



智富資源投資控股集團有限公司

WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

INTERIM REPORT 2023



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Corporate Information

HONORARY CHAIRMAN AND SENIOR CONSULTANT

Dr. HATOYAMA Yukio (*Honorary Chairman*)
Dr. Wang Tao
Mr. FU Chenyu
Mr. Lalaharisaina Joelivalerien

BOARD OF DIRECTORS

Executive Directors:

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)
Mr. BUSH Neil (*Deputy Chairman*)
Mr. LAM Kwok Hing M.H., J.P.
Mr. NAM Kwok Lun
Mr. XU Jun Jia
Mr. CAO Yu (*Managing Director*)
Mr. Hui Ngok Lun (*resigned on 7 August 2023*)

Independent Non-Executive Directors:

Mr. NGAN Kam Biu Stanford
Mr. MA Kin Ling
Mr. TAM Chak Chi
Mr. Yiu King Ming

AUDIT COMMITTEE

Mr. TAM Chak Chi (*Chairman*)
Mr. MA Kin Ling
Mr. NGAN Kam Biu Stanford

NOMINATION COMMITTEE

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)
Mr. MA Kin Ling
Mr. TAM Chak Chi

REMUNERATION COMMITTEE

Mr. MA Kin Ling (*Chairman*)
Mr. TAM Chak Chi
Mr. Hui Ngok Lun (*resigned on 7 August 2023*)
Dr. HUI Chi Ming G.B.S., J.P.
(*appointed on 7 August 2023*)

COMPANY SECRETARY

Mr. Po Eric

AUTHORISED REPRESENTATIVES

Mr. Po Eric
Mr. Cao Yu

RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Ocorian Services (Bermuda) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1910-12, 19th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
17/F, Far East Finance Centre
No 16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
China Citic Bank International Limited
United Overseas Bank Limited

SOLICITORS

Sidley Austin Brown & Wood International
Law Firm

AUDITOR

Cheng & Cheng Limited
Certified Public Accountants

STOCK CODE

7

CONTACTS

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Management Discussion and Analysis

RESULTS

During the six months ended 30 June 2023, the total revenue for the Group was approximately HK\$219.86 million, representing an increase of approximately HK\$33.29 million as compared with approximately HK\$186.57 million in 2022. The increase was mainly attributable to an increase in sales of electronic products and equipment during the period under review. For the six months ended 30 June 2023, the loss attributable to the owners of the Company was HK\$45.70 million, as compared to a profit of approximately HK\$249.99 million recorded for the six months ended 30 June 2022. The change in the performance of the Group was mainly attributable to the combined effects of the followings:

- a. the absence of fair value gain or loss on investment properties of the Group for the six month ended 30 June 2023, while a fair value gain on investment properties of approximately HK\$379 million was recognized through the profit and loss account for the six month ended 30 June 2022; and
- b. the absence of deferred tax liabilities for the six month ended 30 June 2023, while deferred tax liabilities of approximately HK\$95 million was recorded for the six month ended 30 June 2022.

For the period under review, the basic losses per share and diluted losses per share, were both approximately HK\$0.0092 (2022: the basic earnings per share and diluted earnings per share were both HK\$0.0502).

FINANCIAL REVIEW

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2023 was approximately HK\$219.86 million (2022: HK\$186.57 million) representing an increase of 17.84% as compared to the same period of last year. The increase was mainly attributable to an increase in sales of electronic products and equipment.

Gross profit

The resulting gross profit margin decreased from 7.95% for the six months ended 30 June 2022 to 5.97% for the six months ended 30 June 2023. The decrease was mainly due to increasing competition in the market.

Management Discussion and Analysis

FINANCIAL REVIEW — continued

Administrative expenses

Administrative expenses decreased from HK\$30.51 million for the six months ended 30 June 2022 to HK\$25.76 million for the six months ended 30 June 2023, representing a decrease of HKD4.75 million.

Finance Costs

Finance costs increased from HK\$18.68 million for the six months ended 30 June 2022 to HK\$33.37 million for the six months ended 30 June 2023, representing an increment of HK\$14.69 million.

Liquidity, financial resources and funding

As at 30 June 2023, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK\$21.45 million (31 December 2022: HK\$29.79 million).

The net current assets of the Group were approximately HK\$277.01 million (31 December 2022: HK\$271.74 million), which consisted of current assets of HK\$1.23 billion (31 December 2022: HK\$1.18 billion) and current liabilities of approximately HK\$956.86 million (31 December 2022: HK\$905.76 million), representing a current ratio of 1.29 (31 December 2022: 1.3).

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 30 June 2023, the Group's lease liabilities, amount due to directors, borrowings and corporate bonds amounted to approximately HK\$510.52 million (31 December 2022: HK\$508.8 million).

The gearing ratio of the Group as at 30 June 2023 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.13 (31 December 2022: 0.12).

Management Discussion and Analysis

BUSINESS REVIEW

Investment property

Zhanjiang

The Group owns the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the People's Republic of China ("PRC") with total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively (the "Smart City Project"). The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces).

According to the valuation report issued by a recognised valuer at the end of the period, the value of the lands of the Smart City Project was approximately RMB4.88 billion. The portion of lands at approximately RMB1.48 billion will be used for residential purpose which are classified as properties for sale and another portion of lands at approximately RMB3.4 billion will be used for commercial and non-commercial building development purpose which are classified as investment properties in the consolidated statement of financial position as at 30 June 2023.

Beijing

On 5 November 2021, the Group entered into the sale and purchase agreement to dispose of the entire issued capital of Millhaven Holdings Limited which held the properties located at Rong Ning Yuan Community, Beijing (the "Disposal").

Given the prolonged delay and absence of consensus between the Vendor and the Purchaser on the completion date of the due diligence on the Disposal Group and the changes in market conditions of the property market in the PRC since the date of the Agreement, the parties to the Agreement entered into a termination agreement (the "Termination Agreement") on 16 February 2023 to terminate the Agreement and the supplemental agreements dated 28 January 2022, 5 May 2022, 4 July 2022, 2 September 2022, 1 November 2022 and 3 January 2023. Pursuant to the Termination Agreement, (i) the Agreement and all the supplemental agreements thereto shall be terminated with immediate effect; (ii) the non-refundable deposit of HK\$8.0 million received by the Vendor from the Purchaser shall not be returned to the Purchaser; and (iii) the parties to the Agreement will not have any demand or claim against the other party arising out of or in connection with the Agreement and the transactions contemplated thereunder.

The Board considers that the termination of the Disposal does not have any material adverse impact on the operation, business and financial position of the Group as a whole.

Management Discussion and Analysis

BUSINESS REVIEW

Investment property — continued

Trading Business

Trading business is mainly represented by the sales of electronic products and equipment.

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio and managed to register profit. Under the bad market situation in 2023, our Financial Business still achieved a segment profit of HK\$173,000 for the six months ended 30 June 2023 (30 June 2022: HK\$3.16 million).

Oil and gas business

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

PROSPECT

The Group will focus its resources on the development of the Zhanjiang project and other business segments of the Group, in particular the sand mining business in Papua New Guinea where the Group has been granted an exclusive operating right for constructing and operating a port terminal and conducting sand mining and export business in the Kikori Delta in the Gulf of Papua with a total area of 23,300 square kilometers and the Group has established a comprehensive strategic cooperation with China Harbour Engineering Company Limited (中國港灣工程有限責任公司) for carrying out sand mining operation and the planning, construction and operation of fairway and terminal facilities. On the other hand, the electronic products and equipment trading business in Hong Kong is expected to provide stable revenue to the Group in the years to come.

Management Discussion and Analysis

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

CONTINGENT LIABILITIES

The Company has no contingent liabilities (31 December 2022: nil).

CHARGE ON ASSETS

As at 30 June 2023, the term loan of principal value HK\$240 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited (廣東凱富偉業投資管理有限公司); (ii) the guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited (北京盈和房地產綜合開發有限公司) respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Company obtained a term loan facility in an aggregate amount of HK\$250,000,000 for a term of 36 months in 2017. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the lender may cancel the facility. The Group is in the process of negotiating the extension of the aforesaid term loan facility. Loan balance as at 30 June 2023 was HK\$240,000,000.

SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

As at 21 March 2023, the Board proposed to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.10 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.20 each in the share capital of the Company.

Please refer to our announcement dated 21 March 2023, circulars dated 4 April 2023 and poll result announcement of special general meeting dated 28 April 2023 for details.

CAPITAL STRUCTURE

As at 30 June 2023, the total number of issued ordinary shares of the Company was 3,160,140,697 of HK\$0.20 each (31 December 2022: 5,804,281,394 shares of HK\$0.10 each).

Management Discussion and Analysis

HUMAN RESOURCES

As at 30 June 2023, the Group employed a total of approximately 88 staff (2022: 90) and the total related staff cost amounted to HK\$11,481,000 (2022: HK\$11,868,000). The Group's long-term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2023 (2022: Nil).

IMPORTANT EVENTS SINCE THE PERIOD

The Group received a statutory demand from Shiny Solar Limited on 4 August 2023. Please refer to our announcement dated 28 August 2023 for details.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the fund-raising activities conducted by the Company during the past twelve months immediately prior to the date of this report:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
10 January 2022	Rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date of 24 January 2022 on a non-underwritten basis	HK\$159,600,000	Repayment of part of the Group's borrowings	HK\$159,600,000 was used for repayment of part of the Group's borrowings
20 May 2022	Subscription of new shares under general mandate	HK\$23,150,000	Repayment of liabilities	HK\$23,150,000 was used for repayment of liabilities
23 February 2023	Subscription of new shares under general mandate	HK\$14,582,000	General working capital of the Group	HK\$14,582,000 was used as general working capital of the Group
9 March 2023	Issue of Convertible Notes under General Mandate	HK\$99,700,000	– HK\$50,000,000 for repayment of liabilities – HK\$49,700,000 for general working capital of the Group	Not utilised yet Not utilised yet

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the interests of the Directors and chief executives and their associates in the shares of the Company and its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the ordinary shares of HK\$0.20 of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dr. Hui Chi Ming (<i>Note 1</i>)	Interest of controlled corporation	1,909,537,556	60.43%
Dr. Hui Chi Ming	Beneficial owner	34,583,000	1.09%

Note 1: These Shares included 264,964,356 Shares held by Hong Kong Finance Equity Management Limited, 997,428,057 Shares held by Hong Kong Finance Equity Holding Limited, 208,444,500 Shares held by Hong Kong Finance Investment Limited, 438,223,642 Shares held by Hong Kong Finance Equity Investment Limited and 477,000 Shares held by Wisdom On Holdings Limited respectively.

The entire issued share capital of Hong Kong Finance Equity Management Limited, Hong Kong Finance Equity Holding Limited, Hong Kong Finance Equity Investment Limited, Hong Kong Finance Investment Limited and Wisdom On Holdings Limited are indirectly wholly owned by Dr. Hui Chi Ming.

Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of HK\$0.20 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the share capital of the Company
Hong Kong Finance Equity Management Limited (Note 1)	Beneficial owner	264,964,356	8.38%
Hong Kong Finance Equity Investment Limited (Note 1)	Beneficial owner	438,223,642	13.87%
Hong Kong Finance Equity Holding Limited (Note 1)	Beneficial owner	997,428,057	31.56%
Hong Kong Finance Investment Limited (Note 1)	Beneficial owner	208,444,500	6.60%
Wisdom On Holdings Limited (Note 1)	Beneficial owner	477,000	0.02%
Dr. Hui Chi Ming	Beneficial owner	34,583,000	1.09%

Note 1: The entire issued share capital are directly or indirectly wholly-owned by Dr. Hui Chi Ming.

Disclosure of Interests

Save as disclosed above, no person (other than the Directors of the Company whose interests are set out under the heading “Directors’ Interests in Shares” above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the 2022 annual report of the Company. Mr. Ma Kin Ling was appointed as an independent non-executive director of Wenye Group Holdings Limited (Stock Code: 1802) with effect from 22 July 2023. Other than that there is no change in the Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGES OF MEMBERS OF THE BOARD OF DIRECTORS

The changes of the members of the Board up to the date of the interim report are as follows:

With effect from 7 August 2023, Mr. Hui Ngok Lun resigned as an executive director of the Company.

Save as disclosed above, there is no other change of the members of the Board up to the date of this interim report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Byelaws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 June 2023, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company’s Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Corporate Governance and Other Information

PUBLIC FLOAT

As at 30 June 2023 and the date of this report, the Company complied with the 25% public float requirement under the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report is published on the HKEX news website of the Stock Exchange (www.hkexnews.hk) and the official website of the Company (www.WWRI007.com) for corporate communication.

REVIEW OF INTERIM RESULTS

The Company's audit committee (the "Audit Committee") comprises Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Ngan Kam Biu Stanford, all of whom are independent non-executive Directors. The principal responsibilities of the Audit Committee are to review, together with management and the Company's external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises six executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Mr. Cao Yu, Mr. Xu Jun Jia, Mr. Lam Kwok Hing, M.H., J.P., and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Yiu King Ming.

By order of the Board

Dr. Hui Chi Ming, G.B.S., J.P.

Chairman

25 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six Months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3, 4	219,860	186,572
Cost of goods sold and direct cost		(206,743)	(171,735)
Gross profit		13,117	14,837
Other income		769	1,027
Fair value change on investment properties	10	–	378,664
Selling and distribution expenses		(568)	(408)
Administrative expenses		(25,764)	(30,512)
(Loss) profit from operation		(12,446)	363,608
Finance costs	5	(33,371)	(18,679)
(Loss) profit before taxation	6	(45,817)	344,929
Taxation	7	–	(94,666)
(Loss) profit for the period		(45,817)	250,263
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		(235,485)	(332,524)
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investment in equity instruments		(54)	(18)
Other comprehensive expense for the period		(235,539)	(332,542)
Total comprehensive expense for the period		(281,356)	(82,279)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Notes	Six Months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to:			
Owners of the Company		(45,696)	249,989
Non-controlling interests		(121)	274
(Loss) profit for the period		(45,817)	250,263
Total comprehensive expense for the period attributable to:			
Owners of the Company		(280,992)	(82,088)
Non-controlling interests		(364)	(191)
		(281,356)	(82,279)
(Losses) earnings per share			(Restated)
Basic	9	(0.0092)	0.0502
Diluted		(0.0092)	0.0502

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		42,780	44,989
Investment properties	10	4,034,963	4,220,922
Right-of-use assets		1,446	2,203
Intangible assets		—*	—*
Investment in equity instruments at fair value through other comprehensive income		936	990
Deposit paid for construction		113,058	118,268
Statutory deposits		2,050	2,403
Loans receivable		14,900	15,964
Deferred tax assets		13,441	14,060
		4,223,574	4,419,799
Current assets			
Inventories		37,059	390
Properties for sale		865,094	945,559
Accounts receivable	11	55,854	50,920
Loans receivable		1,105	1,055
Other receivables, prepayments and deposits		175,878	76,275
Bank balances (trust and segregated accounts)		77,422	73,503
Bank balances (general accounts) and cash		21,453	29,790
		1,233,865	1,177,492
Current liabilities			
Accounts payables	12	129,260	101,359
Other payables and accrued expenses		315,666	299,181
Lease liabilities		1,426	1,521
Contract liabilities		5,020	48
Amounts due to Directors		73,858	79,085
Borrowings		428,043	421,160
Tax payables		125	125
Corporate bonds		3,461	3,278
		956,859	905,757

* Less than HK\$1,000

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Net current assets		277,006	271,735
Total assets less current liabilities		4,500,580	4,691,534
Non-current liabilities			
Lease liabilities		–	656
Deferred tax liabilities		517,985	541,857
Corporate bonds		3,914	3,716
		521,899	546,229
Net assets		3,978,681	4,145,305
Capital and reserves			
Share capital	13	632,028	580,428
Reserves		3,345,314	3,563,174
Equity attributable to owners of the Company		3,977,342	4,143,602
Non-controlling interests		1,339	1,703
Total equity		3,978,681	4,145,305

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Non-distributable reserve HK\$'000 (Note a)	Contributed surplus HK\$'000 (Note b)	Capital redemption reserve HK\$'000 (Note c)	FVTOCI reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Currency translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022 (audited)	400,000	1,578,317	1,260,308	311,544	5,587	(157)	2,996	80,738	451,965	4,091,298	12,567	4,103,865
Profit for the period	-	-	-	-	-	-	-	-	249,989	249,989	274	250,263
Exchange differences	-	(1)	-	-	-	1	-	(332,068)	-	(332,068)	(456)	(332,524)
Fair value loss on investment in equity instruments	-	-	-	-	-	(9)	-	-	-	(9)	(9)	(18)
Total comprehensive (expense) income for the period	-	(1)	-	-	-	(8)	-	(332,068)	249,989	(82,088)	(191)	(82,279)
Early redemption of convertible bonds	-	-	-	-	-	-	(1,498)	-	1,517	19	-	19
Allotment of rights issue	161,053	-	-	-	-	-	-	-	-	161,053	-	161,053
Subscription of shares	19,375	3,875	-	-	-	-	-	-	-	23,250	-	23,250
At 30 June 2022 (unaudited)	580,428	1,582,191	1,260,308	311,544	5,587	(165)	1,498	(251,330)	703,471	4,193,532	12,376	4,205,908
At 1 January 2023 (audited)	580,428	1,581,515	1,260,308	311,544	5,587	(157)	-	(299,312)	703,689	4,143,602	1,703	4,145,305
Loss for the period	-	-	-	-	-	-	-	-	(45,696)	(45,696)	(121)	(45,817)
Exchange differences	-	-	-	-	-	-	-	(235,269)	-	(235,269)	(216)	(235,485)
Fair value loss on investment in equity instruments	-	-	-	-	-	(27)	-	-	-	(27)	(27)	(54)
Total comprehensive expense for the period	-	-	-	-	-	(27)	-	(235,269)	(45,696)	(280,992)	(364)	(281,356)
Allotment of shares	11,600	3,132	-	-	-	-	-	-	-	14,732	-	14,732
Conversion of shares	40,000	60,000	-	-	-	-	-	-	-	100,000	-	100,000
At 30 June 2023 (unaudited)	632,028	1,644,647	1,260,308	311,544	5,587	(184)	-	(534,581)	657,993	3,977,342	1,339	3,978,681

Notes:

- (a) The non-distributable reserve represents the aggregate of deemed contributions by the controlling shareholder in respect of the acquisition of subsidiaries during the year ended 31 December 2018.
- (b) The contributed surplus represented the aggregate of:
- the difference of HK\$29,140,000 between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group;
 - the credit arising from the reduction of shares premium of HK\$359,162,000 transferred to the contributed surplus account of the Company pursuant to the special resolutions passed by the shareholders of the Company at a special general meeting held on 20 October 2012; and
 - a distribution of shares of a subsidiary of an amount of HK\$76,758,000 on 7 November 2012.
- (c) The capital redemption reserve arose from the repurchase of shares. The amount represents the nominal amount of the shares repurchased.

Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2023

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(116,544)	9,205
NET CASH GENERATED FROM INVESTING ACTIVITIES	–	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		
Repayment of amount due to Directors	(5,227)	(143,309)
Proceeds from allotment of shares	14,732	–
Proceeds from issuance of convertible bonds	100,000	–
Repayment of lease liabilities	(736)	(1,497)
Repayment of corporate bonds	–	(3,466)
Early redemption of convertible bonds	–	(10,000)
Gross proceeds from rights issue	–	161,053
Drawdown of borrowings	–	20,000
Repayment of borrowings	–	(8,749)
	108,769	14,032
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,775)	23,237
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	29,790	31,948
Effect of foreign exchange rate changes	(562)	(2,524)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	21,453	52,661
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances (general accounts) and cash	21,453	52,359
Bank balances (general accounts) and cash classified under assets held for sale	–	302
	21,453	52,661

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include (1) trading of electronic products and equipment, (2) mineral mining, oil and gas exploration and production, (3) provision of financial services and (4) property development and investment.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group has net current assets of approximately HK\$277,006,000. In the opinion of the directors of the Company, it is expected that the current assets of properties for sale of approximately HK\$865,094,000 will not be completed in the next twelve months from 30 June 2023 and the current liabilities of the corresponding construction cost payables of approximately HK\$216,236,000 are not required to be paid in the next twelve months from 30 June 2023. In considering the impact of the properties for sale, the Group’s current liabilities exceeded its current assets excluding the properties for sale of approximately HK\$865,094,000 and the corresponding construction cost payables of approximately HK\$216,236,000; by approximately HK\$371,852,000. In additions, the Group had overdue balances in respect of borrowings of approximately HK\$379,128,000 as at 30 June 2023. These events and conditions may cast significant doubt on the Group’s ability to continue as a going concern.

Nevertheless, the condensed consolidated financial statements have been prepared on the going concern basis because the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 30 June 2023, after taking into consideration of the following:

- 1) The substantial shareholder, Dr. Hui Chi Ming, has confirmed his intention to provide continuing financial support to satisfy the Group’s working capital and other financing requirement through continual renewal of borrowings or continual provision of additional financing to the Group;
- 2) One of the executive directors of the Company, Mr. Nam Kwok Lun, has confirmed that he will not demand the repayment of the outstanding amount payable to him in the next twelve months from 30 June 2023;

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION — continued

- 3) Karl Thomson Financial Group Limited (“KTFG”), a wholly owned subsidiary of the Company, entered into a loan facility agreement (“Loan Facility Agreement”) with PAL Finance Limited, a wholly-owned subsidiary of Asia Tele-Net and Technology Corporation Limited (“Asia Tele-Net”). Mr. Lam Kwok Hing and Mr. Nam Kwok Lun, executive directors of the Company, are an executive director and the ultimate controlling shareholder of Asia Tele-Net, and an executive director of Asia Tele-Net who has an indirect interest in Asia Tele-Net respectively. Pursuant to Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK\$80,000,000 bearing interest at prime rate as announced from time to time by The Hong Kong and Shanghai Banking Corporation Limited for lending Hong Kong Dollars (“Prime Rate”) for a term of three years commencing from the loan effective date and ending on 20 October 2025;
- 4) The Group has planned to dispose of the entire issued share capital of Millhaven Holdings Limited, a wholly owned subsidiary of the Company, which is holding an investment property with a fair value of HK\$363,577,000 as at 30 June 2023.

2. PRINCIPAL 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 fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:		
Trading Business:		
Sales of electronic products and equipment	210,179	175,981
Financial Business:		
Commission and brokerage income	6,336	7,091
Advisory and consultancy fee	835	836
	217,350	183,908
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	1,879	2,395
Property investment:		
Rental income that are fixed	631	269
	2,510	2,664
	219,860	186,572

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segment for the period under review:

For the six months ended 30 June 2023:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property development and investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	210,179	-	9,050	631	219,860
Segment (loss)/profit	(4,507)	(90)	173	(13,632)	(18,056)
Corporate and administration costs					(27,761)
Loss before taxation					(45,817)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

4. SEGMENT INFORMATION — continued

For the six months ended 30 June 2022:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property development and investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	175,981	–	10,322	269	186,572
Segment (loss)/profit	(1,908)	(37)	3,161	372,128	373,344
Corporate and administration costs					(28,415)
Profit before taxation					344,929

Segment (loss) profit represents the financial results by each segment without allocation of corporate and administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

The geographical information of revenue is shown as follows:

	Six Months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
PRC	631	3,200
Hong Kong	219,229	183,372
	219,860	186,572

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

5. FINANCE COSTS

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Corporate bonds	381	676
Convertible bonds	–	877
Borrowings	31,491	15,770
Amounts due to Directors	1,452	1,217
Lease liabilities	47	39
Others	–	100
	33,371	18,679

6. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation is arrived at after charging:

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	2,189	2,211
Depreciation of right-of-use assets	758	1,203
Staff cost, including Directors' remuneration	11,481	11,868
Contributions to retirement benefits scheme (included in staff costs)	303	305
Cost of inventories recognised as expenses	206,446	171,735
Expense relating to short-term leases	1,467	1,467

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

7. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2023 and 2022 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate applicable to the Group's companies operating in the PRC, the tax rate is 25% from 1 January 2008 onwards. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	–	–
The PRC Enterprise Income Tax	–	–
	–	–
Deferred tax:		
Charge for the year	–	94,666
	–	94,666

8. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2022: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

9. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share is based on the following data:

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Losses) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic earnings per share	(45,696)	249,989
Effect of dilutive potential ordinary shares:		
Convertible bonds interest	–	403
Debt settlement expense	–	19
(Loss) profit for the period attributable to owners of the Company for the purpose of dilutive earnings per share	(45,696)	250,411
Number of shares	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,975,417	4,975,417
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	4,510
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	4,975,417	4,979,927

The weighted average number of ordinary shares for the purpose of basic (losses) earnings per share has been adjusted for allotment of shares, share consolidation and conversion of shares that took place on 8 March 2023, 2 May 2023 and 4 May 2023 respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. INVESTMENT PROPERTIES

	HK\$'000
As at 1 January 2022 (Audited)	2,536,919
Addition for the year	171,156
Transfer from properties for sale	945,559
Fair value change of investment properties	467,131
Exchange adjustment	(254,054)
Reclassified from assets held for sale	354,211
As at 31 December 2022 and 1 January 2023 (Audited)	4,220,922
Exchange adjustment	(185,959)
As at 30 June 2023 (Unaudited)	4,034,963

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties comprise of (a) a commercial unit and car parking spaces located in Beijing, the PRC and (b) commercial units and car parking spaces located in Zhanjiang, the PRC.

The fair value of the Group's investment properties at 30 June 2023 have been arrived at on the basis of a valuation carried out on that day by Roma Appraisals Limited (31 December 2022: Roma Appraisals Limited), an independent qualified professional valuer that is not connected with the Group.

The fair value of the investment properties located in Beijing was determined based on the "Direct Comparison Method", where the value is assessed by assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. INVESTMENT PROPERTIES — continued

The fair value of the investment properties located in Zhanjiang was determined based on the “Residual Method”, where the value is assessed by reference to the comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

11. ACCOUNTS RECEIVABLE

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products and equipment	16,975	4,703
Less: Loss allowances for ECL	–	–
	16,975	4,703
Accounts receivable arising from the business of dealing in securities:		
– cash clients	8,626	17,142
Less: Loss allowances for ECL	(10)	(10)
	8,616	17,132
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	3,057	1,479
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	966	928
Loans to securities margin clients	26,256	26,694
Less: Loss allowances for ECL	(16)	(16)
	26,240	26,678
	55,854	50,920

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

11. ACCOUNTS RECEIVABLE — continued

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products and equipment is 90 days. The aged analysis of accounts receivable arising from trading of electronic products and equipment based on invoice date of the reporting period is as follow:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 – 90 days	16,975	4,703

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 – 90 days	8,616	17,132

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. ACCOUNTS AND BILLS PAYABLES

	30 June 2023	31 December 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Accounts payable:		
Accounts payable from trading of electronic products and equipment	51,321	5,116
Accounts payable from properties investment	–	6,555
Accounts payable arising from the business of dealing in securities:		
– Cash clients	70,936	80,807
– HKSCC	–	1,687
Accounts payable to clients arising from the business of dealing in futures contracts	1,253	1,377
Amounts due to securities margin clients	5,750	5,817
	129,260	101,359

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. ACCOUNTS AND BILLS PAYABLES — continued

An average credit period for accounts payables from trading of electronic products and equipment business is 30 days. The accounts payable from trading of electronic products and equipment business aged within 30 days.

The accounts payable amounting to approximately of HK\$77,422,000 (31 December 2022: HK\$73,503,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The aged analysis of amounts payable from trading of electronic products and equipment business presented based on the invoice date is as follow:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0 – 90 days	35,478	5,063
91 – 180 days	13,777	–
181 – 365 days	2,066	53
	51,321	5,116

The aged analysis of accounts payables arising from properties investment business is as follow:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Over 365 days	–	6,555

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

13. SHARE CAPITAL

	Number of shares	Share capital
	'000	HK\$'000
<i>Authorised</i>		
At 1 January 2023		
– Ordinary shares of HK\$0.1 each	10,000,000	1,000,000
Share consolidation	(5,000,000)	–
At 30 June 2023		
– Ordinary shares of HK\$0.2 each	5,000,000	1,000,000
<i>Issued and fully paid</i>		
At 1 January 2023		
– Ordinary shares of HK\$0.1 each	5,804,281	580,428
Allotment of shares	116,000	11,600
Share consolidation	(2,960,141)	–
Conversion of shares	200,000	40,000
At 30 June 2023		
– Ordinary shares of HK\$0.2 each	3,160,140	632,028

14. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- (a) During the period, the Group received commission income and other securities dealing income from securities and futures dealing of approximately HK\$18,000 (six months ended 30 June 2022: HK\$24,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.
- (b) During the period, the Group received commission income and other income from securities dealing of approximately HK\$3,500 (six months ended 30 June 2022: HK\$1,430,000) from Asia Tele-Net and Technology Corporation Limited (“ATNT”), in which two directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have controlling interests.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. RELATED PARTY TRANSACTIONS — continued

- (c) As at 30 June 2023, outstanding advances from a director, Mr. Nam Kwok Lun, amounted to HK\$52,544,000 (31 December 2022: HK\$51,092,000). During the period, the Group paid finance cost of HK\$1,267,000 (six months ended 30 June 2022: HK\$1,217,000) to the director.
- (d) At 30 June 2023, a director, Dr. Hui Chi Ming, advanced approximately HK\$21,314,000 (31 December 2022: HK\$27,993,000) to the Group. It is unsecured, repayable on demand and non-interest bearing.
- (e) During the period, the Group paid rental fee amounting to HK\$1,320,000 (six months ended 30 June 2022: HK\$1,230,000) to a company in which Dr. Hui Chi Ming, a director, has beneficial interest.
- (f) As at 30 June 2023, outstanding advance from PAL Finance Limited, a wholly-owned subsidiary of ATNT, amounted to HK\$20,000,000 (31 December 2022: HK\$19,500,000). During the period, the Group paid finance costs approximately of HK\$564,000 (six months ended 30 June 2022: HK\$1,099,000) to PAL Finance Limited.

The remuneration of key management personnel who are the Directors of the Company during the period was as follow:

	Six Months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,752	4,685
Post-employment benefits	36	50
	2,788	4,735

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date of this report, the Company has announced that on 4 August 2023, the Company received a statutory demand from Shiny Solar Limited to demand the Company to pay an amount of HK\$293,948,000, which comprises (i) the outstanding principal of a loan of HK\$240,000,000; and (ii) interest and default interest in the amount of HK\$53,948,000 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand, within 3 weeks after the service of the statutory demand, failing which Shiny Solar Limited may present a winding-up petition to the Company.

In order to repay the outstanding loan of HK\$240,000,000 and the interests thereon to Shiny Solar Limited, the Company had planned to dispose of its interest of a wholly owned subsidiary, Millhaven Holdings Limited, to an independent third party at a consideration of HK\$338,000,000 in 2021, where written shareholders' approval has been obtained for the disposal.

As a result of factors such as the unilateral arrangement by Shiny Solar Limited and its related companies and representatives to take control of the equity interest in Millhaven Holdings Limited, the completion of the disposal of the Company's equity interest in Millhaven Holdings Limited could not be implemented, which affected the Company's loan repayment and financing plans.

The board of directors of the Company, after taking legal advice, is of the view that there exists a dispute as to the claimed amounts and rights of the statutory demand of Shiny Solar Limited as the Company has paid the agreed loan principal and interest totaling more than HK\$120,000,000 to Shiny Solar Limited on schedule successively and no disagreements or demands on the calculation and payment of the interest or default interest were raised by Shiny Solar Limited previously.

The Company tried to negotiate with Shiny Solar Limited for a settlement arrangement. However, currently, no consensus on the rights and settlement arrangement on the repayment and interest compute of the loan have been reached by the Company and Shiny Solar Limited. The Company has instructed its solicitors to apply to the court on 25 August 2023 by way of petition to set aside the statutory demand of Shiny Solar Limited and to make a claim for damages against Shiny Solar Limited and its related companies for a loss of not less than HK\$390,000,000 in respect of the aforesaid shareholding interest in Millhaven Holdings Limited which could not be successfully disposed of because of the wrongful obstruction by Shiny Solar Limited.

The Company will strive to negotiate with Shiny Solar Limited to achieve a settlement arrangement as soon as practicable. The Company is considering to confirm, by way of negotiation or legal proceedings, the transfer of the entire equity interest in Millhaven Holdings Limited to Shiny Solar Limited at a consideration of not less than HK\$390,000,000 to offset the corresponding loan balance of HK\$240,000,000 and corresponding interest of HK\$53,948,000, and apply the remaining proceeds for the Company's general working capital.