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中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of Central Wealth Group Holdings Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June 2023 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2022 (Unaudited) <i>HK\$'000</i>
	<i>Note</i>	
REVENUE		
Financial investments and services	14,039	16,004
Brokerage and commission income	44,571	148,648
Advisory fee income	11,031	25,136
Sales of goods and service fee income	11,936	–
	81,577	189,788
Brokerage and commission expenses	(15,411)	(93,737)
Cost of good sold	(630)	–
	(16,041)	(93,737)
Gross profit	65,536	96,051

		For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
	<i>Note</i>		
Other income and (losses)/gains, net	3	2,878	(744)
Administrative expenses		(90,698)	(80,515)
Equity-settled share option arrangements		–	(18,024)
Other operating expenses		(1,687)	(2,303)
Finance costs	5	(9,661)	(13,597)
Unrealised fair value gains/(losses) on equity and fund investments at fair value through profit or loss		295	(10,866)
Unrealised fair value losses on debt investments at fair value through profit or loss		(1,676)	(5,443)
Reversal of/(provision for) credit loss allowances on other financial assets		2,022	(21,845)
Loss on disposal of a subsidiary		(369)	–
Share of profits of an associate		2,886	–
Share of loss of a joint venture		(562)	–
		<hr/>	<hr/>
LOSS BEFORE INCOME TAX	4	(31,036)	(57,286)
Income tax credit	6	525	–
		<hr/>	<hr/>
LOSS FOR THE PERIOD		(30,511)	(57,286)
		<hr/> <hr/>	<hr/> <hr/>
LOSS FOR THE PERIOD ATTRIBUTABLE TO			
Equity shareholders of the Company		(29,496)	(57,286)
Non-controlling interests		(1,015)	–
		<hr/>	<hr/>
		(30,511)	(57,286)
		<hr/> <hr/>	<hr/> <hr/>
DIVIDENDS	7	–	–
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		HK(0.18) cent	HK(0.36) cent
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2023 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 June 2022 (Unaudited) <i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(30,511)</u>	<u>(57,286)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(2,082)</u>	<u>(2,078)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value, net of tax	<u>(977)</u>	<u>15,960</u>
Other comprehensive (loss)/income for the period attributable to owners of the Company	<u>(3,059)</u>	<u>13,882</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(33,570)</u>	<u>(43,404)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO		
Equity shareholders of the Company	<u>(32,555)</u>	<u>(43,404)</u>
Non-controlling interests	<u>(1,015)</u>	<u>–</u>
	<u>(33,570)</u>	<u>(43,404)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,304	2,628
Right-of-use assets		3,990	5,487
Investment in an associate		170,531	87,006
Investment in a joint venture		10,123	–
Equity investments at fair value through other comprehensive income	9	391,097	392,073
Deferred tax assets		110	110
Loan receivables from money lending business	10	35,349	124,911
Finance lease receivables		1,646	1,646
Deposit and other receivables		23,458	23,705
		638,608	637,566
CURRENT ASSETS			
Loan receivables from money lending business	10	342,402	247,918
Trade receivables from securities and futures dealing business	11	77,016	147,696
Trade receivables from placing and asset management business	12	13,484	33,479
Trade receivables from sales of goods		–	865
Finance lease receivables		2,300	2,300
Inventories		–	1,796
Prepayments, deposits and other receivables		153,961	163,351
Equity and fund investments at fair value through profit or loss	13	37,811	35,508
Debt investments at fair value through profit or loss		27,220	29,677
Cash and bank balances		44,375	62,388
Bank balances held on behalf of clients		95,394	691,356
		793,963	1,416,334
CURRENT LIABILITIES			
Trade payables	14	78,192	695,823
Lease liabilities		3,508	3,415
Other payables and accruals	15	44,659	18,226
Other borrowings	16	137,437	123,075
Bank borrowings	16	39,500	39,500
Bank overdrafts	16	17,023	21,638
Note payable		32,422	42,422
Tax payable		899	1,072
		353,640	945,171
NET CURRENT ASSETS		440,323	471,163
TOTAL ASSETS LESS CURRENT LIABILITIES		1,078,931	1,108,729

		At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		<u>1,212</u>	<u>2,989</u>
Total non-current liabilities		<u>1,212</u>	<u>2,989</u>
NET ASSETS		<u>1,077,719</u>	<u>1,105,740</u>
EQUITY			
Equity attributable to owners of the company			
Share capital	<i>17</i>	167,573	162,939
Reserves		<u>910,146</u>	<u>939,364</u>
Equity attributable to equity shareholders of the Company		1,077,719	1,102,303
Non-controlling interests		<u>–</u>	<u>3,437</u>
Total equity		<u>1,077,719</u>	<u>1,105,740</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have not been audited by the Company's auditors but have been reviewed by the Company's Audit Committee (the "Audit Committee").

The unaudited interim 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 and Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 December 2022 except for the adoption of the new standards and interpretations as noted below. In addition, certain comparative figures in the unaudited interim condensed consolidated financial statements have been reclassified in order to conform to the current period's presentation.

1.1 Changes in accounting policies and disclosures

(a) Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these unaudited condensed consolidated interim financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The Group concluded that the adoption of these new and revised in the current period has had no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated interim financial statements.

2. SEGMENT INFORMATION

For the management purpose, the Group is currently organized into four operating segments – financial investments and services, brokerage and commission and corporate and others. An analysis of the Group's revenue and results by business segment for the Period and the six months ended 30 June 2023 are as follows:

For the six months ended 30 June 2023

	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Corporate & others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Segment revenue:				
External	14,039	44,571	22,967	81,577
Intersegment sales	–	33	93	126
	<u>14,039</u>	<u>44,604</u>	<u>23,060</u>	<u>81,703</u>
Elimination	–	(33)	(93)	(126)
Total	<u>14,039</u>	<u>44,571</u>	<u>22,967</u>	<u>81,577</u>
Segment results	<u>12,528</u>	<u>(10,951)</u>	<u>(23,936)</u>	<u>(22,359)</u>
<i>Reconciliation:</i>				
Bank interest income				53
Unallocated expenses				(1,024)
Finance costs				(9,661)
Loss on disposal of a subsidiary				(369)
Share of profits of an associate				2,886
Share of loss of a joint venture				(562)
				<u>(31,036)</u>
Loss before income tax				(31,036)
Income tax credit				525
				<u>525</u>
Loss for the Period				<u><u>(30,511)</u></u>
Assets and liabilities				
Segment assets	938,111	243,107	26,207	1,207,425
<i>Reconciliation:</i>				
Unallocated assets				225,146
				<u>225,146</u>
Total assets				<u>1,432,571</u>
Segment liabilities	496	106,546	20,528	127,570
<i>Reconciliation:</i>				
Unallocated liabilities				227,282
				<u>227,282</u>
Total liabilities				<u><u>354,852</u></u>

For the six months ended 30 June 2022

	Financial investments and services (Unaudited) <i>HK\$'000</i>	Brokerage and commission (Unaudited) <i>HK\$'000</i>	Corporate & others (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Segment revenue:				
External	16,004	148,648	25,136	189,788
Intersegment sales	–	969	1,565	2,534
	<hr/>	<hr/>	<hr/>	<hr/>
	16,004	149,617	26,701	192,322
Elimination	–	(969)	(1,565)	(2,534)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<hr/>	<hr/>	<hr/>	<hr/>
	16,004	148,648	25,136	189,788
Segment results	<hr/>	<hr/>	<hr/>	<hr/>
	(18,810)	(13,397)	(8,887)	(41,094)
<i>Reconciliation:</i>				
Bank interest income				25
Unallocated expenses				(2,620)
Finance costs				(13,597)
				<hr/>
Loss before tax				(57,286)
Income tax expense				–
				<hr/>
Loss for the Period				<u><u>(57,286)</u></u>
Assets and liabilities				
Segment assets	1,277,752	407,588	47,820	1,733,160
<i>Reconciliation:</i>				
Unallocated assets				99,972
				<hr/>
Total assets				<u>1,833,132</u>
Segment liabilities	54,402	268,493	28,773	351,668
<i>Reconciliation:</i>				
Unallocated liabilities				384,435
				<hr/>
Total liabilities				<u><u>736,103</u></u>

3. REVENUE AND OTHER INCOME AND GAINS OR LOSSES, NET

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Revenue		
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time</i>		
Commission income from securities and futures dealing	2,494	4,150
Commission income from placing	36,866	128,471
Performance fee income	–	1,495
Management fee income	11,031	23,641
Sales of goods	570	–
Service fee income	11,366	–
<i>Revenue from other sources outside the scope of HKFRS 15</i>		
Losses on disposal of equity investments at fair value through profit or loss	–	(4,065)
Gain/(losses) on disposal of debt investments at fair value through profit or loss	9	(1,888)
Gain on disposal of fund investments at fair value through profit or loss	14	592
Dividend income from investment in equity investments	169	9
Interest income from money lending business	13,534	16,370
Interest income from securities margin	5,210	16,027
Interest income from debt investments	314	4,986
	<u>81,577</u>	<u>189,788</u>
Other income and (losses)/gains, net		
Bank interest income	53	25
Handling fee income	139	42
Third party interest in consolidated investment fund	–	(3,303)
Wages subsidies of the Employment Support Scheme	–	328
Rental income	1,165	579
Others	1,521	1,585
	<u>2,878</u>	<u>(744)</u>

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Depreciation on property, plant and equipment	824	816
Depreciation on right-of-use assets	1,496	3,422

5. FINANCE COSTS

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Interest on bank borrowings	1,090	509
Interest on other borrowings – margin loan	1,562	1,858
Interest on other borrowings – secured/unsecured	3,121	8,192
Interest on bank overdrafts	814	559
Interest on notes payable	2,914	2,232
Interest on lease liabilities	153	241
Others	7	6
	<u>9,661</u>	<u>13,597</u>

6. INCOME TAX EXPENSE

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	–	–
Over-provision in prior years	525	–
	<u>525</u>	<u>–</u>
Income tax credit	<u>525</u>	<u>–</u>

During the Period, no provision for Hong Kong Profits Tax has been made as the Group has not generated any assessable profits arising in Hong Kong.

Hong Kong Profits Tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months period ended 30 June 2023.

7. DIVIDEND

The Board has resolved not to pay any interim dividend for the Period (2022: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss attributable to owners of the Company for the Period of HK\$29,496,000 (2022: HK\$57,286,000) and the weighted average number of ordinary shares in issue of 16,449,598,527 (2022: 15,969,650,461) during the Period.

No adjustment has been made to the basic loss per share amounts presented for the Period in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted earnings/(loss) per share are based on:

	Number of shares	
	For the period ended 30 June 2023 (Unaudited) '000	For the period ended 30 June 2022 (Unaudited) '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculations	16,449,599	15,969,650
Share options issued by the Company (<i>Note</i>)	—	—
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue during the period used in the diluted loss per share calculations	16,449,599	15,969,650
	<hr/> <hr/>	<hr/> <hr/>

Note: The computation of diluted earnings per share for the period ended 30 June 2023 did not assume the exercise of the Company's outstanding share options since the exercise prices of the share options were higher than the share price of the Company.

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Equity investments at fair value through other comprehensive income		
Listed equity investments, at fair value:	391,097	392,073
	<hr/> <hr/>	<hr/> <hr/>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

10. LOAN RECEIVABLES FROM MONEY LENDING BUSINESS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Loan receivables	438,619	433,419
Less: credit loss allowances	(60,868)	(60,590)
	<hr/>	<hr/>
	377,751	372,829
Less: non-current portion	(35,349)	(124,911)
	<hr/>	<hr/>
Current portion	342,402	247,918
	<hr/> <hr/>	<hr/> <hr/>

Loan receivables represented loans of approximately HK\$438,619,000 (31 December 2022: HK\$433,419,000) granted by the Group to a number of independent third parties. The loans bore interest at rates ranging from 5% to 7% per annum (31 December 2022: ranging from 5% to 7% per annum) and were repayable within two years. The grants of these loans were approved and monitored by the Group's management.

The Group holds collateral or other credit enhancement over its loan receivable balances of approximately HK\$312,624,000 (31 December 2022: HK\$330,988,000). The carrying amount of the loan receivables approximates their fair values.

11. TRADE RECEIVABLES FROM SECURITIES AND FUTURES DEALING BUSINESS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Trade receivables arising from the securities and futures dealing business		
– Cash clients	14,776	14,872
– Margin clients	<u>322,399</u>	<u>394,892</u>
	337,175	409,764
Less: credit loss allowances	<u>(260,159)</u>	<u>(262,068)</u>
	<u><u>77,016</u></u>	<u><u>147,696</u></u>

Trade receivables from cash clients, clearing houses and brokers arising from the securities and futures dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of the said trade receivables are, in general, within 2 days after the trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances. The Group is allowed to dispose of the securities or futures deposited by the customers with the Group to settle any overdue amount.

Trade receivables are unsecured, interest free and repayable on the settlement date of the relevant trades, except for the receivables from margin clients of approximately HK\$322,399,000 (31 December 2022: HK\$394,892,000) which bears interest at a range of 6.25% to 15.6% (31 December 2022: at a range of 6% to 15.6%) per annum and are secured by investments held by cash and margin clients of approximately HK\$927,203,000 (31 December 2022: HK\$1,472,346,000) as at 30 June 2023. The carrying amount of the trade receivables approximates their fair values.

The Group maintains accounts with the clearing houses through which it conducts securities and futures trading transactions and settlement on a net basis.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

12. TRADE RECEIVABLES FROM PLACING AND ASSET MANAGEMENT BUSINESS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Trade receivables arising from the placing and asset management business		
– Corporate clients	4,046	12,005
– Individual clients	111	169
– Investment funds	9,682	22,052
	<u>13,839</u>	<u>34,226</u>
Less: credit loss allowances	(355)	(747)
	<u>13,484</u>	<u>33,479</u>

Trade receivables from corporate clients and investment funds which are past due but not credit-impaired represent receivables arising from placing and asset management business which have not yet been settled by clients after the Group's normal credit period. Except for the credit loss allowances provided, the outstanding trade receivables from corporate clients and investment funds as at 30 June 2023 were considered not to be credit impaired as the credit rating and reputation of the trade counterparty are sound.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of business nature.

13. EQUITY AND FUND INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Listed securities, mandatorily measured at fair value		
– Equity securities listed in Hong Kong	25,962	25,800
Unlisted fund investments, mandatorily measured at fair value		
– Investment fund in the Cayman Islands	–	917
– Investment fund in the PRC	11,849	8,791
	<u>37,811</u>	<u>35,508</u>

The above equity and fund investments at 30 June 2023 and 31 December 2022 were classified as fair value through profit or loss as they were held for trading.

14. TRADE PAYABLES

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Trade payables arising from the securities and futures dealing business		
– Clearing houses	2,199	3,351
– Cash clients	35,945	636,245
– Margin clients	40,048	55,924
Trade payable arising from sales of goods	–	303
	<u>78,192</u>	<u>695,823</u>

Trade payables arising from securities dealing business bear interest at 0.01% per annum and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

Trade payables arising from futures dealing business are non-interest bearing and repayable on the settlement day of the relevant trades. The carrying amounts of trade payables approximate their fair value.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in the view of the business nature.

15. OTHER PAYABLES AND ACCRUALS

The Group's payables and accruals are non-interest-bearing and are normally settled within three months. The carrying amount of financial liabilities included in other payables and accruals approximates their fair values.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

	At 30 June 2023 (Unaudited)			At 31 December 2022 (Audited)		
	Effective interest rate per annum (%)	Maturity	HK\$'000	Effective interest rate per annum (%)	Maturity	HK\$'000
Current						
Bank overdrafts – secured	5.875	On demand	<u>17,023</u>	5.25	On demand	<u>21,638</u>
Bank borrowings – secured	5.2 to 6.7	2023	<u>39,500</u>	2.4 to 6.2	2023	<u>39,500</u>
Other borrowings – secured/unsecured	5.75 to 7.0	On demand and 2024	102,732	7.0	On demand	89,032
Other borrowings – secured	9.6 to 12.8	2023	<u>34,705</u>	9.6 to 12.6	2023	<u>34,043</u>
			<u>137,437</u>			<u>123,075</u>
			<u>193,960</u>			<u>184,213</u>

17. SHARE CAPITAL

	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Authorised:		
80,000,000,000 (31 December 2022: 80,000,000,000) ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
Issued and fully paid:		
16,757,250,461 (31 December 2022: 16,293,850,461) ordinary shares of HK\$0.01 each	<u>167,573</u>	<u>162,939</u>

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS AND NON-FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
Financial assets				
Equity investments at fair value through other comprehensive income	391,097	392,073	391,097	392,073
Equity and fund investments at fair value through profit or loss	37,811	35,508	37,811	35,508
Debt investments at fair value through profit or loss	27,220	29,677	27,220	29,677
	<u>456,128</u>	<u>457,258</u>	<u>456,128</u>	<u>457,258</u>

Management has assessed that the fair values of cash and bank balances, bank balances held on behalf of clients, loan receivables, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, other borrowings, bank borrowings and bank overdrafts approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the notes payable and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

The fair values of equity investments at fair value through other comprehensive income, equity and fund investments at fair value through profit or loss and debt investments at fair value through profit or loss are based on quoted market prices. The fair values of fund investments at fair value through profit or loss are based on the fair values of the underlying assets of the funds of which the quoted prices could be observed in dealing markets.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments and non-financial instruments measured at fair value:

Assets measured at fair value

At 30 June 2023

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	391,097	–	–	391,097
Equity and fund investments at fair value through profit or loss	17,525	11,849	8,437	37,811
Debt investments at fair value through profit or loss	–	27,220	–	27,220
	<u>408,622</u>	<u>39,069</u>	<u>8,437</u>	<u>456,128</u>

At 31 December 2022

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Fair value measurement using Significant observable input (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	392,073	–	–	392,073
Equity and fund investments at fair value through profit or loss	17,363	9,708	8,437	35,508
Debt investments at fair value through profit or loss	–	29,677	–	29,677
	<u>409,436</u>	<u>39,385</u>	<u>8,437</u>	<u>457,258</u>

During the six months ended 30 June 2023, there were no transfers of fair value measurements between Level 1 and Level 2 (31 December 2022: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the Period.

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Interest income on margin financing from directors arising from securities dealing transactions	248	251
Commission income received from directors arising from securities dealing transactions	–	6
	<u>248</u>	<u>257</u>

Compensation of key management personnel of the Group:

	For the six months ended 30 June 2023 (Unaudited) HK\$'000	For the six months ended 30 June 2022 (Unaudited) HK\$'000
Salary, allowances and benefits in kind	688	1,149
Equity-settled share option expense	–	3,565
Retirement scheme contribution	36	40
	<u>724</u>	<u>4,754</u>

20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 25 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The Group recorded a revenue of approximately HK\$81.6 million for the six months ended 30 June 2023 (the “**Period**”), compared to a revenue of approximately HK\$189.8 million for the six months ended 30 June 2022. It was mainly attributable to the commission income generated from the provision of Debt Capital Market (“**DCM**”) services of approximately HK\$36.9 million. The net loss before tax for the Period was approximately HK\$31.0 million as compared to the loss before tax of approximately HK\$57.3 million for the six months ended 30 June 2022. The loss was mainly attributable to the significant decrease in revenue from the provision of DCM services in the difficult operating environment of China’s US dollars bonds market.

The net loss after tax for the Period was approximately HK\$30.5 million as compared to the net loss after tax of approximately HK\$57.3 million for the six months ended 30 June 2022. Basic loss per share attributable to owners of the Company for the Period was approximately HK0.18 cent (30 June 2022: basic loss per share of approximately HK0.36 cent).

Economy Review

In the first half of 2023, led by the inbound tourism and private consumption, the Hong Kong economy continued to recover. In January 2023, quarantine –free travel between the Mainland and Hong Kong was resumed. Transport and tourism services are also gradually restarted. Since then, visitors arrivals to Hong Kong continued to surge.

In Hong Kong, the labor market continued to improve alongside the local economic recovery. The seasonally adjusted unemployment rate edged down by 0.1% point from March – May 2023 to 2.9% in April – June 2023. Further, the government has implemented the Quality Migrant Admission Scheme. The government intends to strategically entice businesses in the life and health technology, artificial intelligence and data science, financial technology, advanced manufacturing and new energy technology sectors. It seeks to attract highly skilled or talented persons to settle in Hong Kong in order to enhance Hong Kong’s economic competitiveness.

Contrast to real economy, the local stock market remained uncertain as investor sentiment remained pessimistic. Global equity had a very weak half-year performance, amid the economic recession and rising inflationary expectation.

For the DCM market, the China offshore bonds market was continuously supported by the refinancing needs. However, the tightened policies, ongoing defaults and credit events of Chinese property developers and higher offshore financing costs due to the sharp Fed rate hike led to the decline in the new issuance amount. The China offshore US dollars bonds new issuance dropped significantly. Moreover, if there is no significant improvement in liquidity and access to refinancing channels, some property developers, private enterprises and government will face heightened default risk.

Business Review

Brokerage & margin financing

The business are carried on through Instant Achieve Limited (“**IAL**”), a wholly owned subsidiary of the Group, which in turn owned 100% equity interest in Central Wealth Securities Investment Limited (“**CWSI**”). CWSI is incorporated in Hong Kong with limited liability and are carrying on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

During the Period, the commission income from securities and futures dealing was approximately HK\$2.5 million (30 June 2022: HK\$4.2 million) and the interest income from the securities margin was approximately HK\$5.2 million (30 June 2022: HK\$16.0 million). The Group will maintain its prudent credit policy and risk management approach with a view to achieve a sustainable business environment.

Debt capital market business

The business carried on through IAL, which in turn owned 100% equity interest in CWSI. CWSI is incorporated in Hong Kong with limited liability and is carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

In recognition of the robust potential of the China US dollar bonds market, the Group has established a foothold and teamed up to participate as a major player in this growing market in 2017. The market is principally classified into, by industry four business segments, namely industrial, property development, financial and urban construction investment.

During the Period, the Company has participated in 22 debt issues with roles of joint global coordinator, joint book-runner, joint lead manager or placing agent with an aggregate issue size of approximately US\$1,538.9 million as at 30 June 2023. The debts are issued through either private or public offerings with coupon rates ranging from 3.45% to 7.8% per annum. According to the information published on Bloomberg 2023, CWSI ranked as the 44th manager in the issuance of offshore China bonds in the first half of 2023 based on the issuance volume credited to each involved party. During the Period, the provision of DCM services has recorded a commission income of approximately HK\$36.9 million. The Group will continue to strengthen our services in the coming period and broaden our service range with an aim to provide one stop service to our customers.

Asset management

The business are carried on through IAL, which in turn owned 100% equity interest in Central Wealth Asset Management Limited (“**CWAM**”). CWAM is incorporated in Hong Kong with limited liability and is carrying on business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

During the Period, the Group engages in the provision of investment management services on diversified and comprehensive investment products including private funds and discretionary accounts to individual, corporate and institutional clients. Currently, our investment fund, namely the Central Wealth Investment Fund SPC (“**CWIF**”), mainly focus on the China’s bond market as it is the second largest bond market in the world and offers attractive yield opportunities. It is expected that the market will continue to grow and transform with the global economy. The Group believes it will become more capital market oriented and open to foreign investors. Besides, CWAM also served as an investment advisor for clients providing advice for equity fund, fixed income funds and other investment products.

About Central Wealth Investment Fund SPC

CWIF is a segregated portfolio company incorporated in Cayman Islands with limited liabilities in June 2018. CWIF has 6 segregated portfolios as at 30 June 2023. The investment objectives of CWIF are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security.

Investment strategies

The investment manager seeks to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives. The portfolios now mainly invest in offshore US dollar denominated bonds issued by Chinese institutions. The investment manager will seek to diversify the investment portfolios when opportunities arise.

Fund growth

As at 30 June 2023, the assets under management have reached approximately US\$190.8 million (31 December 2022: US\$277.1 million). The management fee income are approximately HK\$11.0 million during the Period.

Financial Investments and Services

Financial investments and trading

During the Period, the Hang Seng Index starts at 19,570 points and closed at 18,916 points. The local stock market performs badly, the Group recorded unrealized gains on equity and fund investments at fair value through profit or loss of approximately HK\$0.3 million and unrealized losses on debt investments at fair value through profit or loss of approximately HK\$1.7 million and the realized gains on the disposal of equity, fund and debt investments at fair value through profit or loss of approximately HK\$0.02 million. During the Period, the interest income from debt investments amounted to approximately HK\$0.3 million.

Money lending business

The Group’s Money lending business is conducted through an indirect wholly-owned subsidiary of the Company, namely Top Billion Finance Limited (“**Top Billion**”), which is a company incorporated in Hong Kong and holds a valid Money Lender License under the Money Lenders Ordinance (Cap. 163 of the law of Hong Kong).

Top Billion is principally engaged in carrying out money lending business by providing secured and unsecured loans to its customers. Through the business and social networks of the senior management of the Company, Top Billion would identify and be referred potential customers which would be corporate and individual customers with personal wealth. Top Billion would then assess the credit and risk of such potential customers based on its credit policy and procedure.

Top Billion is operated and managed by members of its senior management and under the supervision of the executive directors of the Company, who have years of experience in accounting, corporate development and/or financial management and have overseen the business operations of Top Billion.

As at 30 June 2023, the Group had 14 outstanding loans to individual customers with an aggregate principal amount of approximately HK\$421,611,400 and interest rates ranging from 5% to 7% and 5 outstanding loans to corporate customers with an aggregate principal amount of approximately HK\$75,700,000 and interest rates of 7% (collectively, the “**Outstanding Loans**”). The Company has complied with the relevant requirements set out in Chapter 14 and Chapter 14A of the Listing Rules with regard to the grant and renewal of the Outstanding Loans. The Company does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person of the Company with respect to the grant of the Outstanding Loans.

Further details of the Outstanding Loans are set out below:

Borrower <i>(Note 1)</i>	Principal amount <i>(HK\$'000)</i>	Interest rate <i>(per annum)</i>	Tenure <i>(months)</i> <i>(Note 2)</i>	Security
Individual customers				
A	10,000	7%	60	Residential and commercial property in Hong Kong
	7,000	7%	60	
	5,000	7%	60	
	50,000	7%	60	
B	19,700	7%	24	Residential property in Hong Kong
C	15,000	7%	24	Residential property in PRC
D	16,000	7%	24	Listed securities in Hong Kong
E	75,000	7%	36	Commercial property in PRC
F	75,000	7%	36	Residential and commercial property in PRC
G	75,000	7%	36	Equity interests in unlisted PRC entities
H	8,000	7%	24	Listed securities in Hong Kong
I	65,000	7%	36	Residential and commercial property in Hong Kong
J	623.7	5%	12	–
K	287.7	5%	12	–
Corporate customers				
L	50,000	7%	24	–
M	12,500	7%	24	Listed securities in Hong Kong
N	8,000	7%	12	Residential property in Hong Kong
O	4,800	7%	12	Land use rights of property
	400	7%	12	
Total				
19	<u>497,311.4</u>			

Notes:

1. The borrowers are independent of the Company and its connected persons.
2. The principal and interest of the loans are repayable upon the maturity date.

The majority of the existing customers were referred by executive Directors of the Company. The executive Directors have good business and social networks and would refer potential customers to Top Billion Finance Limited (“**Top Billion**”) from time to time. However, Top Billion does not rule out walk-in customers so long as they can fulfil the due diligence and relevant credit assessment requirements.

BENCHMARKS FOR CUSTOMERS

Top Billion has the following benchmarks for its customers:

Corporate customers

- No specific requirement that the prospective borrower should be from a particular industry.
- The prospective borrower can have its principal business operation in Hong Kong, China or overseas.
- No minimum amount of revenue/profit required to be generated by the prospective borrower in the last 12 months.
- The prospective borrower should normally have an sufficient amount of assets enough to cover the loan principal when they make the loan application. The assets can be in the form of property, securities, or equity interest in an entity.
- The prospective borrower should have a minimum operation history of three years.
- No litigation or winding up records.

Individual customers

- The prospective borrower should be over the age of 18.
- No requirement on the prospective borrower’s occupation or minimum monthly income.
- The prospective borrower should normally have an sufficient amount of assets enough to cover the loan principal when they make the loan application. The assets can be in the form of property, securities, or equity interest in an entity.
- No criminal or bankruptcy records.

CREDIT POLICY AND PROCEDURES

Top Billion has set up a credit committee (the “**Credit Committee**”) which comprises two executive Directors of the Company to monitor the credit policy and procedures of the money lending business.

The executive Directors who are members of the Credit Committee are responsible for overseeing the money lending business. The financial controller of the Company is responsible for working out the preliminary terms of the proposed loan and is engaged in the post-loan monitoring.

Pre-approval due diligence

Top Billion will take reasonable steps to establish the potential customer’s true and full identity, financial situation and borrowing objectives. The potential customer will be required to provide further details of its personal and/or corporate background, proof of repayment capabilities, proposed loan amount and repayment method, proof of property ownership (if applicable) and bank account and/or financial portfolio statements. Preliminary verification of background information (bankruptcy check and litigation check) of the potential customers will be performed.

Assessment and loan approval

For material lending transactions which constitute 5% or more of the total assets of the Group, credit review procedures will be conducted in accordance with the standard commercial practices for the purpose of determining the ability of applicants in meeting their financial obligations. Applications must in the first place, satisfy certain credit requirements before being further processed and reviewed by the senior management of Top Billion. Applicants will be required to submit all information necessary for conducting the reviews as requested by Top Billion, which includes but is not limited to updated financial statements, assets and investment portfolios of the customer.

The Credit Committee will review the due diligence results and the loan proposal, together with the supporting documents, and then finalise the loan amount and terms. Loan applications are assessed and approved on a case-by-case basis in accordance with: (i) the background of the applicant and whether the applicant has a satisfactory record or any litigation record; (ii) whether the applicant is a professional or has goodwill in his/her respective business or social circles; (iii) whether the applicant has a good loan repayment or credit record; and (iv) whether the applicant is a repeated customer. If the outcome of the aforesaid background and financial assessment is to the satisfaction of the Credit Committee, a meeting will be arranged between the potential customer, a member of the Credit Committee and/or the financial controller. During the meeting, the financial controller will work out the preliminary terms of the proposed loan.

Apart from the provision of collateral, various other factors such as whether the borrowers are repeated customers, their credibility, the amount of the loan, the tenure of the loan, etc. will also be taken into consideration when assessing the credit risk and determining the loan terms (including interest rates). The lending rate should commensurate with the level of credit risk. The stronger the financial position that the borrower exhibits and/or the better the market conditions, the lower the applicable lending rate. Other factors such as the cost of funds, interest rate charged by competitors, the repayment history and length of business relationship will also be considered. Interest rates are determined with reference to risk factors, tenure of loan, borrowing record and interest rates offered by competitors.

Risk control

In order to safeguard the repayment of loans and minimise default risks, all of the existing customers are either business contacts or referrals from the executive Directors which have either good standings or long-term business relationships with the Group. In this way, the Group can limit its risk exposure.

Loan documentation

If a loan application has been approved, the financial controller will then issue a standard loan agreement with the terms agreed by both parties for the applicant to sign. The applicant should provide his/her identity documentation and address proof to the financial controller for him to prepare the loan agreement.

Loan disbursement

The financial controller will not disburse any funds to the customer until Top Billion is in receipt of the drawdown notice attached to the loan agreement signed by the customer. Funds are usually disbursed by crossed or personal cheques deposited to the customers' designated bank accounts as per his/her drawdown notice. Loan disbursement in cash is not allowed, which not only minimises fraud or theft but also protects the Group from being inadvertently involved in money laundering activities.

Post-loan monitoring

Interim and annual review(s) will be performed by Top Billion. Updated background and financial information of the borrower will be obtained and assessed by the Credit Committee. This helps Top Billion to promptly discover potential problems that may be detrimental to timely repayment and allows Top Billion to adjust collection strategies.

Loan renewal

When considering whether to renew a loan, the Group will take into consideration (i) the repayment or credit record of the borrower; and (ii) the borrower's up-to-date financial strength and background. If the above factors are not satisfactory and/or the Directors are of the view that the risks and benefits are not properly balanced, such loan would not be renewed upon maturity.

Early repayment

Early repayment of the loan is possible if the customer provides not less than one business day's prior written notice. On the date upon which such early repayment is to be made, the customer shall repay the outstanding loan and all other monies outstanding (including accrued interests) thereunder.

Repayment overdue monitoring

The accounts staff will check if each loan repayment is made on schedule. If any repayment is overdue for more than two days, the accounts staff will bring the issue to the attention of the financial controller, and he will make verbal reminders to the relevant customer. In the event repayment is overdue for more than seven days after the verbal reminders, the financial controller will then issue an overdue notice to the customer on record. If repayment remains overdue for more than 14 days, the financial controller may issue further reminders to the customer and/or consider other actions.

Loan collection

The Group monitors the repayment of all loans based on each of the respective repayment dates of each of the individual loans. The Group reserves the right to require the customer to repay the loan and other monies outstanding (including accrued interests) on demand at any time during the term of the loan by giving the customer not less than one business day's prior written notice. On the date upon which such repayment is to be made, the customer shall pay to the Group the outstanding loan and all other monies outstanding (including accrued interests) thereunder.

If the loan could not be collected within a reasonable time thereafter, depending on the specific circumstances of the customer, the Credit Committee will decide on instigating legal action(s) to enforce the Group's rights under the loan. Mediation may also be considered to reach an agreement with the customer on repayment. If the customer fails to perform their obligations under the mediation agreement, the Credit Committee may decide on applying to the court for mandatory enforcement.

In case where all potential means of recovery have been exhausted, the Credit Committee will determine whether to write off the problem loan as a bad loan. All loan write-offs must be approved by the Board of the Company.

As at 30 June 2023, the annual interest rate of loan ranged from 5% to 7% (31 December 2022: 5% to 7%) and the term ranged from 1 to 3 years (31 December 2022: 1 to 3 years). The total gross loan receivable amounted to approximately HK\$438.6 million (31 December 2022: HK\$433.4 million). The Group's five largest loan receivables amounted to approximately HK\$332.2 million or 75.7% (31 December 2022: HK\$332.2 million or 76.6%) of the Group's total loan receivables. During the year, the interest income from the money lending business was approximately HK\$13.5 million. The Group will continue to maintain its prudent credit policy and risk management approach with a view to achieve a sound financial management and sustainable business environment.

During the period, the Group assessed and estimated credit loss allowances (“ECLs”) for the loan receivables according to the requirements of Hong Kong Financial Reporting Standard (“HKFRS”) 9 issued by the Hong Kong Institute of Certified Public Accountants. The Group had recognized ECLs on loan receivables from the money lending business amounting to approximately HK\$0.3 million (31 December 2022: HK\$13.2 million). The models and assumptions adopted by the management in estimating ECLs are related to the future macroeconomic conditions and borrowers’ creditworthiness (e.g. the likelihood of default by customers.) Such assessment has taken regard of quantitative and qualitative historical information and also, the forward looking analysis. Related disclosures on loan from the money lending business are included in Note 10 to the consolidated financial statement.

The Chinese medicine clinics business

In light of the pessimistic atmosphere in the global stock market and the challenging environment in the Chinese bonds market, the Group has diversified its investment in the Chinese medical clinic sector in order to complement the existing businesses.

During the Period, the revenue generated from the Chinese medicine clinics business was approximately HK\$11.9 million.

Prospects

Looking ahead, inbound and private consumption will remain the major drivers of economic growth for the rest of the year. A transportation and handling capacity continue to recover, visitors arrivals should increase further. While external environment remains challenging, Hong Kong’s service sector, consumption, and investment activity are expected to recover strongly, thereby offsetting the soft global economic momentum and tight monetary conditions.

For DCM market, the refinancing need will remain intact in 2023, but the credit polarization and consolidation will also continue and intensify for the year ahead. The elevated funding costs under US rate hikes, weak investor confidence and depreciation of yuan continue to drag on the China’s US dollars bonds issuance. Regions and provinces with high levels of implicit debts, high debts ratio, high proportion of government fund income in their fiscal revenue and low economic development level will face tight liquidity and high refinancing risk.

The global economy remains unclear and we shall not overlook the downside risks due to the expectation of US interest hike and the threat of geopolitical tension which continue to cloud the global economic recovery. In light of these macroeconomic challenges, the Group will continue to stay alert, but positive, to pursue its prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group for the Period recorded a revenue of approximately HK\$81.6 million as compared to the revenue of approximately HK\$189.8 million last period. The Group's revenue principally comprised the interest income from money lending business of approximately HK\$13.5 million, commission income from provision of DCM services of approximately HK\$36.9 million, commission income from securities and futures dealing of approximately HK\$2.5 million, interest income from securities margin of approximately HK\$5.2 million and interest income from debt investments of approximately HK\$0.3 million.

The Group recorded net other comprehensive loss of approximately HK\$3.1 million for the Period (net other comprehensive income for the six months ended 30 June 2022: approximately HK\$13.9 million). It was mainly attributable to a fair value loss of approximately HK\$1.0 million on equity investments at fair value through other comprehensive income (for the six months ended 30 June 2022: fair value gains of approximately HK\$16.0 million). As at 30 June 2023, the Group's net asset value was approximately HK\$1,077.7 million (31 December 2022: HK\$1,105.7 million).

Liquidity and Financial Resources

During the Period, the Group generally financed its operation with internally generated cash flow, overdrafts, bank and other borrowings and other fund-raising activities. The Group's cash and bank balances as at 30 June 2023 were approximately HK\$44.4 million (31 December 2022: HK\$62.4 million).

As at 30 June 2023, the Group had bank overdrafts of approximately HK\$17.0 million (31 December 2022: 21.6 million), interest-bearing bank borrowings of approximately HK\$39.5 million (31 December 2022: HK\$39.5 million), interest-bearing other borrowings of approximately HK\$137.4 million (31 December 2022: HK\$123.1 million) and notes payable of approximately HK\$32.4 million (31 December 2022: HK\$42.4 million).

As at 30 June 2023, the Group's current ratio was approximately 2.25 times (31 December 2022: 1.50 times) based on current assets of approximately HK\$794.0 million (31 December 2022: HK\$1,416.3 million) and current liabilities of approximately HK\$353.6 million (31 December 2022: HK\$945.2 million). As at 30 June 2023, the Group has no capital commitment (31 December 2022: Nil). The Group also had no other contingent liabilities (31 December 2022: Nil).

Capital Structure

As at 30 June 2023, the Group's gearing ratio was approximately 21.0% (31 December 2022: 20.5%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$226.4 million includes bank and other borrowings, bank overdraft and note payable.

The Group's bank balance, borrowings and interest payment are mainly denominated in Hong Kong and US dollars. Most of the Group's revenue are made in Hong Kong dollars and US dollars. Therefore, the exchange risks that the Group is exposed to are insignificant.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments.

Material acquisitions and Disposals

- (i) On 4 November 2022, the Central Wealth infrastructure Investment Limited (the “**Vendor**”), a wholly owned subsidiary of the Company entered into the conditional sales and purchase agreement with each of the purchasers respectively, namely Lau Wei Suen, Jenny, Tan Qiyuan and Luo Zhenli (the “**Purchasers**”). Pursuant to which, the Vendor agreed to sell and the Purchasers agreed to acquire 65,356,000 ordinary shares of Shandong Hi-Speed Holdings Group Limited for a total consideration of HK\$169.3 million. The Company intends to use as to approximately HK\$89.1 million of the net proceeds towards repayment of indebtedness of the Group and as to the remaining balance of approximately HK\$79.9 million of the net proceeds towards general working capital of the Group. The details of which were disclosed in the announcements of the Company dated 4 November 2022 and 15 February 2023 and circular of the Company dated 20 January 2023.

- (ii) On 19 December 2022, the Company (purchaser) and 深圳中達企業諮詢有限公司 (Shenzhen Central Wealth Enterprises Consultancy Co., Ltd*), a wholly owned subsidiary of the Company entered into a sale and purchase agreement with 李旻駿 (Li Minjun*) and 羅艷芳 (Luo Yanfang*) (vendors). Pursuant to which the purchaser has agreed to purchase 51% of equity interests in 杭州易侑文化傳媒有限公司 (Hangzhou Yiyou Culture Media Co., Ltd.*) (the “**Targeted Company**”) for a total consideration of RMB145,600,000, which shall be settled by cash and/or allotment and issue of the consideration shares. The Targeted Company is a company established in the PRC with limited liability and is principally engaged in internet live broadcasting, KOL incubation and marketing and sales business in the PRC. The Targeted Company has exclusive e-commerce contract with Sister Sihuo “四火姐姐張棧琰”, a reputable artiste, celebrity and live broadcaster in the PRC. The details of which were disclosed in the announcements of the Company dated 19 December 2022 and 20 December 2022. As the conditions precedent to the agreement cannot be fulfilled on or before the long stop date and the parties to the agreement determine not to extend the long stop date of the agreement, the agreement has on 30 June 2023 expired and terminated in accordance with its terms. No consideration was paid by the Group under the agreement.

Significant Investments

As at 30 June 2023 the Group maintained a portfolio of investments including equity investments at fair value through other comprehensive income, equity and fund investments at fair value through profit or loss and debt investments at fair value through profit or loss with total carrying amount of approximately HK\$456.1 million. The Directors consider that equity investments, debt investments and fund investments with a market value that account for more than 5% of the Group's net assets at the reporting date as significant investments. The details of the portfolio of equity investments, fund investments and debt investments as at 30 June 2023 are set out as follows:

Stock Code	Name of the investees	Percentage of shareholding in investments held by the Group as at 30 June 2023	Percentage of the investments to total assets of the Group as at 30 June 2023	Fair value of investments as at 30 June 2023 HK\$'000	Carrying amount of investments as at 30 June 2023 HK\$'000	Fair value gains/(losses) of investments as at 30 June 2023 HK\$'000	Realised gain/(losses) for the period ended 30 June 2023 HK\$'000
Equity investments at fair value through other comprehensive income							
412	Shandong Hi-Speed Holdings Group Limited	1.09%	26.51%	379,721	99,943	279,778	–
	Others	N/A	0.79%	11,376	88,515	(77,139)	–
	Total			391,097	188,458	202,639	–
Equity and fund investments at fair value through profit or loss[#]							
	Total	N/A	2.64%	37,811	37,516	295	14
Debt investments at fair value through profit or loss[*]							
	Total	N/A	1.90%	27,220	28,896	(1,676)	(665)
	Grand total			456,128	254,870	201,258	(651)

[#] None of the individual equity and fund investments account for more than 5% of the Group's net assets at the reporting date.

^{*} None of the individual debt investments account for more than 5% of the Group's net assets at the reporting date.

Performance and prospects of the investees

1. Shandong Hi-Speed Holdings Group Limited (“Shandong Hi-Speed”)

Shandong Hi-Speed together with its subsidiaries (the “Shandong Hi-Speed Group”) are principally engaged in various kinds of financial services, including standard investment business, non-standard investment business, industrial investment, the provision of licensed financial services, financial leasing and financial technology.

As mentioned on its annual report for the year ended 31 December 2022, the Shandong Hi-Speed Group recorded a total revenue and other income of approximately HK\$4,319.4 million for the year ended 31 December 2022. The Shandong Hi-Speed Group has reported a net profit for the year of approximately HK\$170.3 million. The basic and diluted loss per share were both HK7.61 cents. As at 31 December 2022, the audited consolidated net asset of the Shandong Hi-Speed Group was approximately HK\$15,574.8 million. The Shandong Hi-Speed Group has not declared any dividend for the year ended 31 December 2022.

The Shandong Hi-Speed Group developed in line with the China's industrial policies, explored different high-quality investment opportunities in the countries along the “**Belt and Road**” Initiative and the Guangdong-Hong Kong-Macao Greater Bay area. Moreover, with the strong support of its controlling shareholder, Shandong Hi-Speed Group Co., Ltd, its market credibility and reputation have been significantly enhanced, strengthening its competitive advantage.

The Company has confidence that the Shandong Hi-Speed Group can further improve its asset-liability structure and the stability of probability. The management of the Group considers the investment in Shandong Hi-Speed is for long term purpose. However, the Group would not rule out the possibility of realizing the investments from time to time where to do so is to be in the best interest of the Group or where the term on which such realization to be particularly favorable to the Group.

As at 30 June 2023, the Group held 65,356,500 shares of Shandong Hi-Speed. Shandong Hi-Speed closed at HK\$5.81 as at 30 June 2023.

Details of Charges on Assets

As at 30 June 2023, the Group had pledged certain listed equity investments of approximately HK\$391.1 million (31 December 2022: HK\$18.2 million) to secure the other borrowings. The Group had pledged listed equity investments held by certain margin clients of approximately HK\$145.8 million to secure the bank overdraft and bank borrowings (31 December 2022: HK\$159.6 million).

Employment, Training and Development

As at 30 June 2023, the Group had a total of 134 employees. The Group is committed to staff training and development and structured training programs for all employees. Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 December 2022.

The Company has complied with the code provisions set out in the Corporate Governance Code in Appendix 14 of the Listing Rules throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has reviewed the Company's unaudited interim condensed consolidated financial statements for the Period and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, namely, Mr. Kwok Chi Kwong (Chairman of the Audit Committee), Mr. Wu Ming and Ms. Li Meifeng, all of whom are independent non-executive directors of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "Own Code") on terms no exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the requirements set out in the Model Code and the Own Code during the Period.

On behalf of the Board
Central Wealth Group Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Chen Xiaodong, Mr. Li Jing, Mr. Yu Qingrui, Ms. Song Caini and Mr. Chen Hongjin; and three independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Wu Ming and Ms. Li Meifeng.

* *for identification purpose only*