an amount of HK\$623,343,000 (31 December 2023: HK\$640,230,000) was due within one year, HK\$230,934,000 (31 December 2023: HK\$7,797,000) was due over one year but within two years and no loan (31 December 2023: HK\$119,205,000) was due over two years but within three years. The loan(s) made to the largest borrower and the five largest borrowers represented 35% (31 December 2023: 39%) and 76% (31 December 2023: 86%) respectively of the Group's loan portfolio (on a net of impairment allowance basis) at the period end. At 30 June 2024, loans were granted to 19 (31 December 2023: 16) borrowers who are Hong Kong residents and companies incorporated in Hong Kong, British Virgin Islands, Cayman Islands and Seychelles.

The Group has clear credit policies, guidelines, controls and procedures in place which cover every aspect of a lending process including (i) information verification; (ii) credit assessment; (iii) execution of loan documentation; (iv) continuous loan monitoring; and (v) collection, recovery and enforcement. Before granting loans to potential customers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history and financial background of the borrowers, as well as the value and characteristics of the collateral to be pledged. The credit limit of loans successfully granted to the borrowers will be subject to regular credit review by the management as part of the ongoing loan monitoring process.

Management Discussion and Outlook



The following is a summary of the key internal controls of the Group’s money lending operation:

Information Verification

Information provided by the loan applicant including financial statements and income proof will be checked and verified by the designated loan officer, where appropriate, legal, credit and bankruptcy search on the loan applicant, and land search and site visit on the property offered as collateral, will be conducted.

Credit Assessment

Detailed assessment on the credit history and financial background of the loan applicant, as well as the value and characteristics of the collateral to be pledged, will be conducted. There will be credit assessment including analysis on the repayment ability and credit history of the loan applicant, and analysis on the potential recovery upon realisation of the collateral. The credit assessment process will be conducted by the designated loan officer and reviewed by the designated loan manager.

Execution of Loan Documentation

If a loan application is approved by the respective board of directors of the Group’s money lending subsidiaries, the designated loan officer and loan manager will arrange preparation and proper execution of the loan documentation, usually with the support of professional lawyers.

Continuous Loan Monitoring

There will be continuous monitoring on the repayments from borrower, regular communication with the borrower, and regular review on credit limit of the loan granted and market value of the collateral pledged performed by the designated loan officer and manager.

Collection, Recovery and Enforcement

Reminder and legal demand letter will be issued to the borrower if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for recovery of the amount due and taking possession of the collateral pledged.



Management Discussion and Outlook

All loans will be granted under the approval of the respective board of directors of the Group's money lending subsidiaries and with the endorsement from the Company's Investment & Credit Committee.

Securities Brokerage

The Group's securities brokerage business is conducted through CS Wealth Securities Limited, a wholly-owned subsidiary of the Company licensed by the Hong Kong Securities and Futures Commission to engage in dealing in securities activities (i.e., Type 1 regulated activity). For HY2024, the overall revenue of the operation increased by 12% to HK\$5,226,000 (30 June 2023: HK\$4,680,000), while its profit increased by 4% to HK\$5,058,000 (30 June 2023: HK\$4,859,000). The increase in revenue of the operation was the combined effect of the decrease in brokerage commission income by 54% to HK\$457,000 (30 June 2023: HK\$983,000), largely due to the decreased volume of customers' trade, and the increase in interest income from margin financing by 29% to HK\$4,769,000 (30 June 2023: HK\$3,697,000), mainly due to the higher average amount of margin loans advanced to clients during the period. The increase in the operation's profit was primarily the result of the increase in margin interest income.

In 2022, the Group acquired an asset management company which is licensed by the Hong Kong Securities and Futures Commission to engage in advising on securities and asset management activities (i.e., Type 4 and 9 regulated activities). It is the plan that this company will engage in fund management activities for equity, fixed income as well as alternative investments, which are activities expected to create synergies with the Group's securities brokerage operation.

Overall Results

For HY2024, the Group recorded an 84% decrease in loss attributable to owners of the Company to HK\$1,926,000 (30 June 2023: HK\$11,996,000), and a total comprehensive expense attributable to owners of the Company of HK\$1,582,000 (30 June 2023: HK\$14,759,000), which included an exchange gain arising on translation of financial statements of the Group's foreign operations of HK\$344,000 (30 June 2023: HK\$2,000). The loss results recorded by the Group was the combined effect of (i) the decrease in provision for impairment loss on loan and other receivables to HK\$2,651,000 (30 June 2023: HK\$48,683,000); (ii) the decrease in revenue from the money lending business to HK\$14,662,000 (30 June 2023: HK\$46,587,000); and (iii) the recognition of income tax expense of HK\$1,067,000 (30 June 2023: income tax credit of HK\$10,316,000).

Management Discussion and Outlook

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

For HY2024, the Group financed its businesses mainly by funds generated from operations and shareholders' funds. At the period end, the Group had current assets of HK\$1,986,800,000 (31 December 2023: HK\$2,094,897,000) and liquid assets comprising bank balances and cash (excluding clients' money held relating to the Group's securities brokerage business) as well as listed financial assets at FVTPL totalling HK\$1,144,775,000 (31 December 2023: HK\$1,302,603,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$35,614,000 (31 December 2023: HK\$40,818,000), was at a strong ratio of about 55.8 (31 December 2023: 51.3).

At 30 June 2024, the Group's trade and other receivables amounted to HK\$198,478,000 (31 December 2023: HK\$127,183,000), which mainly comprised trade receivables from margin clients of the securities brokerage business of HK\$169,944,000 (31 December 2023: HK\$106,293,000). At the period end, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$639,950,000 (31 December 2023: HK\$528,386,000), mainly because the market value of those securities pledged to the Group exceeded the margin client receivables on an individual basis, no impairment loss allowance was provided on these receivables accordingly. At the period end, the Group had deferred tax assets amounting to HK\$5,215,000 (31 December 2023: HK\$6,276,000), which were principally related to the allowance for ECL of loan receivables at the period end.

At 30 June 2024, the equity attributable to owners of the Company amounted to HK\$2,210,146,000 (31 December 2023: HK\$2,211,728,000) and was equivalent to an amount of approximately HK10.84 cents (31 December 2023: HK10.85 cents) per share of the Company. The decrease in equity attributable to owners of the Company of HK\$1,582,000 was mainly due to the loss recognised by the Group during the period.

The Group's gearing ratio, calculated on the basis of total liabilities of HK\$55,778,000 (31 December 2023: HK\$66,601,000) divided by the equity attributable to owners of the Company of HK\$2,210,146,000 (31 December 2023: HK\$2,211,728,000), was at a low level of about 3% (31 December 2023: 3%).

The increase in the Group's finance costs to HK\$808,000 (30 June 2023: HK\$289,000) was mainly a result of the recognition of interest on lease liabilities of a lease for the whole current interim period in contrast to the recognition of the same in only part of the prior period.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.



Management Discussion and Outlook

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars and United States dollars. During HY2024, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes.

Contingent Liability

At 30 June 2024, the Group had no significant contingent liability (31 December 2023: nil).

Pledge of Assets

At 30 June 2024, the Group had not pledged any assets (31 December 2023: nil).

Capital Commitment

At 30 June 2024, the Group had no significant capital commitment (31 December 2023: nil).

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 June 2024, the Group had 51 (30 June 2023: 50) employees including directors of the Company, 46 (30 June 2023: 50) employees were stationed in Hong Kong and 5 (30 June 2023: nil) employees were stationed in the Philippines. Staff costs (including directors' emoluments) for the period amounted to HK\$20,332,000 (30 June 2023: HK\$15,522,000). The remuneration packages for directors and staff are normally reviewed annually and are structured by reference to prevailing market terms and individual competence, performance and experience.

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for its employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated as a percentage of the employees' relevant income and vest fully and immediately with the employees, thus there are no forfeited contributions available to the Group to reduce the existing level of contributions to the MPF Scheme.

The Group does not have an established retirement plan for its employees in the Philippines but conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) in providing a retirement benefit equal to at least one-half (1/2) of monthly salary for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement of an eligible employee.

The Group provides other employee benefits including medical insurance, training subsidy, discretionary bonus and participation in the Company's share option scheme.

Management Discussion and Outlook

PROSPECTS

The Group is prudently optimistic about the prospects of its businesses in the medium to long term, as global economic activities have increased alongside the recovery and growth of the global economy, and the Hong Kong economy is on a stable recovery path. Nonetheless, ongoing geopolitical tensions and the global interest rates outlook may pose uncertainties in different markets. Looking forward, the management will continue to adopt a cautious and disciplined approach in managing the Group's businesses, as well as in seizing new business and investment opportunities that are expected to bring long-term benefits to the Group. The management continues to evaluate investment opportunities in certain target companies engaged in the financial industry, aiming to enlarge the Group's scale of operation and diversify its income base. Announcements will be made to inform shareholders of significant developments in these investment opportunities as and when appropriate.





Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CSC HOLDINGS LIMITED

中策資本控股有限公司

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of CSC Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 15 to 35, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	19,888	51,267
Interest income		19,431	50,284
Commission, handling income and others		457	983
Other income	5	20,130	20,465
Other loss	6	(523)	(1)
Staff costs		(20,332)	(15,522)
Other expenses		(15,909)	(25,404)
Loss on financial assets at fair value through profit or loss	7	(654)	(3,809)
Provision for impairment losses under expected credit loss model, net of reversal	10	(2,651)	(49,019)
Finance costs	8	(808)	(289)
Loss before tax		(859)	(22,312)
Income tax (expense) credit	9	(1,067)	10,316
Loss for the period attributable to owners of the Company	10	(1,926)	(11,996)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on debt instruments at fair value through other comprehensive income		–	(3,101)
Provision for impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	10	–	336
Exchange differences arising on translation of financial statements of foreign operations		344	2
Other comprehensive income (expense) for the period		344	(2,763)
Total comprehensive expense for the period attributable to owners of the Company		(1,582)	(14,759)
Loss per share attributable to owners of the Company			
– Basic	12	HK(0.01) cent	HK(0.06) cent



Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		6,222	7,595
Right-of-use assets		30,825	36,631
Goodwill		4,000	4,000
Club debentures		1,928	1,928
Loan receivables	13	230,934	127,002
Deferred tax assets	14	5,215	6,276
Total non-current assets		279,124	183,432
Current assets			
Debt instruments at fair value through other comprehensive income	15	4,418	4,418
Loan receivables	13	623,343	640,230
Trade and other receivables	16	198,478	127,183
Income tax recoverable		228	207
Financial assets at fair value through profit or loss	17	9,258	9,912
Bank balances and cash	18	1,151,075	1,312,947
Total current assets		1,986,800	2,094,897
Current liabilities			
Trade and other payables	19	22,613	27,888
Income tax payable		3,200	3,200
Lease liabilities		9,801	9,730
Total current liabilities		35,614	40,818
Net current assets		1,951,186	2,054,079
Total assets less current liabilities		2,230,310	2,237,511
Non-current liability			
Lease liabilities		20,164	25,783
Net assets		2,210,146	2,211,728
Capital and reserves			
Share capital	20	3,216,110	3,216,110
Reserves		(1,005,964)	(1,004,382)
Total equity		2,210,146	2,211,728

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital HK\$'000	Shareholder's contribution reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	3,216,110	82,416	6,140	-	(1,113,529)	2,191,137
Loss for the period	-	-	-	-	(11,996)	(11,996)
Fair value loss on debt instruments at fair value through other comprehensive income	-	-	(3,101)	-	-	(3,101)
Provision for impairment loss on debt instruments at fair value through other comprehensive income	-	-	336	-	-	336
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	2	-	2
Total comprehensive (expense) income for the period	-	-	(2,765)	2	(11,996)	(14,759)
At 30 June 2023 (unaudited)	3,216,110	82,416	3,375	2	(1,125,525)	2,176,378
At 1 January 2024 (audited)	3,216,110	82,416	-	(57)	(1,086,741)	2,211,728
Loss for the period	-	-	-	-	(1,926)	(1,926)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	344	-	344
Total comprehensive income (expense) for the period	-	-	-	344	(1,926)	(1,582)
At 30 June 2024 (unaudited)	3,216,110	82,416	-	287	(1,088,667)	2,210,146



Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Operating activities			
Loss before tax		(859)	(22,312)
Adjustments for:			
Bank interest income		(20,030)	(16,910)
Interest income from money lending business		(14,662)	(46,587)
Interest income from securities margin financing business		(4,769)	(3,697)
Others		10,559	59,034
Operating cash flows before movements in working capital		(29,761)	(30,472)
(Increase) decrease in trade and other receivables		(68,589)	3,153
(Increase) decrease in loan receivables		(83,058)	22,597
Others		(577)	(4,295)
Cash used in operations		(181,985)	(9,017)
Income tax (paid) refunded		(27)	10,136
Interest received		30,117	53,954
Net cash (used in) from operating activities		(151,895)	55,073
Cash used in an investing activity			
Purchase of property, plant and equipment		(1)	(23)
Cash used in financing activities			
Repayments of lease liabilities		(4,764)	(3,764)
Interest paid		(808)	(289)
		(5,572)	(4,053)
Net (decrease) increase in cash and cash equivalents		(157,468)	50,997
Cash and cash equivalents at the beginning of the period		1,292,691	988,928
Effect of foreign exchange rate changes		294	9
Cash and cash equivalents at the end of the period		1,135,517	1,039,934
Represented by:			
Bank balances and cash			
– General accounts and cash	18	1,135,517	1,039,934

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) unless otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

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

3. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 June	
	2024 HK\$’000 (Unaudited)	2023 HK\$’000 (Unaudited)
Commission and handling income from securities brokerage business	457	983
Revenue from contracts with customers	457	983
Interest income from securities margin financing business	4,769	3,697
Interest income from money lending business	14,662	46,587
	19,888	51,267

During the six months ended 30 June 2024 and 2023, the revenue is recognised at a point in time except for interest income which fall outside the scope of HKFRS 15.

4. SEGMENT INFORMATION

The following is an analysis of the Group’s revenue and results by operating segments, based on information provided to the chief operating decision maker, for the purposes of allocating resources and assessment of segment performance. This is also the basis upon which the Group is arranged and organised.

The Group’s operating segments under HKFRS 8 are as follows:

- (i) Investment in securities
- (ii) Trading
- (iii) Money lending
- (iv) Securities brokerage

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Investment in securities HK\$'000 (Unaudited)	Trading HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Securities brokerage HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2024					
Segment revenue					
External sales/sources	-	-	14,662	5,226	19,888
Results					
Segment results	(548)	5,651	15,025	5,058	25,186
Other income					9,001
Other loss					(522)
Central administrative expenses					(33,716)
Finance costs					(808)
Loss before tax					(859)
Income tax expense					(1,067)
Loss for the period					(1,926)
Six months ended 30 June 2023					
Segment revenue					
External sales/sources	-	-	46,587	4,680	51,267
Results					
Segment results	(12,166)	5,118	4,489	4,859	2,300
Other income					10,798
Other loss					(1)
Central administrative expenses					(35,120)
Finance costs					(289)
Loss before tax					(22,312)
Income tax credit					10,316
Loss for the period					(11,996)

Segment (loss) profit represents loss incurred/profit earned by each segment without allocation of certain other income, certain other loss, central administrative expenses, finance costs and income tax (expense) credit.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Segment assets		
Investment in securities	24,224	14,772
Trading	231,299	225,648
Money lending	1,104,635	1,119,941
Securities brokerage	297,613	297,414
Total segment assets	1,657,771	1,657,775
Property, plant and equipment	6,222	7,595
Right-of-use assets	30,825	36,631
Bank balances and cash	560,198	567,004
Other unallocated assets	10,908	9,324
Consolidated assets	2,265,924	2,278,329
Segment liabilities		
Investment in securities	–	20
Trading	–	20
Money lending	3,333	4,321
Securities brokerage	19,936	21,375
Total segment liabilities	23,269	25,736
Other payables	2,544	5,352
Lease liabilities	29,965	35,513
Consolidated liabilities	55,778	66,601

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

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use assets, certain bank balances and cash and certain other assets; and
- all liabilities are allocated to operating segments other than certain other payables and lease liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



5. OTHER INCOME

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	20,030	16,910
Others	100	3,555
	20,130	20,465

6. OTHER LOSS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Exchange loss	523	1

7. LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Unrealised loss on financial assets at fair value through profit or loss ("FVTPL")	654	3,809

8. FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on lease liabilities	808	289

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Tax (charge) credit comprises:		
Current tax	(6)	8,825
Deferred tax (Note 14)	(1,061)	1,491
Income tax (expense) credit recognised in profit or loss	(1,067)	10,316

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

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Provision for impairment loss on loan receivables (Note 13)	2,651	40,614
Provision for impairment loss on debt instruments at fair value through other comprehensive income ("FVTOCI") (Note 15)	–	336
Provision for impairment loss on other receivables (Note 16)	–	8,069
Total impairment losses	2,651	49,019
Depreciation of property, plant and equipment	1,374	1,411
Depreciation of right-of-use assets	5,072	4,506

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (30 June 2023: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

12. LOSS PER SHARE

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

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	1,926	11,996

	Six months ended 30 June	
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	20,385,254	20,385,254

Diluted loss per share for the six months ended 30 June 2024 and 2023 are not presented as there were no dilutive potential ordinary shares in issue during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. LOAN RECEIVABLES

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	1,316,940	1,253,368
Less: impairment allowance	<u>(462,663)</u>	<u>(486,136)</u>
	854,277	767,232
Analysed as:		
Current portion	623,343	640,230
Non-current portion	<u>230,934</u>	<u>127,002</u>
	854,277	767,232
Analysed as:		
Secured	848,300	760,314
Unsecured	<u>5,977</u>	<u>6,918</u>
	854,277	767,232

At 30 June 2024, the range of interest rates and maturity dates attributed to the Group's performing loan receivables were 8.5% to 13% (31 December 2023: 8.5% to 13%) per annum and from 28 October 2024 to 31 March 2026 (31 December 2023: 4 March 2024 to 31 March 2026) respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. LOAN RECEIVABLES (continued)

An analysis of the Group's fixed-rate loan receivables by their respective contractual maturity dates is as follows:

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Fixed-rate loan receivables:		
Within one year or on demand	623,343	640,230
In more than one year but not more than two years	230,934	7,797
In more than two years but not more than five years	–	119,205
	854,277	767,232

Before granting loans to borrowers, the Group conducted internal credit assessment process to assess the potential borrowers' credit quality on an individual basis. The management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

At 30 June 2024, of the Group's loan receivables with a total gross carrying amount of HK\$1,316,940,000 (31 December 2023: HK\$1,253,368,000), (i) HK\$230,934,000 (31 December 2023: HK\$8,081,000) were not past due; (ii) HK\$2,463,000 (31 December 2023: HK\$2,465,000) had been past due for less than 30 days; (iii) HK\$72,068,000 (31 December 2023: HK\$205,276,000) had been past due for more than 30 days but less than 90 days; and (iv) HK\$1,011,475,000 (31 December 2023: HK\$1,037,546,000) had been past due for 90 days or more.

At 30 June 2024, loan receivables with carrying amount of HK\$848,300,000 (31 December 2023: HK\$760,314,000) were secured by collateral including properties, listed equity and debt securities. The collateral pledged to the Group was taken into account when determining the loss given default for the related loan receivable. There had been no significant changes in the quality of the collateral held for loan receivables during the period.

The Group provided impairment allowance of HK\$2,651,000 (30 June 2023: HK\$40,614,000) on loan receivables for the current interim period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. LOAN RECEIVABLES (continued)

The following table shows reconciliation of the loss allowances that have been recognised for loan receivables:

	12-month ("12m") expected credit loss ("ECL") HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	6,007	1,960	499,149	507,116
Changes due to financial instruments recognised at 1 January 2023:				
– Impairment losses recognised	–	29,784	57,357	87,141
– Impairment losses reversed	–	–	(97,688)	(97,688)
– Transfer from 12m ECL to lifetime ECL (not credit-impaired)	(6,007)	6,007	–	–
– Unwinding of discount	–	–	24,505	24,505
– Derecognised other than write-off	–	–	(33,397)	(33,397)
– Write-off	–	–	(1,825)	(1,825)
New loan granted during the year	284	–	–	284
At 31 December 2023 and 1 January 2024 (audited)	284	37,751	448,101	486,136
Changes due to financial instruments recognised at 1 January 2024:				
– Impairment losses recognised	–	–	9,077	9,077
– Impairment losses reversed	(284)	(6,142)	–	(6,426)
– Unwinding of discount	–	–	4,481	4,481
– Write-off	–	–	(30,605)	(30,605)
At 30 June 2024 (unaudited)	–	31,609	431,054	462,663

During the current interim period, the changes in loss allowances mainly comprised:

- (i) loan receivables with gross carrying amount totalling HK\$1,011,475,000 continued to be credit-impaired for which lifetime ECL had been provided, resulted in recognition of ECL of HK\$9,077,000.
- (ii) loan receivables with gross carrying amount totalling HK\$8,081,000 were settled during the period, resulted in reversal of ECL of HK\$284,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. LOAN RECEIVABLES (continued)

- (iii) loan receivables with gross carrying amount totalling HK\$18,846,000 were settled during the period, resulted in reversal of ECL of HK\$6,142,000.
- (iv) loan receivables with gross carrying amount totalling HK\$30,605,000 were fully-impaired and written off.

14. DEFERRED TAX ASSETS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Deferred tax assets	5,215	6,276

The movement of deferred tax assets (liabilities) for the period is as follows:

	Allowance for ECL HK\$'000	Tax losses HK\$'000	Temporary difference related to unrealised gain on financial assets at FVTPL HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	1,315	13,501	(13,501)	1,315
Credited to profit or loss	4,961	–	–	4,961
At 31 December 2023 and 1 January 2024 (audited)	6,276	13,501	(13,501)	6,276
Charged to profit or loss (Note 9)	(1,061)	–	–	(1,061)
At 30 June 2024 (unaudited)	5,215	13,501	(13,501)	5,215



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Listed investments, at fair value:		
– Debt securities listed overseas (31 December 2023: overseas) with fixed interest at 9.50% (31 December 2023: 9.50%) per annum and contractual maturity date on 29 March 2024 (31 December 2023: 29 March 2024)	4,418	4,418
Analysed as:		
Current portion	4,418	4,418

At 30 June 2024, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing price.

The Group assessed the ECL for debt instruments at FVTOCI by reference to the probability of default and loss given default of the debt instruments after taking into account forward-looking information available to the Group without undue cost or effort.

The Group did not provide impairment allowance (30 June 2023: provided impairment allowance of HK\$336,000) on debt instruments at FVTOCI for the current interim period.

The following table shows reconciliation of the loss allowances that have been recognised for debt instruments at FVTOCI:

	Lifetime ECL (credit- impaired) HK\$'000
At 1 January 2023 (audited)	296,063
Changes due to financial instruments recognised at 1 January 2023:	
– Impairment losses recognised	11,519
At 31 December 2023 and 1 January 2024 (audited) and 30 June 2024 (unaudited)	307,582

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables of securities brokerage business:		
– Cash clients (<i>Note (i)</i>)	3,101	938
– Margin clients (<i>Note (i)</i>)	169,944	106,293
– Hong Kong Securities Clearing Company Limited ("HKSCC") (<i>Note (i)</i>)	–	640
	173,045	107,871
Other receivables (<i>Note (ii)</i>)	25,433	19,312
	198,478	127,183

Notes:

- (i) For the securities brokerage business, the normal settlement terms of trade receivables from cash clients and HKSCC are two trading days after trade date. The trade receivables from cash and margin clients and HKSCC with carrying amounts totalling HK\$173,045,000 (31 December 2023: HK\$107,871,000) were not past due at the end of the reporting period.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them individually is determined based on a discount on the market value of the securities pledged to the Group. Any excess in lending ratio will trigger a margin call for which the client concerned has to make good the shortfall. At 30 June 2024, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$639,950,000 (31 December 2023: HK\$528,386,000).

- (ii) Included in other receivables were unrestricted deposits of HK\$400,000 (31 December 2023: HK\$405,000) placed with securities brokers. The remaining balance of other receivables represented mainly interest receivables, prepayment and deposits for office use.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. TRADE AND OTHER RECEIVABLES (continued)

The Group did not provide impairment allowance (30 June 2023: provide impairment allowance of HK\$8,069,000) on other receivables for the current interim period.

The following table shows reconciliation of the loss allowances that have been recognised for other receivables:

	Lifetime ECL (credit- impaired) HK\$'000
At 1 January 2023 (audited)	–
Changes due to financial instruments recognised at 1 January 2023:	
– Impairment losses recognised	10,764
– Write-off	(10,764)
At 31 December 2023 and 1 January 2024 (audited) and 30 June 2024 (unaudited)	<u>–</u>

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Listed investments, at fair value:		
– Equity securities listed in Hong Kong (<i>Note</i>)	<u>9,258</u>	<u>9,912</u>
Analysed as:		
Current portion	<u>9,258</u>	<u>9,912</u>

Note: The fair values of the listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024



18. BANK BALANCES AND CASH

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Bank balances and cash:		
– General accounts and cash (Note (i))	1,135,517	1,292,691
– Client accounts (Note (ii))	15,558	20,256
	1,151,075	1,312,947

Notes:

- (i) The amount represented cash and short-term bank deposits with original maturity of three months or less held by the Group, which comprised the cash and cash equivalents of the Group. The amounts carried interest ranging from 0.01% to 4.30% (31 December 2023: 0.01% to 5.25%) per annum.
- (ii) The Group's securities brokerage business receives and holds money deposited by clients during the course of conducting its regulated activities in its ordinary course of business. Such clients' monies are maintained in a segregated bank account. The Group has recognised the corresponding account payables to the respective clients.

19. TRADE AND OTHER PAYABLES

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade payables of securities brokerage business:		
– Cash clients (Note)	17,010	14,936
– Margin clients (Note)	1,911	6,312
– HKSCC (Note)	970	–
	19,891	21,248
Accrued charges and other payables	2,722	6,640
	22,613	27,888

Note: For securities brokerage business, the normal settlement terms of trade payables to cash and margin clients and HKSCC are two trading days after trade date.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20. SHARE CAPITAL OF THE COMPANY

	Number of shares '000	Share capital HK\$'000
Issued and fully paid ordinary shares:		
At 1 January 2023, 30 June 2023, 31 December 2023, 1 January 2024 and 30 June 2024	20,385,254	3,216,110

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed below.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3), based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)		
1) Financial assets at FVTPL				
Listed equity securities	9,258	9,912	Level 1	Quoted market closing prices in an active market
2) Debt instruments at FVTOCI				
Listed debt securities	4,418	4,418	Level 1	Quoted market closing price in an active market

There was no transfer between Level 1, 2 and 3 for the period ended 30 June 2024.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the condensed consolidated financial statements approximate their fair values.

22. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of the directors of the Company who are also identified as members of key management is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short-term benefits	4,015	3,535
Post-employment benefits	80	68
	4,095	3,603

The remuneration of the directors and key executives of the Company are determined by the Remuneration Committee having regard to the competence, performance and experience of the individuals and prevailing market terms.



Other Information

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme of the Company (the “**Share Option Scheme**”) was adopted by the Company at the annual general meeting of the Company held on 29 June 2020. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Company to grant options to participants as incentives or rewards for their contribution to the Company or any of the subsidiaries and associated companies of the Company.

In the annual general meeting of the Company held on 28 June 2021, the shareholders of the Company approved the refreshment of the scheme mandate limit (the “**Scheme Mandate Limit Refreshment**”). The total number of shares of the Company available for issue under the Share Option Scheme is 2,038,525,383 shares, representing approximately 10% of the issued shares of the Company as at the date of approval of the Scheme Mandate Limit Refreshment and the date of this interim report.

No share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2024 and 2023 and no share options were outstanding as at 30 June 2024 and 2023.

Further details of the Share Option Scheme were set out in the Company’s 2023 Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company as mentioned above, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2024, the following interests of more than 5% of the issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

Long positions in the shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued shares (Note (i))
Dr. Cheng Kar-Shun, Henry <i>GBM, GBS</i> ("Dr. Cheng")	Interest of controlled corporation	3,397,540,000 (Note (ii))	16.67%
Courage Star Global Limited ("Courage Star")	Beneficial owner	3,397,540,000 (Note (ii))	16.67%
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	1,680,000,000 (Note (iii))	8.24%
Pioneer Success Development Limited ("Pioneer Success")	Beneficial owner	1,680,000,000 (Note (iii))	8.24%

Notes:

- (i) The approximate percentage of the Company's issued shares was calculated on the basis of 20,385,253,835 shares of the Company in issue as at 30 June 2024.
- (ii) These shares were held by Courage Star, a company which was wholly owned by Dr. Cheng. Accordingly, Dr. Cheng was deemed to be interested in 3,397,540,000 shares of the Company under the SFO.
- (iii) These shares were held by Pioneer Success, a company which was wholly owned by Mr. Suen. Accordingly, Mr. Suen was deemed to be interested in 1,680,000,000 shares of the Company under the SFO.

The interests of Dr. Cheng and Courage Star in 3,397,540,000 shares of the Company referred to in Note (ii) above related to the same parcel of shares.

The interests of Mr. Suen and Pioneer Success in 1,680,000,000 shares of the Company referred to in Note (iii) above related to the same parcel of shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2024 as required to be recorded pursuant to section 336 of the SFO.



Other Information

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

UPDATE ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's last published annual report up to 28 August 2024, being the date of this interim report:

- Mr. Lam Kin Fung, Jeffrey was appointed as an independent non-executive director of Golden Resources Development International Limited (HKEX stock code: 677) (a company listed on the Main Board of the Hong Kong Stock Exchange) on 2 April 2024.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group's condensed consolidated financial statements for the six months ended 30 June 2024 have not been audited, but have been reviewed by the Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu, 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 Hong Kong Institute of Certified Public Accountants. The report on review of condensed consolidated financial statements by the auditor is set out on page 14 of this interim report.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board

Dr. Or Ching Fai

Chairman

Hong Kong, 28 August 2024