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**TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**

**添利工業國際（集團）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00093)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “Board”) of TermbRay Industries International (Holdings) Limited (the “Company”) presents to shareholders of the Company the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 and the Group’s unaudited interim condensed consolidated statement of financial position as at 30 June 2022 together with the comparative figures as follows:

\* For identification purpose only

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

		Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>			
Interest income from money lending business	4	70,804	46,900
Rental income	4	1,805	1,851
Sales of properties in the People's Republic of China	4	–	1,765
		72,609	50,516
Other income	4	1,101	940
Other (losses)/gains, net	4	(1,507)	1,202
Fair value (losses)/gain on the investment properties		(4,030)	200
Cost of properties sold		–	(484)
Provision for impairment and write-off of loan and interest receivables	7	(21,286)	(5,589)
Advertising and promotion		(10,202)	(5,089)
Employee benefits expenses		(7,768)	(7,008)
Other operating expenses		(9,163)	(13,801)
		19,754	20,887
Operating profit		19,754	20,887
Finance costs	6	(3,745)	(3,940)
		16,009	16,947
<b>Profit before income tax</b>		16,009	16,947
Income tax expense	8	(4,545)	(5,908)
		11,464	11,039
<b>Profit for the period</b>	5	11,464	11,039

		<b>Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
<b>Other comprehensive loss:</b>			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	10	(12,738)	(50,151)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(5,542)</u>	<u>(153)</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u><u>(18,280)</u></u>	<u><u>(50,304)</u></u>
<b>Total comprehensive loss for the period</b>		<u><u>(6,816)</u></u>	<u><u>(39,265)</u></u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to owners of the Company:</b>			
	9		
Basic		0.43	0.41
Diluted		<u>0.43</u>	<u>0.41</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	255,850	270,950
Investment properties	<i>10</i>	237,490	241,520
Intangible assets		11,238	11,907
Deferred income tax assets		2,859	1,393
Loan receivables	<i>11</i>	450,579	479,483
Deposits		164	164
		958,180	1,005,417
<b>Current assets</b>			
Completed properties for sale		57,499	60,147
Loan receivables	<i>11</i>	107,606	78,754
Interest receivables	<i>12</i>	7,645	5,253
Deposits, prepayments and other receivables		3,794	3,935
Financial assets at fair value through profit or loss		149	152
Cash and cash equivalents		202,898	180,947
		379,591	329,188
<b>TOTAL ASSETS</b>		<b>1,337,771</b>	<b>1,334,605</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		213,411	213,411
Reserves		902,675	909,491
<b>Total equity</b>		<b>1,116,086</b>	<b>1,122,902</b>

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		–	271
Lease liabilities		139	554
Other payables and accruals	<i>13</i>	<u>150,040</u>	<u>146,742</u>
		<u>150,179</u>	<u>147,567</u>
<b>Current liabilities</b>			
Other payables and accruals	<i>13</i>	50,187	44,478
Amount due to a related company		1,734	1,936
Lease liabilities		811	810
Income tax payable		<u>18,774</u>	<u>16,912</u>
		<u>71,506</u>	<u>64,136</u>
<b>Total liabilities</b>		<u>221,685</u>	<u>211,703</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,337,771</u>	<u>1,334,605</u>

## Notes

### 1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2. ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of amendments to standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied the following annual improvements, amendments to standards and accounting guideline issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Annual Improvements	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The application of the annual improvements, amendments to standards and accounting guideline in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision Maker (“CODM”) in making strategic decisions. The CODM is identified as the executive directors of the Company.

During the six months ended 30 June 2022, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property investment and development	– Property investment for letting of properties in Hong Kong and the People’s Republic of China (“PRC”) and property development for sale of properties in the PRC.
Money lending	– Provide mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the interim condensed consolidated financial information.

The segment results and other segment items are as follows:

	<b>Property investment and development <i>HK\$'000</i></b>	<b>Money lending <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>For the six months ended 30 June 2022 (Unaudited)</b>			
<b>Revenue</b>	<u>1,805</u>	<u>70,804</u>	<u>72,609</u>
<b>Segment results</b>	<u>(2,034)</u>	<u>24,099</u>	<u>22,065</u>
Unallocated other income			32
Unallocated other losses, net			(1,962)
Unallocated expenses			<u>(4,126)</u>
<b>Profit before income tax</b>			<u><u>16,009</u></u>

	Property investment and development <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2021 (Unaudited)</b>			
Revenue	<u>3,616</u>	<u>46,900</u>	<u>50,516</u>
Segment results	<u>3,221</u>	<u>20,433</u>	23,654
Unallocated other income			15
Unallocated other gains, net			280
Unallocated expenses			<u>(7,002)</u>
Profit before income tax			<u><u>16,947</u></u>

For the six months ended 30 June 2022 and 30 June 2021, unallocated expenses and unallocated other (losses)/gains, net represent corporate expenses and unrealised net exchange (losses)/gains, respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The segment assets and liabilities are as follows:

	<b>Property investment and development <i>HK\$'000</i></b>	<b>Money lending <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>As at 30 June 2022 (Unaudited)</b>			
<b>Assets</b>			
Segment assets	<u>415,703</u>	<u>634,586</u>	1,050,289
Unallocated assets			<u>287,482</u>
Total assets			<u>1,337,771</u>
<b>Liabilities</b>			
Segment liabilities	<u>11,693</u>	<u>207,515</u>	219,208
Unallocated liabilities			<u>2,477</u>
Total liabilities			<u>221,685</u>
	<b>Property investment and development <i>HK\$'000</i></b>	<b>Money lending <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>As at 31 December 2021 (Audited)</b>			
<b>Assets</b>			
Segment assets	<u>425,584</u>	<u>603,391</u>	1,028,975
Unallocated assets			<u>305,630</u>
Total assets			<u>1,334,605</u>
<b>Liabilities</b>			
Segment liabilities	<u>11,898</u>	<u>196,452</u>	208,350
Unallocated liabilities			<u>3,353</u>
Total liabilities			<u>211,703</u>

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, financial assets at fair value through profit or loss, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, certain other payables and accruals and certain income tax payable.

Amounts included in the measure of segment results are as follows:

	<b>Property investment and development HK\$'000</b>	<b>Money lending HK\$'000</b>	<b>Unallocated HK\$'000</b>	<b>Total HK\$'000</b>
<b>For the six months ended 30 June 2022 (Unaudited)</b>				
Depreciation	–	(657)	(1,722)	(2,379)
Amortisation	–	(669)	–	(669)
Interest income on bank deposits	830	–	–	830
Interest expense	–	(3,745)	–	(3,745)
Income tax expense	(151)	(4,394)	–	(4,545)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>For the six months ended 30 June 2021 (Unaudited)</b>				
Depreciation	–	(709)	(3,079)	(3,788)
Amortisation	–	(1,340)	–	(1,340)
Interest income on bank deposits	824	9	9	842
Interest expense	–	(3,940)	–	(3,940)
Income tax expense	(1,772)	(4,136)	–	(5,908)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Revenue from external customers, based on the location where the goods are delivered and services are rendered, and non-current assets, other than the deferred income tax assets, by geographical location are as follows:

	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2021 HK\$'000 (Audited)</b>
Hong Kong	71,734	47,830	955,277	1,003,985
The PRC	875	2,686	44	39
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>72,609</b>	<b>50,516</b>	<b>955,321</b>	<b>1,004,024</b>

For the six months ended 30 June 2022 and 30 June 2021, no single customer contributed to 10% or more of the Group's total revenue.

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
<b>Reportable segment assets</b>	<b>1,050,289</b>	1,028,975
Financial assets at fair value through profit or loss	149	152
Cash and cash equivalents	30,217	34,321
Property, plant and equipment	254,570	269,030
Deposits, prepayments and other receivables	2,546	2,127
	<hr/>	<hr/>
<b>Total assets per interim condensed consolidated statement of financial position</b>	<b>1,337,771</b>	1,334,605
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<b>Reportable segment liabilities</b>	<b>219,208</b>	208,350
Amount due to a related company	1,734	1,936
Deferred income tax liabilities	–	271
Other payables and accruals	743	1,146
	<hr/>	<hr/>
<b>Total liabilities per interim condensed consolidated statement of financial position</b>	<b>221,685</b>	211,703
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#### 4. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue, other income and other (losses)/gains, net recognised during the period are as follows:

	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
<b>Revenue</b>		
Interest income from money lending business (under HKFRS 9)	70,804	46,900
Rental income (under HKFRS 16)	1,805	1,851
Sales of properties in the PRC	–	1,765
	<hr/>	<hr/>
	<b>72,609</b>	50,516
	<hr/> <hr/>	<hr/> <hr/>

	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Other income</b>		
Interest income on bank deposits	830	842
Government grant	236	–
Sundry income	35	98
	<u>1,101</u>	<u>940</u>

	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Other (losses)/gains, net</b>		
Unrealised net exchange (losses)/gains	(1,504)	1,200
Fair value (loss)/gain on financial assets at fair value through profit or loss	(3)	2
	<u>(1,507)</u>	<u>1,202</u>

## 5. PROFIT FOR THE PERIOD

The following expenses have been included in “other operating expenses” during the interim period:

	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment ( <i>Note 10</i> )	2,379	3,788
Amortisation of intangible assets	669	1,340
Expenses relating to short-term leases	188	381
	<u>3,236</u>	<u>5,509</u>

## 6. FINANCE COSTS

	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
Interest expense on lease liabilities	25	9
Unwinding of interests on deferred consideration payable	<u>3,720</u>	<u>3,931</u>
	<u><u>3,745</u></u>	<u><u>3,940</u></u>

## 7. PROVISION FOR IMPAIRMENT AND WRITE-OFF OF LOAN AND INTEREST RECEIVABLES

	Six months ended 30 June 2022			Total <i>HK\$'000</i>
	12 months expected credit loss (Stage 1) <i>HK\$'000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$'000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$'000</i>	
Net charge of provision for impairment on loan and interest receivables	7,934	227	1,702	9,863
Write-off of loan receivables	5,846	1,274	4,900	12,020
Recovery of loan and interest receivables written-off	<u>(303)</u>	<u>(43)</u>	<u>(251)</u>	<u>(597)</u>
	<u><u>13,477</u></u>	<u><u>1,458</u></u>	<u><u>6,351</u></u>	<u><u>21,286</u></u>
	Six months ended 30 June 2021			
	12 months expected credit loss (Stage 1) <i>HK\$'000</i>	Lifetime expected credit loss not credit impaired (Stage 2) <i>HK\$'000</i>	Lifetime expected credit loss credit impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Net charge of provision for impairment on loan and interest receivables	372	188	887	1,447
Write-off of loan receivables	3,436	799	284	4,519
Recovery of loan and interest receivables written-off	<u>(314)</u>	<u>(21)</u>	<u>(42)</u>	<u>(377)</u>
	<u><u>3,494</u></u>	<u><u>966</u></u>	<u><u>1,129</u></u>	<u><u>5,589</u></u>

## 8. INCOME TAX EXPENSE

Taxation has been calculated on the estimated assessable profits for the six months ended 30 June 2022 and 30 June 2021 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax charged to the interim condensed consolidated statement of profit or loss represents:

	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	280	–
– PRC land appreciation tax	–	320
– Hong Kong profits tax	<b>6,002</b>	4,476
	<b>6,282</b>	4,796
Deferred income tax	<b>(1,737)</b>	1,112
<b>Income tax expense</b>	<b>4,545</b>	5,908

## 9. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	<b>Six months ended 30 June 2022 (Unaudited)</b>	Six months ended 30 June 2021 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<b>11,464</b>	11,039
Weighted average number of ordinary shares in issue ('000)	<b>2,667,643</b>	2,667,643
Basic earnings per share (HK cents)	<b>0.43</b>	0.41

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 30 June 2021 and hence the diluted earnings per share is the same as the basic earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
<b>30 June 2022</b>		
<b>Cost or valuation:</b>		
At 1 January 2022	290,362	241,520
Addition	66	–
Loss on revaluation	(14,460)	–
Lease modification	(49)	–
Fair value losses	–	(4,030)
	<hr/>	<hr/>
At 30 June 2022	<u>275,919</u>	<u>237,490</u>
<b>Accumulated depreciation and impairment:</b>		
At 1 January 2022	(19,412)	–
Provided during the period ( <i>Note 5</i> )	(2,379)	–
Loss on revaluation	1,722	–
	<hr/>	<hr/>
At 30 June 2022	<u>(20,069)</u>	<u>–</u>
<b>Net book value</b>		
At 30 June 2022	<u>255,850</u>	<u>237,490</u>
<b>An analysis of cost or valuation:</b>		
At cost model	1,280	–
At revalued amount	254,570	–
At fair value	–	237,490
	<hr/>	<hr/>
	<u>255,850</u>	<u>237,490</u>

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment property <i>HK\$'000</i> (Unaudited)
30 June 2021		
Cost or valuation:		
At 1 January 2021	419,598	183,300
Addition	10	–
Loss on revaluation	(53,230)	–
Fair value gain	–	200
	<u>                    </u>	<u>                    </u>
At 30 June 2021	<u>366,378</u>	<u>183,500</u>
Accumulated depreciation and impairment:		
At 1 January 2021	(20,357)	–
Provided during the period ( <i>Note 5</i> )	(3,788)	–
Loss on revaluation	3,079	–
	<u>                    </u>	<u>                    </u>
At 30 June 2021	<u>(21,066)</u>	<u>–</u>
Net book value		
At 30 June 2021	<u>345,312</u>	<u>183,500</u>
An analysis of cost or valuation:		
At cost model	1,042	–
At revalued amount	344,270	–
At fair value	–	183,500
	<u>                    </u>	<u>                    </u>
	<u>345,312</u>	<u>183,500</u>

The Group has accounted for leasehold land and buildings within property, plant and equipment using the revaluation model, and the investment properties using the fair value model. As at 30 June 2022, leases recognised as right-of-use assets amounted to HK\$912,000 (31 December 2021: HK\$1,357,000) and are included in property, plant and equipment presented in the interim condensed consolidated statement of financial position.

Rental income from the investment properties for the six months ended 30 June 2022 amounted to HK\$930,000 (six months ended 30 June 2021: HK\$930,000).

**(a) Valuation process of the Group**

The Group's property, plant and equipment, and the investment properties were valued at 30 June 2022 and 31 December 2021 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd ("Vigers"), who hold a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings and investment properties valued.

For all leasehold land and buildings, their current use equates to the highest and best use. During the six months ended 30 June 2022, the resulting loss arising from revaluation of HK\$12,738,000 (six months ended 30 June 2021: HK\$50,151,000) has been debited to the property revaluation reserve.

For the investment properties, their current use equates to the highest and best use. The fair value losses are included in the interim condensed consolidated statement of profit or loss.

The recurring fair value measurement for leasehold land and buildings and the investment properties are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between levels 1, 2 and 3 during the period (six months ended 30 June 2021: Nil).

**(b) Valuation techniques**

The valuation of leasehold land and buildings was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties, while the investment properties were determined using the income approach or direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. For the properties based on direct comparison method, the most significant input into this valuation approach is unit sales price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the properties. For the property based on income approach, the market rental of the property under current lease is assessed and discounted at the market yield expected by investors and provision for the reversionary potential for this type of property.

For the leasehold land and buildings, the unit sales price as at 30 June 2022 amounts to HK\$84,400 (31 December 2021: HK\$89,000) per square foot on saleable area basis.

For the investment properties, the unit sales price as at 30 June 2022 amounts to HK\$55,100 and HK\$26,100 (31 December 2021: HK\$56,700 and HK\$26,400) per square foot on saleable area basis.

An increase in the unit sales price adopted would result in an increase in the fair value measurement of leasehold land and buildings, and the investment properties by the same magnitude, and vice versa.

## 11. LOAN RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Gross loan receivables – property mortgage loans	277,042	363,139
Gross loan receivables – personal loans	287,778	191,870
Gross loan receivables – corporate loans	29,000	29,000
	<hr/>	<hr/>
Total gross loan receivables	593,820	584,009
	<hr/>	<hr/>
Less: Provision for impairment – Stage 1	(25,741)	(17,807)
Provision for impairment – Stage 2	(2,071)	(1,844)
Provision for impairment – Stage 3	(7,823)	(6,121)
	<hr/>	<hr/>
Total provision for impairment	(35,635)	(25,772)
	<hr/>	<hr/>
Loan receivables, net of provision	558,185	558,237
Less: Non-current portion	(450,579)	(479,483)
	<hr/>	<hr/>
Current portion	107,606	78,754
	<hr/>	<hr/>

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans, personal loans and corporate loan in Hong Kong, are denominated in HK\$ and the carrying amounts approximate their fair values.

Except for personal loan receivables of HK\$287,778,000 as at 30 June 2022 (31 December 2021: HK\$191,870,000) which are unsecured, loan receivables are secured by collaterals, interest-bearing and repayable with fixed terms agreed with the customers.

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Within one year	138,915	155,540
One to two years	9,786	38,886
Three to five years	257,217	148,070
Over five years	152,267	215,741
	<hr/>	<hr/>
	558,185	558,237
	<hr/>	<hr/>

## 12. INTEREST RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Gross interest receivables – property mortgage loans	1,402	1,799
Gross interest receivables – personal loans	6,243	3,454
	<u>7,645</u>	<u>5,253</u>

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in HK\$ and the carrying amounts approximate their fair values.

Except for interest receivables of HK\$6,243,000 as at 30 June 2022 (31 December 2021: HK\$3,454,000) which are unsecured, interest receivables are secured by collaterals and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

Interest receivables as at the end of the reporting period, net of provision, have maturities within one year.

## 13. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Deferred consideration payable ( <i>Note</i> )	189,146	185,426
Rental deposits	409	427
Accrued audit fee	1,311	1,595
Accrued employee benefits expenses	277	1,340
Other payables and accrued expenses	9,084	2,432
	<u>200,227</u>	<u>191,220</u>
Other payables and accruals	200,227	191,220
Less: Non-current portion of deferred consideration payable ( <i>Note</i> )	(150,040)	(146,742)
	<u>50,187</u>	<u>44,478</u>

*Note:*

Deferred consideration payable represents the purchase consideration for acquiring aEasy Credit Investment Limited and its subsidiaries on 23 September 2020. The balances of the consideration shall be settled on or before 31 December 2023.

## 14. DIVIDEND

No dividend was paid in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **INTERIM DIVIDEND**

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **REVIEW OF OPERATIONS**

During the current six months period under review, the Group achieved a revenue of HK\$72,609,000 (six months ended 30 June 2021: HK\$50,516,000) and recorded a profit for the period of HK\$11,464,000 (six months ended 30 June 2021: HK\$11,039,000).

The profit for the current period under review is primarily due to the aggregate effect upon the recognition of:

- (i) interest income from the money lending business recorded of approximately HK\$70.8 million during the current period (six months ended 30 June 2021: HK\$46.9 million) representing an increase of approximately HK\$23.9 million as compared with the six months ended 30 June 2021;
- (ii) fair value loss of approximately HK\$4.0 million on the investment properties; and
- (iii) additional provision for impairment of loan and interest receivables of approximately HK\$9.9 million and write-off of approximately HK\$11.4 million.

## **Property Investment and Development**

The operating environment for the Group's property investment and development business remains fair during the period under review.

The Group's completed properties for sale – Ever Success Plaza, comprising over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition within the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades are still vacant. The management has put a lot of effort into marketing the properties and is endeavouring to improve the operation of the commercial arcades.

There was not much improvement in the operating environment in the first half of 2022. The sales activities of the Group's property project in Zhongshan for the remaining residential units were not satisfactory during the current period under review. Facing the overheated environment of the property market in the People's Republic of China ("PRC"), the Central government has laid down a series of regulations and rules to restrict the selling price of residential properties and the qualifications of buyers to purchase residential properties. In Zhongshan, all sale and purchase agreements entered into have to be approved by the relevant government authorities before they can be registered in the government's property sales system. During the period under review, no sale transactions were approved and registered in the government's property sales system. The

Group has recognised the sale of 2 residential units during the six months ended 30 June 2021. The rental income earned by the Group from Ever Success Plaza during the six months ended 30 June 2022 decreased by approximately 11% compared with the six months ended 30 June 2021. As at 30 June 2022, 56 residential units remained to be sold, out of which 8 residential units were let out.

## **Money Lending**

Although the Coronavirus Disease 2019 (“COVID-19”) pandemic has posed extraordinary challenges to the Hong Kong economy since early 2020, our money lending business still achieved a satisfactory and healthy growth in the first half of 2022. In order to provide 24/7 borrowing experience, customers can apply for loans via the Group’s automatic lending mobile application “X Wallet” App (the “X Wallet”), which is for unsecured loans only. The Group primarily focuses its sales and marketing effort to source new customers for unsecured loans, including advertising through public transport, outdoor banners, television, online media platforms, pamphlets and other marketing campaigns. The whole lending process through “X Wallet” involves no human intervention. Basically, it requires the provision of HKID card and face recognition, and offers loans using information technology such as big-data and a credit scoring model. The loan facilities granted through “X Wallet” are all revolving loan facilities which could be repaid and re-borrowed within the approved credit limit at any time during the loan period, the majority of which ranged from 2 years to 4 years. The maximum amount of unsecured loan applied through “X Wallet” could be as high as HK\$105,000.

The number of registered users of “X Wallet” has increased from 62,765 as at 31 December 2021 to 72,136 as at 30 June 2022. The number of current customers of “X Wallet” increased from 8,269 as at 31 December 2021 to 9,649 as at 30 June 2022. The increase in number of current customers improved the results of unsecured loan and generated a revenue of approximately HK\$51 million during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$21 million).

The majority of interest rates for unsecured loans via X Wallet granted ranged from 36% to 58% per annum and the weighted average interest rate charged was approximately 40% per annum. Loan amounts for unsecured loans via X Wallet granted ranged from HK\$5,000 to HK\$105,000.

At this moment, X8 Finance Limited focuses on providing mortgage loans for residential properties in Hong Kong. The management cautiously carries out the money lending business in Hong Kong. With the economic uncertainty and potential challenges, the management carefully assesses the credit worthiness of the borrowers, the quality and leveraging of the mortgaged properties.

For mortgage loans, lower interest rates are charged compared to unsecured personal credit loans. The Group engaged mortgage referral agents, which are all independent third parties, to source new customers. The tenure of the majority of the mortgage loans ranged from 10 years to 20 years and the actual tenure may differ subject to customer’s early repayment.

The majority of interest rates for secured loans granted ranged from 9% to 18% per annum and the weighted average interest rate charged was approximately 12% per annum. The majority of the collateral are residential properties and commercial properties, and all of the collaterals are located in Hong Kong. Loan amounts for secured loans granted ranged from HK\$80,000 to HK\$30,000,000.

As at 30 June 2022, the number of mortgage loans customers is 90, of which the top 10 customers represented 48.8% of the total mortgage loan receivables, and the number of “X Wallet” customers is 9,649, of which the top 10 customers represented 0.3% of the total loan receivables from “X Wallet”. The largest and five largest customers accounted for 5.1% and 19.8% respectively of the total loan receivables as at 30 June 2022.

### **Credit Risk Assessment Policy**

All of the information provided by customers are required to undergo assessment procedures and will be reviewed according to the credit risk assessment policy approved by the Board before standard payment terms and conditions are offered.

For secured loans pledged by properties, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the Credit Committee takes into account the applicant’s credit history, the property type, valuation, loan-to-value ratios and overall market conditions at the time of the application.

For unsecured loans applied via X Wallet, the Group assesses the credit quality of applications by collecting relevant customer information such as Optical Character Recognition, face recognition, live testing and credit report through mobile devices. The Group has established a robust control framework regarding the authorization structure for the approval and renewal of credit facilities, which also limits concentrations of exposure by types of asset, counterparties, credit rating, geographic location, etc.

The Group has also developed policies and procedures to appropriately assess and measure the Expected Credit Loss (“ECL”) in accordance with impairment requirements of HKFRS 9. Details of the movement of provision for impairment and write-off of loan and interest receivables are disclosed in Note 7 to the interim condensed consolidated financial information.

As at 30 June 2022, the gross loan and interest receivables of the Group amounted to HK\$593,820,000 and HK\$7,645,000, respectively. The provision for impairment of loan receivables as at 30 June 2022 under the ECL model amounted to HK\$35,635,000.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supporting information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative factors are taken into account in determining the risk of default occurring:

- (1) Probable bankruptcy entered by the borrowers; and
- (2) Death of the debtor.

During the six months ended 30 June 2022, the Group had written off loan and interest receivables totalling approximately HK\$11,423,000, net of recoveries of loan and interest receivables previously written-off, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

### **Others**

There were no acquisitions of major subsidiaries or associates during the six months ended 30 June 2022 under review.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group remains cash sufficient and has no material capital expenditure commitments. The Group's operations are financed by capital and reserves and cash generated from operations.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

## **INTERNAL CONTROL PROCEDURES**

The following internal control measures have been implemented for the carrying out of the Group's money lending business:

### **Credit Approval Process**

For secured loans, the credit clerk will obtain basic information such as the applicant's name, contact details, background information, amount and purpose of the desired loan, and the particulars of the property proposed to be mortgaged. The credit clerk will also obtain three preliminary estimates of valuations of the property from independent professional property valuers or banks either verbally or through internet or email. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan and the interest rate based on the applicant's information and the valuation of the property in accordance with the internal credit policies and guidelines.

For unsecured loan applications through X Wallet, the credit approval is automatically processed by the established credit assessment model in the system. Credit reports of the applicant will be automatically retrieved from TransUnion through the Application Programming Interface. Applications will be screened by the credit scoring model which will generate a risk score in respect of each applicant based on the TransUnion report and information supplied by the applicant. Once the loan is approved, the terms of the loan, including loan amount, interest rate and tenure, will be determined specifically for each applicant. Otherwise, no loan would be offered if the applicant could not pass the credit assessment.

### **Ongoing Monitoring of Loan Recoverability and Loan Collection**

A system is in place to identify and monitor overdue loan accounts. The directors and senior management of the Group closely monitor the overall performance of the loans outstanding by checking systematically generated daily reports, and regularly review the whole collection performance of overdue assets. The debt recovery department is responsible for loan recovery, and it seeks management's opinion for further actions when necessary. The debt recovery department will contact the customer by phone if the account is overdue, and at the same time, notice of overdue payment will be issued to the customer. If the respective receivables have not been recovered in time, the debt recovery department will engage external debt collection agents to recover the debt. For secured loans, the debt recovery department will discuss legal actions to be taken with the management.

For loans overdue for more than 90 days, the Group will consider the loan assets to be in default, the status of the respective outstanding loan will be fully provided for, but such cases will still continue to be handled by external debt collection agents (unless the debtor has become bankrupt, subject to any debt restructuring, or if the debtor is deceased).

### **ORDER BOOK**

Due to its business nature, the Group has no order book as at 30 June 2022. The Group has no new product and service to be introduced to the market.

### **STAFF AND EMOLUMENT POLICY**

As at 30 June 2022, the Group employed 51 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing with his own remuneration.

## **OUTLOOK**

The COVID-19 pandemic continuously impacted Hong Kong in the first half of 2022, and the situation suddenly turned worse with the outbreak of the fifth wave of COVID-19 pandemic in early 2022. However, following the implementation of the “vaccine pass” with COVID-19 vaccination records and a series of anti-epidemic measures taken by the Hong Kong government, the number of infected cases returned to a low level and the vaccination rate had continuously increased. With a view to strengthen the immune barrier against the pandemic and resume normal life as soon as possible, it is believed that the economy will recover gradually in the second half of the year.

Under the anti-epidemic measures, people’s living habits have been constantly changed by “work from home” and “social distancing”, which have brought unique advantages to the Group’s financial technology lending business. Individuals’ demand for unsecured loan services supported by financial technology is growing. The Group will capture this opportunity and expand our market share and customer base. The management expects it will stimulate the development of the personal loan business via “X Wallet” which is a fully automated mobile application to provide instant approval decision and 24 hours a day, 7 days a week instant fund transfer. With the support of the mobile application technology, the Group’s money lending business is expected to grow steadily.

In the PRC, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe the PRC will continue to play a key role in the future global economy. The Group is confident in capitalising on these opportunities and will grasp every business opportunity available to build up its own distinctive strength and to explore new businesses in the PRC.

Property investment and development has been the principal business of the Group for all these years and the Group is looking for investment opportunities in the property markets in the PRC, especially the Guangdong province. However, due to the intense competition of the property market in the Guangdong province, the Group has not yet acquired any land or properties during the period under review, but the Group will still continue to explore investment opportunities in the property markets.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

## **CORPORATE GOVERNANCE**

The Company has met the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2022 except as disclosed below.

Pursuant to code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called “The Termbay Industries International (Holdings) Limited Act 1991”. Section 4(g) of the said Act provides that: “Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation”. The Company had amended its existing bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years, while directors holding the office of chairman or managing director shall be subject to re-election every three years.

Following the resignation of Mr. Tong Hin Wor as an independent non-executive director of the Company on 12 August 2022, the Board now comprises three executive directors and two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three independent non-executive directors as required under Rule 3.10(1) of the Listing Rules.

Mr. Tong Hin Wor also served as a member of the audit committee of the Company. Following Mr. Tong’s resignation, the number of audit committee members decreased from three to two, comprising two independent non-executive directors, which falls below the minimum number of three audit committee members as required under Rule 3.21 of the Listing Rules and the terms of reference of the audit committee.

The Company is in the process of identifying and shall appoint suitable candidate(s) to fill the above vacancies and will make an announcement as and when appropriate.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all directors (except Mr. Lo Yiu Hee, a former director, who was unable to confirm due to illness) that they have complied with the Model Code throughout the six months period ended 30 June 2022.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim results for the six months ended 30 June 2022.

## **OTHER INFORMATION**

The interim results of the Group for the six months ended 30 June 2022 have been reviewed by PricewaterhouseCoopers, Certified Public Accountants.

By Order of the Board  
**Termbray Industries International (Holdings) Limited**  
**Lee Lap**  
*Chairman*

Hong Kong, 26 August 2022

The Directors of the Company as at the date of this announcement are as follows:

*Executive Directors:*

Mr. Lee Lap (*Chairman*)

Mr. Tommy Lee (*Vice Chairman & Chief Executive Officer*)

Mr. Chau Hau Shing

*Independent Non-Executive Directors:*

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan