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HONG KONG RESOURCES HOLDINGS
(Stock Code: 2882)

Explore OPPORTUNITIES

Interim Report 2023-24

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"Mainland China will continue to be our major market....."
one of the most promising market in the world and support the Group's optimistic business outlook in the medium to long run.

- IMAGE: reinforcing our trendy image and promotion with glamourous and popular artists & celebrities
- PRODUCT: more K-gold jewellery will also be launched as it has a high level of creativity
- CHANNEL: developing online sales platform & introducing premium products

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HKRH is poised to take advantage of excellent opportunities ahead.

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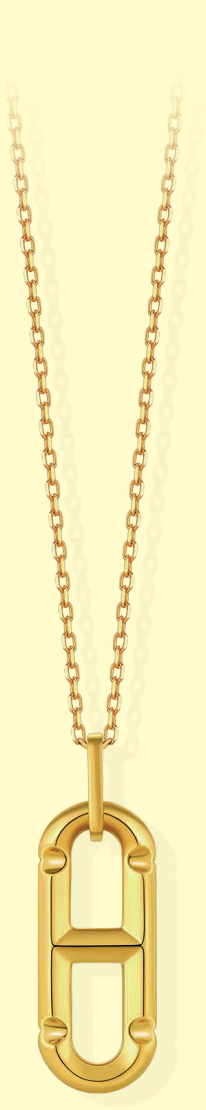
金至尊
3DG Jewellery



Corporate Information

DIRECTORS

Executive Directors

Mr. Wong Ho Lung, Danny *(Chairman and Chief Executive Officer)* [a]
Ms. Cheung Irene *(Chief Operating Officer)* [a]
Ms. Wong Hau Yeung[a]
Dr. Chan So Kuen[a]
Mr. Li Ning[b]
Mr. Wang Chaoguang[b]

Non-executive Director

Ms. Yeung Po Ling, Pauline[a]
Mr. Hu Hongwei[b]

Independent Non-executive Directors

Mr. Sze Yeung Kuen[a]
Mr. Chan Raymond[a]
Dr. Lam Ki Wai, Lianne[a]
Dr. Chow Kwoon Ho, Simon[a]
Dr. Loke Yu alias Loke Hoi Lam[b]
Dr. Fan, Anthony Ren Da[b]
Mr. Chan Kim Sun[b]

[a] *Appointed on 19 January 2024*
[b] *Resigned on 9 February 2024*

COMPANY SECRETARY

Mr. Chan Cheuk Him, Paul (appointed on 1 March 2024)
Ms. Chan So Fun (resigned on 1 March 2024)

AUDITORS

Crowe (HK) CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditor
9/F, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Corporate Information

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton,
HM11 Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Units 06-11, 15/F.,
Metropole Square,
No. 2 On Yiu Street,
Shek Mun, Shatin,
New Territories, Hong Kong

PRINCIPAL BANKERS
Hang Seng Bank
DBS Bank
Shanghai Commercial Bank
United Overseas Bank
Bank of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE
2882

WEBSITE
www.hkrh.hk

Management Discussion and Analysis

OVERVIEW

During the six months ended 31 December 2023 (the "**Period**"), the Group was principally engaged in trademark licensing and retailing for gold and jewellery products in Hong Kong and Mainland China and providing new media marketing service in Mainland China.

RESULTS OF THE GROUP

The Continuing operation of the Group recorded a total turnover of approximately HK$252 million for the Period, representing a decrease of 14% as compared to the restated turnover of approximately HK$293 million for the same period last year ("**Last Period**"). The loss for the Period attributable to the owners was approximately HK$54 million compared to a loss of approximately HK$48 million Last Period, representing an increase of 13%, primarily attributable to the increase in finance cost. Excluding such factor, the loss from Continuing operations improved 43% to approximately HK$30 million from approximately HK$53 million Last Period.

The selling and distribution expenses of Continuing operation decreased to approximately HK$84 million (2022: HK$87 million), whereas general and administrative expenses of Continuing operation dropped to approximately HK$30 million (2022: HK$32 million). Finance cost of Continuing operation increased drastically 79% to approximately HK$60 million (2022: HK$34 million) mainly owing to the interest rate hike.

over 220 shops in China

220 shops in Mainland China

2 shops in Hong Kong

15	Anhui	7	Heilongjiang	1	Jiangxi	4	Xinjiang
10	Beijing	3	Henan	1	Jilin	1	Yunnan
2	Fujian	19	Hubei	3	Liaoning		
47	Guangdong	2	Hunan	2	Ningxia		
9	Guangxi	2	Hong Kong	1	Shaanxi		
1	Hainan	7	Inner Mongolia	45	Shandong		
15	Hebei	14	Jiangsu	11	Tianjin		

金至尊
3D-GOLD

BUSINESS REVIEW

Gold and jewellery retail and franchising business

The retail and franchising revenue, which was about the same as the Group's total turnover, was approximately HK$252 million for the Period, representing a decrease of 14% from approximately HK$293 million Last Period, mainly owing to the closure of non-performing stores. Retailing and franchising of gold and jewellery products accounted for 100% of total turnover. The retail revenue from Mainland China decreased by 14% to approximately HK$204 million for the Period from approximately HK$237 million Last Period. The Group's retail revenue from Hong Kong market was approximately HK$38 million for the Period, representing a decrease of 15% from approximately HK$44 million Last Period. The Group recorded a decline in overall same-store growth of 7% (2022: decline of 22%), of which same-store growth in Mainland China was a decline of 9% (2022: decline of 28%), while Hong Kong recorded a growth of 4% (2022: growth of 10%).

As at 31 December 2023, the Group had 2 points-of-sale in Hong Kong and 220 points-of-sale in Mainland China under the brand name "3D-GOLD." Of the points-of-sale in Mainland China, 63 are self-operated points-of-sale and 157 are licensee points-of-sale.

The Group's self-operated points-of-sale in Mainland China are located at department stores or shopping malls within prime shopping districts and most of them are subject to turnover-based rent. The Hong Kong shop operation is, on the other hand, mainly subject to fixed rentals. Management has been engaged in negotiations with individual landlords to maintain the effective rentals at a reasonable level.

With an aim to improve the profitability, the management has been focusing on the following areas through implementing various measures: (i) adjusted the sales network by focusing on profit-making stores and closing down non-performing stores; (ii) revisited regional franchisee system to strengthen the operations; (iii) continued to develop and promote new product series; (iv) implemented costs control measures including requesting landlords for rental reduction or relief; and (v) minimise unnecessary cash outflow.

Products and Design

The Group has continued to advance its product designs and innovations. Through continuous enhancement in product quality, the Group is committed to offering product series which are able to meet with our customers' preferences.

During the Period, the Group has enlarged its product portfolio to capture different market segments. Newly launched products include:

- "Love Glitter" Collection
- "ULove" Wedding Collection
- "Golden Allure GA" Collection
- "Shimmer Beat" Collection
- "Starry Shimmer" Collection
- "Love Lane" Collection
- "Cool Love" Collection
- "Love Letter" Jewellery Collection
- "Gold Gifts" Collection
- "Peter Rabbit™" Collection
- "Golden Love Glitter" Collection
- "Pure Gold Chinese Zodiac" Collection
- "Mini Love Lane" Collection
- "Classic Gold" Collection

Marketing and Promotion

The Group strongly believes in the value of a strong brand. A strong jewellery brand means trust worthiness, quality and design; trust facilitates the buying decision. The Group continues to promote the "3D-GOLD" brand through a comprehensive marketing programme and to present a corporate image of superior quality.

The Group's marketing programme includes sponsorships and exhibitions as follows:

- Organized a "New Product Launch (3rd quarter 2023)"
- Organized a "Brand Licensee Business Seminar (3rd quarter 2023)"
- Organized a "3DG Jewellery 20th Anniversary Celebration Dinner"
- Organized a "Brand Licensee Business Webinar (4th quarter 2023)"

Awards and Achievements

The Group has also achieved various industry awards as recognition of its efforts in promoting service excellence, industry best practice and its contributions to the jewellery retail sector.

- "CAPITAL – Services Awards 2023 – Jewellery"
- "Best Label Award 2023 (Best Jewelry)" by Marie Claire
- "BOCHK Corporate Environmental Leadership Awards Programme 2022 – Eco Partner"
- "CAPITAL – ESG Awards 2023"
- "2023 Quality Service Retailer of the Year of Flagship Stores – Silver Award" by Hong Kong Retail Management Association

New Media Marketing Service Business

The Group's new media marketing service provides Internet marketing technology for merchants. Through data collection and analysis, the Group offers solutions to merchants to improve the effectiveness and efficiency of their advertisements.

After having actively participated in the management of the new media marketing service business since December 2021, the Company noted that the new media marketing service business might heavily strain the Group's resources to cater for the lengthy time and substantial investment required to build up a sizeable and sustainable business network. The growth of the Group's new media marketing service business has reached plateau as the Group did not provide credit term to its clients. For the new media marketing business in the Mainland China, media platform suppliers required the new media marketing service providers to make prepayment, while most of the new media marketing service providers will give one to three months credit term for its clients. In order to accelerate the growth and increase its competitiveness, the Group is required to give credit term to its clients. However, the mismatch in the credit term strains the Group's resources.

Given that Luk Fook 3D Investment Holding Company Limited (the "**Offeror/Luk Fook 3D Investment**"), a subsidiary of Luk Fook Holdings (International) Limited ("**Luk Fook Holdings**") is not interested in the new media marketing service business and the Group did not intend to put additional resources in the new media marketing service business, the Group was unable to secure new clients. This hindered the development of the Group's new media marketing service business. On 28 July 2023, the Company, as vendor, and Mr. Li Ning, the then executive director of the Company as purchaser, entered into a conditional agreement (which was amended and supplemented by a supplemental agreement dated 18 December 2023) in relation to the sale and purchase of the entire issued share capital of Brand New Management Limited (the "**Disposal**"), a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Company and the holding company of the new media marketing service business. The completion of the Disposal took place on 12 January 2024 and the consideration was HK$8,896,000 which was equal to the consolidated audited net asset value of the Brand New Management Limited and its subsidiaries as at 30 June 2023.

Thereafter, the Company ceased in engaging in the new media marketing service business. The Disposal enabled the Group to focus more resources on its retail sales and franchising operations, and the wholesaling and contracting operations of gold and jewellery products businesses.

OUTLOOK

The Group is proactively conducting reviews of the existing principal businesses and its financial position for the purpose of formulating business plans and strategies for the future business development. The Group is dedicated to increasing productivity for existing shops and pursuing a progressive expansion strategy in Mainland China, Hong Kong, and Macau. The Group will focus on enhancing shop productivity by implementing various measures such as streamlining operations, optimising workflows, and investing in technology solutions. These efforts are aimed at maximising efficiency, enhancing resources utilisation, and ultimately increasing overall productivity.

Despite the challenges posed by the current economic climate, the Group remains determined to turn around the business. The Group believes that the introduction of the Luk Fook Holdings as the new controlling shareholder of the Group would benefit its future strategic executions in the jewellery market, leveraging Luk Fook Holdings's financial strength and their expertise. Further, the Group would collaborate with Luk Fook Holdings to achieve synergy and enhance value of existing business as well as explore opportunities of future potential projects.

INTERIM DIVIDENDS

The board of Directors of the Company (the "**Board**") has resolved not to recommend an interim dividend in respect of the Period to the holders of ordinary shares (the "**Shares**") of the Company.

EXPIRY OF THE CONVERTIBLE BONDS

On 12 November 2021, the Company issued the convertible bonds in the principal amount of HK$52,000,000 (the "**CB 2023A**") to Grace Fountain Holdings Limited ("**Grace Fountain**") due on 12 November 2023. Immediately prior to the maturity date, the CB 2023A entitled the holder thereof to convert it into 80,000,000 new Shares at the conversion price of HK$0.65 per conversion share and none of the CB 2023A was converted before the maturity date. The CB 2023A was expired on 12 November 2023. As at the date of this report, the Company has repaid all amount due under the CB 2023A to the holder thereof.

On 6 December 2021, the Company issued the convertible bonds in the principal amount of HK$32,500,000 (the "**CB 2023B**") to Excel Horizon Investments Limited ("**Excel Horizon**") due on 6 December 2023. Immediately prior to the maturity date, the CB 2023B entitled the holder thereof to convert it into 50,000,000 new Shares at conversion price of HK$0.65 per conversion share and none of the CB 2023B was converted before the maturity date. The CB 2023B was expired on 6 December 2023. As at the date of this report, the Company has repaid all amount due under the CB 2023B to the holder thereof.

OTHERS

Liquidity and Financial Resources

The Group centralises funding for all its operations through the corporate treasury based in Hong Kong. As at 31 December 2023, the Group had total pledged bank deposits and bank balances and cash amounting to HK$916 million (30 June 2023: HK$936 million). The Group's net borrowing as at 31 December 2023 was HK$1,025 million (30 June 2023: HK$967 million), being total borrowing of HK$1,941 million (30 June 2023: HK$1,903 million) less pledged bank deposits and bank balances and cash of HK$916 million (30 June 2023: HK$936 million). After taking into account the gold inventories of HK$330 million (30 June 2023: HK$287 million), the Group's net borrowing as at 31 December 2023 was HK$695 million (30 June 2023: HK$680 million), being total borrowing less pledged bank deposits, bank balances and cash and gold inventories.

The current ratio of the Group as at 31 December 2023 was 75% (30 June 2023: 78%), calculated on the basis of current assets of HK$1,584 million (30 June 2023: HK$1,556 million) over current liabilities of HK$2,125 million (30 June 2023: HK$2,007 million).

Share Capital and Capital Structure

As at 31 December 2023, the Company had 269,671,601 ordinary shares of HK$0.001 each in issue (30 June 2023: 269,671,601 ordinary shares of HK$0.001).

Treasury Policies

The Group generally financed its operations with internally generated resources and funds from equity and/or debt financing activities. All financing methods will be considered so long as such methods are beneficial to the Group. Bank deposits are in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**"), United States Dollars ("**US$**") and Macau Patacas ("**MOP**").

Pledged Assets

Pledged assets of the Group as at 31 December 2023 are set out in note 18.

Contingent Liabilities and Guarantee

As at 31 December 2023, the Company had corporate financial guarantee amounting to HK$1,075,000,000 (30 June 2023: HK$1,075,000,000) to banks in respect of 50% of the aggregated amount of banking facilities granted to its subsidiary. As at 31 December 2023, the banking facilities utilised by the subsidiary was HK$1,746,000,000 (30 June 2023: HK$1,704,500,000). As at 31 December 2023, a loss allowance of HK$24,043,000 (30 June 2023: HK$19,218,000) estimated under the expected credit loss model in respect of such corporate financial guarantee in the Company's statement of financial position was recognised whereas no financial impact on the consolidated financial statements. As at 31 December 2023 and 30 June 2023, save as disclosed above, the Group and the Company did not have any material contingent liabilities.

Foreign Exchange Exposure

For the Period, the Group earned revenue in HK$, RMB and MOP and incurred costs in HK$, RMB, US$ and MOP. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK$, may have possible impact on the Group's results and financial positions.

Financial Risk and Exposure

The Group did not have any outstanding material foreign exchange contracts, interest or currency swaps, or other financial derivatives as at 31 December 2023.

Employees and Remuneration Policy

As at 31 December 2023, the Group had 886 employees (30 June 2023: 874). The Group's remuneration policy is periodically reviewed by the Remuneration Committee and the Board. Remuneration is determined by reference to market conditions, company performance, and individual qualifications and performance.

CHANGE IN CONTROLLING SHAREHOLDER OF THE COMPANY AND UNCONDITIONAL MANDATORY CASH OFFERS

On 28 July 2023, Offeror as purchaser entered into three sale and purchase agreements (the "**Sale and Purchase Agreements**"), namely (a) the conditional sale and purchase agreement dated 28 July 2023 (as amended and supplemented by supplemental agreements dated 18 December 2023 and 11 January 2024 respectively) with Eminent Rise Holdings Limited and Mr. Li Ning as vendors, in relation to the sale and purchase of 21,000,000 Shares held by Eminent Rises ("**Eminent Rise**"); (b) the conditional sale and purchase agreement dated 28 July 2023 (as amended and supplemented by supplemental agreements dated 18 December 2023 and 11 January 2024 respectively) with Grace Fountain as vendor, and Mr. Wang Chaoguang as guarantor, in relation to the sale and purchase of 65,000,000 Shares held by Grace Fountain; and (c) the conditional sale and purchase agreement dated 28 July 2023 (as amended and supplemented by supplemental agreements dated 18 December 2023 and 11 January 2024 respectively) with Excel Horizon as vendor, and Mr. Duan Guangzhi as guarantor, in relation to the sale and purchase of 50,000,000 Shares held by Excel Horizon, all at the consideration of HK$0.748 per Share. Completion of the Sale and Purchase Agreements took place on 12 January 2024. Pursuant to the Sale and Purchase Agreements (as amended and supplemented from time to time), the Offeror acquired in aggregate, 136,000,000 Shares (representing approximately 50.43% of the issued share capital of the Company) for a total consideration of HK$101,728,000. Immediately before Completion, the Offeror and parties acting concert with it held 2,447,918 Shares (representing approximately 0.91% of the issued share capital of the Company). Immediately upon completion, the Offeror and parties acting concert with it held 138,447,918 Shares in total (representing approximately 51.34% of the issued share capital of the Company).

On 19 January 2024, the Company, the Offeror and Luk Fook Holdings jointly announced that Optima Capital Limited, for and on behalf of the Offeror, made unconditional mandatory cash offers (the "**Offers**") to acquire (a) all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it); and (b) all outstanding share options in the Company for cancellation in accordance with the Hong Kong Code on Takeovers and Mergers. Taking into account the valid acceptances in respect of 78,092,904 Shares and 87,500 share options under the Offers, immediately upon the close of the Offers on 9 February 2024, the Offeror and parties acting in concert with it are interested in an aggregate of 216,540,822 Shares, representing approximately 80.30% of the issued share capital of the Company and 87,500 share options in the Company were cancelled. Immediately after the close of Offers, i.e. 9 February 2024, the Company has 962,500 share options outstanding. As at the date of this report, the Company has 875,000 share options outstanding given that 87,500 share options were lapsed on 10 February, 2024.

Saved as above, the Group did not have any material subsequent events after the Period.

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

At 31 December 2023, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(a) Long positions in shares

	Number of ordinary shares				
Name of director	**Personal interests**	**Family interests**	**Controlled Corporate interests**	**Total**	**% of issued ordinary shares**
Mr. Li Ning	157,000	–	21,000,000 *(Note a)*	21,157,000	7.85%
Mr. Wang Chaoguang	–	–	65,000,000 *(Note b)*	65,000,000	24.10%
Mr. Hu Hongwei	–	–	–	–	–
Dr. Loke Yu alias Loke Hoi Lam	–	–	–	–	–
Dr. Fan, Anthony Ren Da	–	–	–	–	–
Mr. Chan Kim Sun	–	–	–	–	–

Notes:

(a) The shares are held by Eminent Rise. Eminent Rise is a company wholly-owned by Mr. Li Ning, the then chairman of the Board and Executive Director.

(b) The shares are held by Grace Fountain. Grace Fountain is a company wholly-owned by Mr. Wang Chaoguang, the then co-chairman of the Board and Executive Director.

(b) Long positions in underlying shares of equity derivatives of the Company

Name of director	**Capacity**	**Number of shares interested**	**% of issued ordinary shares**
Dr. Loke Yu alias Loke Hoi Lam	Beneficial owner *(Note a)*	87,500	0.03%
Dr. Fan, Anthony Ren Da	Beneficial owner *(Note a)*	87,500	0.03%

Note:

(a) All interests above are in the form of share options of the Company.

Saved as disclosed above, none of the directors, chief executives nor their associates had any interests or short positions in any shares or debentures of the Company or any of its associated corporation at 31 December 2023.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Long positions in shares of the Company

Name of substantial shareholder	Capacity	Number of issued ordinary shares held	% of issued ordinary shares
Mr. Wong Wai Sheung	Beneficial owner	145,785	0.05%
	Beneficiary of a Trust *(Note a)*	138,079,499	51.20%
Ms. Luk Chui Yee	Interest of spouse *(Note b)*	145,785	0.05%
	Beneficiary of a Trust *(Note a)*	138,079,499	51.20%
Mr. Wong Ho Lung, Danny	Beneficiary of a Trust *(Note a)*	138,079,499	51.20%
Ms. Cheung Irene	Interest of spouse *(Note c)*	138,079,499	51.20%
Ms. Wong Lan Sze, Nancy	Beneficiary of a Trust *(Note a)*	138,079,499	51.20%
Luk Fook 3D Investment	Beneficial owner *(Note a)*	136,157,000	50.49%
Luk Fook Holdings	Interest of controlled corporation *(Note a)*	138,079,499	51.20%
Luk Fook (Control) Limited	Interest of controlled corporation *(Note a)*	138,079,499	51.20%
LF Holding Services Limited	Interest of controlled corporation *(Note a)*	138,079,499	51.20%
BOS Trustee Limited as trustee	Trustee *(Note d)*	138,079,499	51.20%
Mr. Wang Chaoguang	Interest of controlled corporation *(Note e)*	65,000,000	24.10%
Grace Fountain	Beneficial owner *(Note e)*	65,000,000	24.10%
Mr. Duan Guangzhi	Interest of controlled corporation *(Note f)*	50,000,000	18.54%
Excel Horizon	Beneficial owner *(Note f)*	50,000,000	18.54%
Ms. Hao Yuanyuan	Interest of controlled corporation *(Note g)*	28,000,000	10.38%
Well Pop Group Limited	Beneficial owner *(Note g)*	28,000,000	10.38%
Mr. Zheng Yue Wen	Interest of controlled corporation *(Note h)*	25,105,561	9.31%

Name of substantial shareholder	Capacity	Number of issued ordinary shares held	% of issued ordinary shares
Mr. Wen Jialong	Beneficial owner	141,548	0.05%
	Interest of controlled corporation (Note h)	25,105,561	9.31%
Hallow King Global Investment Limited	Interest of controlled corporation (Note h)	25,105,561	9.31%
Kerui Jinrong Company Limited	Interest of controlled corporation (Note h)	25,105,561	9.31%
Weltrade Group Limited	Beneficial owner (Note h)	25,105,561	9.31%
Mr. Li Ning	Beneficial owner	157,000	0.06%
	Interest of controlled corporation (Note i)	21,000,000	7.79%
Eminent Rise	Beneficial owner (Note i)	21,000,000	7.79%

Notes:

(a) On 28 July 2023, Luk Fook 3D Investment, a wholly owned subsidiary of Luk Fook Holdings, entered into several sale and purchase agreements for the acquisition of 136,157,000 shares (representing approximately 50.49% of the issued share capital of the Company). Apart from those 136,157,000 shares, before the entering into the sale and purchase agreements, Luk Fook Holdings also through its other wholly-owned subsidiaries was interested in 1,922,499 shares in the Company.

Luk Fook Holdings is held as to approximately 40.37% by Luk Fook (Control) Limited, which in turn is indirectly held as to approximately 46.29% by The WS WONG Family Trust (through LF Holding Services Limited) where Mr. WONG Wai Sheung and his spouse, Ms. LUK Chui Yee, are the founders and settlors and Mr. WONG Wai Sheung, Ms. LUK Chui Yee, Mr. WONG Ho Lung, Danny, and Ms. WONG Lan Sze, Nancy are the discretionary beneficiaries. By virtue of the SFO, each of Mr. WONG Wai Sheung, Ms. LUK Chui Yee, Mr. WONG Ho Lung, Danny, and Ms. WONG Lan Sze, Nancy was therefore deemed to be interested in 138,079,499 shares in the Company indirectly held by Luk Fook Holdings.

(b) By virtue of SFO, Ms. Luk Chui Yee was deemed to be interested in the shares held by her spouse, Mr. Wong Wai Sheung.

(c) By virtue of SFO, Ms. Cheung Irene was deemed to be interested in the shares held by her spouse, Mr. Wong Ho Lung, Danny.

(d) BOS Trustee Limited owned 100% of the issued share capital of LF Holding Services Limited and was deemed to be interested in the Company's shares held indirectly by Luk Fook Holdings in the capacity of the trustee of The WS WONG Family Trust.

(e) The shares are held by Grace Fountain. Grace Fountain is a company wholly-owned by Mr. Wang Chaoguang. As such, Mr. Wang Chaoguang was deemed to be interested in all the shares held by Grace Fountain.

(f) The shares are held by Excel Horizon. Excel Horizon is a company wholly-owned by Mr. Duan Guangzhi. As such, Mr. Duan Guangzhi was deemed to be interested in all the shares held by Excel Horizon.

(g) The shares are held by Well Pop Group Limited ("Well Pop"). Well Pop is a company wholly-owned by Ms. Hao Yuanyuan. As such, Ms. Hao Yuanyuan was deemed to be interested in all the shares held by Well Pop.

(h) The shares are held by Weltrade Group Limited ("Weltrade"). Weltrade is a company wholly-owned by Kerui Jinrong Company Limited ("Kerui Jinrong"). Keru Jinrong is in turn owned by Mr. Zheng Yue Wen, Mr. Xiang Hong and Hallow King Global Investment Limited ("Hallow King") as to 40%, 20% and 40% respectively. Hallow King is an entity wholly- owned by Mr. Wen Jialong. As such, Mr. Zheng Yue Wen and Mr. Wen Jialong were deemed to be interested in all the shares held by Weltrade.

(i) The shares are held by Eminent Rise. Eminent Rise is a company wholly-owned by Mr. Li Ning. As such, Mr. Li Ning was deemed to be interested in all the shares held by Eminent Rise.

Saved as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company at 31 December 2023.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 17 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE PROVISIONS ON CORPORATE GOVERNANCE CODE

The Company is committed to establishing and maintaining a high standard of corporate governance in every aspect of its conduct of business operations. The Company believes that by adopting and embracing a well-balanced set of corporate governance principles will ensure that the best interests of shareholders and other stakeholders, customers, suppliers and other business counter parties are served.

The Company complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) of the Listing Rules throughout the Period, except for the following deviations:

CG Code C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 12 June 2019, Mr. Li Ning was appointed as an Executive Director and chairman of the Board to provide strong leadership and ensure the execution of the Group's strategies and policies. On 4 October 2019, Mr. Li Ning has been assuming the role of chief executive officer. During the Period, Mr. Li Ning continued to hold the dual roles of chairman and chief executive of the Company. The Board is of the view that the vesting of aforesaid dual roles in Mr. Li Ning during the Period provided the Group with strong and consistent leadership and allowed for more effective and efficient business planning and decisions.

The current corporate governance practices of the Company will be reviewed and updated in a timely manner in order to comply with the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the Period.

CHANGE OF DIRECTOR'S INFORMATION

Below are the updates and changes of directors' information since the date of the Annual Report 2023, required to be disclosed pursuant to Rules 13.51B (1) of the Listing Rules:

1. Mr. Li Ning ceased to be a chairman of the nomination committee of the Company (the "**Nomination Committee**"), chairman of the Board and an authorized representative of the Company as required under Rule 3.05 of the Listing Rules (the "**Authorized Representative**") with effect from 19 January 2024. Following the said resignation, Mr. Li Ning ceased to be Executive Director of the Company with effect from 9 February 2024.

2. Mr. Wang Chaoguang ceased to be a co-chairman of the Board and Executive Director of the Company with effect from 19 January 2024 and 9 February 2024, respectively.

3. Mr. Hu Hongwei ceased to be a Non-executive Director of the Company with effect from 9 February 2024.

4. Dr. Loke Yu alias Loke Hoi Lam ceased to be a chairman of the audit committee of the Company (the "**Audit Committee**"), a member of the Nomination Committee and the remuneration committee (the "**Remuneration Committee**") with effect from 19 January 2024. Following the said resignation, Dr. Loke Yu alias Loke Hoi Lam ceased to be Independent Non-executive Director of the Company with effect from 9 February 2024.

5. Dr. Fan, Anthony Ren Da ceased to be a member of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 19 January 2024. Following the said resignation, Dr. Fan, Anthony Ren Da ceased to be Independent Non-executive Director of the Company with effect from 9 February 2024.

6. Mr. Chan Kim Sun ceased to be a chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee with effect from 19 January 2024. Following the said resignation, Mr. Chan Kim Sun ceased to be Independent Non-executive Director of the Company with effect from 9 February 2024.

7. Mr. Wong Ho Lung, Danny was appointed as the chairman of the Board, an Executive Director and chief executive officer of the Company, and a member of the Nomination Committee with effect from 19 January 2024.

8. Ms. Cheung Irene was appointed as an Executive Director and chief operating officer of the Company, a member of the Nomination Committee and an Authorized Representative with effect from 19 January 2024.

9. Ms. Wong Hau Yeung was appointed as an Executive Director of the Company with effect from 19 January 2024.

10. Dr. Chan So Kuen was appointed as an Executive Director of the Company with effect from 19 January 2024.

11. Ms. Yeung Po Ling, Pauline was appointed as a Non-executive Director of the Company with effect from 19 January 2024.

12. Mr. Sze Yeung Kuen was appointed as an Independent Non-executive Director of the Company, the chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee with effect from 19 January 2024.

13. Mr. Chan Raymond was appointed as an Independent Non-executive Director of the Company, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee with effect from 19 January 2024.

14. Dr. Lam Ki Wai, Lianne was appointed as an Independent Non-executive Director of the Company, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee with effect from 19 January 2024.

15. Dr. Chow Kwoon Ho, Simon was appointed as an Independent Non-executive Director of the Company and a member of the Audit Committee, Nomination Committee and Remuneration Committee with effect from 19 January 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the Period. The Group's unaudited interim financial statements for the six months ended 31 December 2023 have been reviewed by the Audit Committee. As at the date of this report, the Audit Committee comprises four Independent Non-executive Directors, namely, Mr. Sze Yeung Kuen, Mr. Chan Raymond, Dr. Lam Ki Wai, Lianne and Dr. Chow Kwoon Ho, Simon.

By order of the Board of
Hong Kong Resources Holdings Company Limited
Mr. Wong Ho Lung, Danny
Chairman & Chief Executive Officer

Hong Kong, 27 February 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023

	Notes	Six months ended 31 December 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	**251,762**	293,358
Cost of sales and services rendered		**(174,233)**	(224,708)
Gross profit		**77,529**	68,650
Other income		**3,752**	5,157
Selling expenses		**(83,704)**	(87,464)
General and administrative expenses		**(30,419)**	(32,438)
Other gains and losses		**2,455**	(5,919)
Change in fair value of derivatives embedded in convertible bonds	13(b)	**413**	188
Reversal of impairment loss on trade and other receivables recognised under expected credit loss model		**–**	320
Finance costs	4	**(60,445)**	(33,841)
Loss before taxation from Continuing operations	5	**(90,419)**	(85,347)
Income tax expense	6	**(351)**	(1,328)
Loss for the period from Continuing operations		**(90,770)**	(86,675)
Discontinued operation			
(Loss)/profit from Discontinued operation	19(a)	**(7,693)**	2,626
Loss for the period		**(98,463)**	(84,049)
Other comprehensive income/(expense):			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation		**(9,116)**	7,718
Items that will be reclassified to profit and loss:			
Exchange difference arising on translation of foreign operations of Continuing operations		**18,539**	(23,970)
Exchange difference arising on translation of foreign operations of Discontinued operation		**747**	37
Other comprehensive income/(expense) for the period		**10,170**	(16,215)
Total comprehensive expense for the period		**(88,293)**	(100,264)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023

	Notes	Six months ended 31 December 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited) (Restated)
Loss for the period attributable to:			
Owners of the Company		**(54,244)**	(48,025)
Non-controlling interests		**(44,219)**	(36,024)
		(98,463)	(84,049)
Loss for the period attributable to owners of the Company:			
Continuing operations		**(48,672)**	(47,909)
Discontinued operation		**(5,572)**	(116)
		(54,244)	(48,025)
(Loss)/profit for the period attributable to non-controlling interests:			
Continuing operations		**(42,098)**	(38,766)
Discontinued operation		**(2,121)**	2,742
		(44,219)	(36,024)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(46,650)**	(57,525)
Non-controlling interests		**(41,643)**	(42,739)
		(88,293)	(100,264)
Total comprehensive expense for the period attributable to owners of the Company arising from:			
Continuing operations		**(41,814)**	(57,389)
Discontinued operation		**(4,836)**	(136)
		(46,650)	(57,525)
Loss per ordinary share for loss arising from Continuing operations and Discontinued operations			
Basic	8	**(HK$0.2011)**	(HK$0.1781)
Diluted	8	**(HK$0.2011)**	(HK$0.1781)
Loss per ordinary share for loss arising from Continuing operations			
Basic	8	**(HK$0.1805)**	(HK$0.1777)
Diluted	8	**(HK$0.1805)**	(HK$0.1777)

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	**14,692**	15,377
Right-of-use assets	9	**21,200**	15,362
Deposits paid	10	**5,125**	2,701
Intangible assets	11	**168,066**	168,066
Equity instruments at fair value through other comprehensive income ("FVTOCI")		**–**	–
Deferred tax assets		**22,502**	22,795
		231,585	224,301
Current assets			
Inventories		**575,838**	532,889
Right to returned goods asset		**3,353**	2,665
Trade and other receivables and deposits paid	10	**57,622**	75,236
Derivative component of convertible bonds	13(b)	**–**	9,577
Pledged bank deposits	18	**887,778**	864,396
Bank balances and cash		**27,998**	71,229
		1,552,589	1,555,992
Assets classified as held for sale	19(b)	**31,806**	–
		1,584,395	1,555,992
Current liabilities			
Trade and other payables, accruals and deposits received	12	**208,220**	152,852
Bank and other borrowings	14	**1,830,500**	1,715,211
Loan from a non-controlling shareholder of a subsidiary	15	**10,000**	–
Contract liabilities		**16,345**	14,371
Refund liabilities		**12,760**	9,668
Lease liabilities		**13,456**	13,749
Derivative component of convertible bonds	13(b)	**–**	10,079
Income tax liabilities		**12**	122
Amount due to a director		**1,819**	3,394
Convertible bonds	13(a)	**–**	87,452
		2,093,112	2,006,898
Liabilities directly associate with assets classified as held for sale	19(b)	**31,754**	–
		2,124,866	2,006,898
Net current liabilities		**(540,471)**	(450,906)
Total assets less current liabilities		**(308,886)**	(226,605)

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	**31 December 2023 HK$'000 (Unaudited)**	30 June 2023 HK$'000 (Audited)
Non-current liabilities			
Lease liabilities		**8,130**	2,118
Loan from a non-controlling shareholder of a subsidiary	15	**100,000**	100,000
Deferred tax liabilities		**42,016**	42,016
		150,146	144,134
NET LIABILITIES		**(459,032)**	(370,739)
EQUITY			
Capital and reserves			
Share capital	16	**270**	270
Reserves		**(238,643)**	(191,993)
Deficit attributable to owners of the Company		**(238,373)**	(191,723)
Non-controlling interests		**(220,659)**	(179,016)
TOTAL DEFICIT		**(459,032)**	(370,739)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Attributable to owners of the Company											
	Ordinary share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Other reserve HK$'000 (Note (a))	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	PRC statutory reserve HK$'000 (Note (b))	Accu-mulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2022 (audited)	270	845,033	117,040	(252,408)	4,089	(6,008)	8,654	33,155	(830,756)	(80,931)	(98,109)	(179,040)
Loss for the period	–	–	–	–	–	–	–	–	(48,025)	(48,025)	(36,024)	(84,049)
Exchange difference arising on translation	–	–	–	–	–	–	(9,500)	–	–	(9,500)	(6,715)	(16,215)
Total comprehensive expense for the period	–	–	–	–	–	–	(9,500)	–	(48,025)	(57,525)	(42,739)	(100,264)
At 31 December 2022 (unaudited)	270	845,033	117,040	(252,408)	4,089	(6,008)	(846)	33,155	(878,781)	(138,456)	(140,848)	(279,304)
At 1 July 2023 (audited)	**270**	**845,033**	**117,404**	**(252,408)**	**1,529**	**(6,008)**	**(12,394)**	**33,155**	**(917,940)**	**(191,723)**	**(179,016)**	**(370,739)**
Loss for period	–	–	–	–	–	–	–	–	**(54,244)**	**(54,244)**	**(44,219)**	**(98,463)**
Exchange difference arising on translation	–	–	–	–	–	–	**7,594**	–	–	**7,594**	**2,576**	**10,170**
Total comprehensive income/(expense) for the period	–	–	–	–	–	–	**7,594**	–	**(54,244)**	**(46,650)**	**(41,643)**	**(88,293)**
At 31 December 2023 (unaudited)	**270**	**845,033**	**117,040**	**(252,408)**	**1,529**	**(6,008)**	**(4,800)**	**33,155**	**(972,184)**	**(238,373)**	**(220,659)**	**(459,032)**

Notes:

(a) Other reserve comprises:

(i) a debit amount of HK$213,605,000 represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in China Gold Silver Group Company Limited ("CGS"), a subsidiary of the Company, being acquired from the non-controlling shareholders on 14 May 2010; and

(ii) a debit amount of HK$38,803,000 represents the difference between (i) the aggregate of the fair value of the consideration (net of transaction cost) received for disposal of partial interest in CGS on 6 June 2014 and proceeds received from issuance of convertible bonds due in 2019 ("CB 2019"), and (ii) the aggregate amount of the carrying amount of the net assets attributable to the disposed interest in CGS to the purchaser, the fair value of the share option of CGS issued to the purchaser and the fair values of the liability component and the embedded derivatives of CB 2019 issued to the purchaser, on 6 June 2014.

(b) The People's Republic of China (the "PRC") statutory reserve of the Group represents general and development fund reserve applicable to the PRC subsidiaries which were established in accordance with the relevant regulations.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	Six months ended 31 December	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**1,632**	(4,403)
Investing activities		
Interest received	**4,115**	2,281
Purchase of property, plant and equipment	**(3,559)**	(7,186)
Proceeds from disposal of property, plant and equipment	**1**	1
Placement of pledged bank deposits	**(21,661)**	(21,529)
Net cash used in investing activities	**(21,104)**	(26,433)
Financing activities		
Interest paid	**(55,988)**	(28,647)
Loan advanced from a non-controlling shareholder of a subsidiary	**10,000**	–
Loan from a shareholder of the Company	**–**	32,226
Repayment of loan from a shareholder of the Company	**–**	(29,549)
Advances from a director	**2,028**	–
New bank and other borrowings raised	**41,500**	40,744
Repayment of bank and other borrowings	**(10,000)**	–
Repayments of lease liabilities, including related interests	**(9,993)**	(8,073)
Net cash (used in)/generated from financing activities	**(22,453)**	6,701
Net decrease in cash and cash equivalents	**(41,925)**	(24,135)
Cash and cash equivalents at beginning of the period	**71,229**	84,599
Effect of foreign exchange rate changes	**2,143**	(3,255)
Cash and cash equivalents at end of the period, represented by bank balances and cash	**31,447**	57,209
Analysis of balance of cash and cash equivalents		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**27,998**	57,209
Cash and cash equivalents included in assets classified as held for sale	**3,449**	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**31,447**	57,209

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 (which has been renumbered to Appendix D with effect from 31 December 2023) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group incurred a net loss of approximately HK$98,463,000 during the six months ended 31 December 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately HK$540,471,000 and HK$459,032,000 respectively, indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2023 after taking into consideration of the following:

i) the financial supports from Luk Fook Holdings (International) Limited, which is a controlling shareholder of the Company after the completion of acquisition of the Company's shares on 12 January 2024 and the completion of unconditional mandatory cash offers on 9 February 2024 (details of the above events are disclosed in the Company's announcement dated 12 January 2024 and 9 February 2024 respectively), and;

ii) internal funds shall be generated from the Group's operations.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group's annual financial statements for the year ended 30 June 2023.

New and amendments to HKFRSs that are mandatorily effective for the current period

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

HKFRS 17 and related amendments	Insurance Contract
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

The new and amendments to HKFRSs in the current period have 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.

3. REVENUE AND SEGMENT INFORMATION

a) Revenue

Performance obligations for contracts with customers

Retail sales

The Group operates a chain of retail shops selling a variety of gold and jewellery products in Hong Kong and Mainland China. Revenue from the sale of goods is recognised when control of the goods has transferred, being at the point the customer purchases the goods at retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. Retail sales are usually made in cash, through credit cards or through reputable and dispersed department stores. The Group generally allows a credit period up to 90 days to those credit card associations and department stores.

Franchising and licensing operations

The Group has granted the franchise to franchisees in Mainland China to use the Group's trademark and provided various license support services to those franchisees in accordance with the substance of relevant agreements. Revenue is recognised over time using output method when the services are provided, because the Group undertakes activities that significantly affect the trademark to which the customer has the right to use, and the use of the Group's trademark exposes the customer to the effects of the Group's activities without transfer any good or service to the customer.

Provision of new media marketing services

The Group is engaged in the provision of new media marketing services for various types of products. Performance based new media marketing refers to the form of marketing which is displayed on we-media, which are mainly online accounts registered by their users having the traffic to publish marketing products (including text, pictures, etc.) to the public. The Group normally acquires the advertising traffic of different online platforms from the suppliers and places the marketing products provided by the customers in the appropriate we-media platforms (such as Douying) which can target the interests of their subscribers.

In the provision of new media marketing services, management of the Group makes the judgment that the Group is acting as a principal instead of an agent as the Group has control over the goods or services from the third parties before transferring to the customers, after considering the following factors: (a) the Group has the discretion to direct the use of the right to service from third parties either by fulfilling its contracted performance obligation with its customer or to use such service itself and (b) the Group has the right to obtain substantially all economic benefits from the right to the goods or services from the third parties.

Sales of E-commerce goods

In the sales of E-commerce goods, management of the Group makes the judgment that the Group is acting as a principal instead of an agent as the Group has control over the goods or services from the third parties before transferring to the customers, after considering the following factors: (a) the Group has the discretion to direct the use of the right to service from third parties either by fulfilling its contracted performance obligation with its customer or to use such service itself and (b) the Group has the right to obtain substantially all economic benefits from the right to the goods or services from the third parties.

Contracts with customers with unsatisfied performance obligations on the abovementioned revenue have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and services and geographical location. This is the basis upon which the Group is organised.

During the six months ended 31 December 2023, the revenue and results of the new media marketing service business in Mainland China are presented as Discontinued operation in accordance with HKFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*" ("HKFRS 5"). Details are further disclosed in Note 19. Last period's comparative segment information has been restated to conform with the current period's presentation.

The Group's operating and reportable segments under HKFRS 8 "*Operating Segments*" are as follows:

Continuing operations

i) Retail sales and franchising operations for gold and jewellery products in Mainland China;

ii) Retail sales operations for gold and jewellery products in Hong Kong; and

Discontinued operation

iii) New media marketing service business in Mainland China.

Major products of the Group include gold products and jewellery products.

Segment revenues and results

Segment (loss)/profit represents the (loss)/profit of each segment without allocation of unallocated other income, advertising, promotion and business development expenses, unallocated corporate staff and directors' salaries, change in fair value of derivatives embedded in convertible bonds, net exchange gain/(loss), other unallocated corporate expenses, unallocated finance costs and income tax (expense)/credit. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating segments for the six months ended 31 December 2023 (unaudited) and 2022 (unaudited and restated).

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment information *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 31 December 2023 (unaudited)

	Continuing operations			Discontinued operation		
	Reportable segments			Reportable segment		
	Retails sales and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail sales operations for selling gold and jewellery products in Hong Kong HK$'000	Total HK$'000	New media marketing service in Mainland China HK$'000	Others *(Note)* HK$'000	Total HK$'000
REVENUE						
Retail sales of goods	173,641	37,879	211,520	–	–	–
Sales of E-commence goods	30,710	–	30,710	–	–	–
New media marketing services	–	–	–	172	–	172
Goods and services – at a point in time	204,351	37,879	242,230	172	–	172
Franchising and licensing income – overtime	9,532	–	9,532	–	–	–
External sales	213,883	37,879	251,762	172	–	172
RESULT						
Segment loss	(7,205)	(2,492)	(9,697)	(6,804)	–	(6,804)
Unallocated other income			2,772			6
Unallocated corporate staff and directors' salaries			(11,077)			(14)
Other unallocated corporate expenses			(5,227)			(1,101)
Change in fair value of derivative embedded in convertible bonds			413			–
Advertising, promotion and business development expenses			(10,085)			(45)
Exchange gain, net			2,521			218
Unallocated finance costs			(60,039)			–
Loss before taxation			(90,419)			(7,740)
Income tax (expense)/credit			(351)			47
Loss for the period			(90,770)			(7,693)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment information *(Continued)*

Segment revenues and result *(Continued)*

For the six months ended 31 December 2022 (unaudited and restated)

	Continuing operations			Discontinued operation		
	Reportable segments			Reportable segment		
	Retails sales and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail sales operations for selling gold and jewellery products in Hong Kong HK$'000	Total HK$'000	New media marketing service in Mainland China HK$'000	Others *(Note)* HK$'000	Total HK$'000
REVENUE						
Retail sales of goods	215,125	44,400	259,525	–	–	–
Sales of E-commence goods	21,799	–	21,799	–	–	–
New media marketing services	–	–	–	150,356	–	150,356
Cloud computer solution services	–	–	–	–	951	951
Goods and services – at a point in time	236,924	44,400	281,324	150,356	951	151,307
Franchising and licensing income – overtime	12,034	–	12,034	–	–	–
External sales	248,958	44,400	293,358	150,356	951	151,307
RESULT						
Segment (loss)/profit	(20,530)	57	(20,473)	3,500	–	3,500
Unallocated other income			4,757			209
Unallocated corporate staff and directors' salaries			(12,286)			(13)
Other unallocated corporate expenses			(8,513)			(912)
Change in fair value of derivative embedded in convertible bonds			188			–
Advertising, promotion and business development expenses			(11,508)			(185)
Exchange loss, net			(5,869)			–
Unallocated finance costs			(31,643)			–
(Loss)/profit before taxation			(85,347)			2,599
Income tax (expense)/credit			(1,328)			27
(Loss)/profit for the period			(86,675)			2,626

Note: Others represent other operating segment that is not reportable, which includes cloud computer solution services in Mainland China.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment information *(Continued)*

Segment assets and liabilities

As at 31 December 2023 (unaudited)

	Continuing operations		Discontinued operation	
	Reportable segments			
	Retail sales and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail sales operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	New media marketing service business in Mainland China HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	562,298	112,196	27,272	701,766
Intangible assets				168,066
Deferred tax assets				22,502
Pledged bank deposits				887,778
Bank balances and cash				27,998
Other corporate assets				7,870
Consolidated total assets				1,815,980
LIABILITIES				
Segment liabilities	197,449	32,660	24,846	254,955
Bank and other borrowings				1,830,500
Amount due to director				1,819
Loan from a non-controlling shareholder of a subsidiary				110,000
Income tax liabilities				12
Deferred tax liabilities				42,016
Other corporate liabilities				35,710
Consolidated total liabilities				2,275,012

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment information *(Continued)*

Segment assets and liabilities *(Continued)*

As at 30 June 2023 (audited)

	Continuing operations		Discontinued operation	
	Reportable segments			
	Retail sales and franchising operations for selling gold and jewellery products in Mainland China HK$'000	Retail sales operations for selling gold and jewellery products in Hong Kong and Macau HK$'000	New media marketing service business in Mainland China HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	505,334	106,994	26,652	638,980
Intangible assets				168,066
Derivative component of convertible bonds				9,577
Deferred tax assets				22,795
Pledged bank deposits				864,396
Bank balances and cash				71,229
Other corporate assets				5,250
Consolidated total assets				1,780,293
LIABILITIES				
Segment liabilities	136,377	11,288	22,213	169,878
Bank and other borrowings				1,715,211
Loan from a non-controlling shareholder of a subsidiary				100,000
Amount due to a director				3,394
Convertible bonds				87,452
Derivative component of convertible bonds				10,079
Income tax liabilities				122
Deferred tax liabilities				42,016
Other corporate liabilities				22,880
Consolidated total liabilities				2,151,032

4. FINANCE COSTS

	Six months ended 31 December	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Interests on:		
Bank and other borrowings	**57,466**	31,510
Loan from a non-controlling shareholder of a subsidiary	**748**	–
Loan from a director of the Company	**33**	–
Lease liabilities	**835**	610
Effective interest on convertible bonds (Note 13(a))	**1,363**	1,721
	60,445	33,841
Discontinued operation		
Interest on lease liabilities	**46**	101
	60,491	33,942

5. LOSS/(PROFIT) BEFORE TAXATION

Loss/(profit) before taxation has been arrived at after charging (crediting):

	Continuing operations		Discontinued operation	
	Six months ended 31 December		Six months ended 31 December	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Restated)		(Restated)
Cost of inventories recognised as an expense	**173,871**	223,776	**–**	–
Depreciation of property, plant and equipment	**4,197**	4,959	**79**	36
Depreciation of right-of-use assets	**8,638**	6,979	**789**	719
Exchange (gain)/loss, net	**(2,521)**	5,869	**(218)**	–
Loss on disposal of property, plant and equipment	**66**	33	**–**	–
Written off of property, plant and equipment	**–**	15	**–**	–
Lease payments not included in the measurement of lease liabilities	**12,974**	16,112	**257**	348
Staff costs, including directors' emoluments:				
– Wages, salaries and other benefits costs	**54,309**	55,876	**3,240**	1,842
– Retirement benefit costs	**6,502**	6,968	**87**	219
	60,811	62,844	**3,327**	2,061
Allowance of inventories, net (included in cost of sales)	**362**	932	**–**	–

6. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 31 December	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current tax:		
PRC Enterprise Income Tax	**11**	89
Deferred taxation	**293**	1,212
	304	1,301
Income tax expense/(credit) is attributable to:		
– Continuing operations	**351**	1,328
– Discontinued operation	**(47)**	(27)
	304	1,301

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for taxation in Hong Kong has been made for both periods as the Group incurred tax losses in Hong Kong.

Pursuant to rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and the BVI.

Pursuant to the Enterprise Income Tax Law and Implementation Rules of the PRC, subsidiaries of the Company established in the PRC are subject to an income tax rate of 25% for both periods. Certain subsidiaries established in Chongqing (the "Relevant Subsidiaries"), a municipality in Western China, were engaged in a specific state-encouraged industry as defined under the new "Catalogue of Encouraged Industries in the Western Region" (effective from 1 October 2014) pursuant to《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》(Caishui [2011] No. 58) issued in 2011. Pursuant to《關於延續西部大開發企業所得稅政策的公告》(Announcement No. 23 of the Ministry of Finance in 2020) issued in April 2020, the Relevant Subsidiaries were subject to a preferential tax rate of 15% from 1 January 2021 to 31 December 2030, when the annual revenue from the encouraged business exceeded 60% of each subsidiary's total revenue in a fiscal year.

Pursuant to《關於實施小微企業普惠性稅收減免政策的通知》(Caishui [2019] No. 13) issued in 2019, certain subsidiaries qualifying as Small and Micro Enterprises whose annual taxable income is less than RMB1.00 million, 25% of the amount will be reduced, and the PRC Enterprise Income Tax will be at the tax rate of 20%; for the portion of annual taxable income exceeding RMB1.00 million but not exceeding RMB3.00 million, 50% of the amount will be reduced, and the PRC Enterprise Income Tax will be at the tax rate of 20%. Pursuant to《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(Caishui [2021] No. 12) issued in 2021, for the portion of annual taxable income less than RMB1.00 million for Small and Micro Enterprises, on the basis of the preferential policies stipulated in Article 2 of《關於實施小微企業普惠性稅收減免政策的通知》(Caishui [2019] No. 13) issued in 2019, the PRC Enterprise Income Tax will be reduced by half.

No provision for the Macau Complementary Tax has been made as the Group has no assessable profits in Macau for both periods.

PRC withholding income tax of 5% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008.

7. DIVIDENDS

No dividend was paid or proposed for the six months ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

8. LOSS PER ORDINARY SHARE

	Six months ended 31 December	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Loss:		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per ordinary shares (Note (i))		
– Continuing operations	**(48,672)**	(47,909)
– Discontinued operation	**(5,572)**	(116)
	(54,244)	(48,025)

	Six months ended 31 December	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of ordinary shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per ordinary share for the Continuing and Discontinued operations *(Notes (i) & (ii))*	**269,672**	269,672

	Six months ended 31 December	
	2023	2022
	HK$	HK$
	(Unaudited)	(Unaudited)
		(Restated)
Basic and diluted loss per ordinary share attributable to owners of the Company		
– Continuing operations	**(0.1805)**	(0.1777)
– Discontinued operation	**(0.0206)**	(0.0004)
	(0.2011)	(0.1781)

Notes:

i) The calculation of diluted loss per ordinary share for the six months ended 31 December 2023 and 2022 did not assume the conversion of convertible bonds, since the conversion would result in an anti-dilutive effect on loss per ordinary share.

ii) For the six months ended 31 December 2023 and 2022, the computation of diluted loss per ordinary share did not assume the exercise of share options because their exercise prices are higher than the average share price of the Company.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

During the six months ended 31 December 2023, the Group acquired property, plant and equipment of HK$3,559,000 (six months ended 31 December 2022: HK$7,186,000), and the Group disposed of certain plant and equipment with an aggregate carrying amount of HK$67,000 (six months ended 31 December 2022: HK$34,000) for cash proceeds of HK$1,000 (six months ended 31 December 2022: HK$1,000), resulting a loss on disposal of HK$66,000 (six months ended 31 December 2022: HK$33,000).

During the six months ended 31 December 2023, the Group entered into several new lease agreements with lease terms ranged from 1 to 3 years. The Group is required to make fixed monthly payments. During the six months ended 31 December 2023, the Group recognised right-of-use assets of HK$16,114,000 (six months ended 31 December 2022: HK$6,321,000) and lease liabilities of HK$15,786,000 (six months ended 31 December 2022: HK$6,185,000).

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Deposits paid under non-current assets represent:		
Rental deposits	**5,125**	2,701
Trade and other receivables and deposits paid under current assets comprise:		
Trade receivables	**36,021**	48,212
Less: allowance for credit loss	**(54)**	(520)
	35,967	47,692
Rental deposits	**2,772**	2,510
Value added tax receivables	**9,996**	7,207
Prepayments	**3,943**	8,789
Other receivables and deposits paid	**4,944**	9,038
	57,622	75,236

Retail sales are usually made in cash, through credit cards or through reputable and dispersed department stores. The Group generally allows a credit period up to 90 days (30 June 2023: up to 90 days) to its debtors.

As at 31 December 2023, included in trade and other receivables and deposits paid are trade receivables, net of allowance for credit losses, of HK$35,967,000 (30 June 2023: HK$47,692,000).

Included in rental deposits and other receivables and deposits paid as at 31 December 2023 are amounts related to a fellow subsidiary of a non-controlling shareholder of a subsidiary amounting to HK$1,329,000 (30 June 2023: HK$1,363,000).

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID *(Continued)*

An aged analysis based on invoice date, net of allowance, at the end of the reporting period, is as follows:.

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
0-30 days	**30,478**	36,844
31-60 days	**4,444**	5,671
61-90 days	**1,031**	3,448
Over 90 days	**14**	1,729
	35,967	47,692

11. INTANGIBLE ASSETS

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Trademarks	**168,066**	168,066

The trademarks have contractual lives of 10 years commencing in November 2018 and March 2019 of "3D-Gold", and are renewable at minimal cost. The directors of the Company are of the opinion that the Group has the intention and ability to renew the trademarks continuously. As a result, the trademarks are considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

As at 31 December 2023, management of the Group conducted impairment review on the cash-generating units which the trademarks belong to. The recoverable amounts of the trademarks have been determined based on a value in use calculation, which is based on the financial budgets approved by management covering a ten-year period and a pre-tax discount rate of 11% (30 June 2023: 11%). Pre-tax discount rate applied reflects the current market assessment of the time value of money and the risk specific to the cash generating unit. The cash flows beyond the ten-year period are extrapolated using a 3% (30 June 2023: 3%) growth rate. The key assumptions for the value in use calculations are discount rate and growth rate. The growth rate does not exceed the long-term average growth rate for the relevant industry. Based on the assessments, management of the Group expects the carrying amount of the trademarks to be recoverable and there is no impairment of the trademarks.

12. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Trade payables	**78,608**	31,106
Deposits received	**5,000**	5,000
Franchisee guarantee deposits (note)	**32,366**	33,188
Value added tax payables	**872**	3,484
Salary and bonus payables	**34,999**	46,981
Other payables, accruals and other deposits	**56,375**	33,093
	208,220	152,852

Note: Franchisee guarantee deposits represent refundable deposits from the franchisees for use of the trademarks "3D-GOLD".

The credit period on purchase of goods ranges up to 90 days (30 June 2023: up to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled with the credit timeframe.

As at 31 December 2023, included in trade and other payables, accruals and deposits received are trade payables of HK$78,608,000 (30 June 2023: HK$31,106,000).

Included in trade payables as at 31 December 2023 are trade payables to certain fellow subsidiaries of a non-controlling shareholder of a subsidiary amounting to HK$43,080,000 (30 June 2023: HK$938,000).

Deposits received at 31 December 2023 amounting to HK$5,000,000 (30 June 2023: HK$5,000,000) are unsecured, interest bearing of 8% per annum, and repayable on demand.

Included in other payables, accruals and other deposits as at 31 December 2023 are other payables to certain fellow subsidiaries of a non-controlling shareholder of a subsidiary amounting to HK$206,000 (30 June 2023: HK$23,000).

Included in other payables, accruals and other deposits as at 31 December 2023 are accruals for service fee payable to a company in which a director of a subsidiary has beneficial interest amounting to HK$2,769,000 (30 June 2023: HK$1,261,000).

An aged analysis based on the invoice date at the end of the reporting period is as follows:

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
0-30 days	**69,250**	21,005
31-60 days	**8,848**	7,571
61-90 days	**507**	2,304
Over 90 days	**3**	226
	78,608	31,106

13. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Convertible bonds

Convertible bonds due 2023 with principal amount of HK$52,000,000 ("CB 2023A") and HK$32,500,000 ("CB 2023B")

On 31 May 2021, the Company entered into a subscription agreement with a company incorporated in the BVI which is wholly owned by Mr. Wang Chaoguang, the co-chairman and an executive director of the Company (the "CB 2023A Holder") for the issuance of convertible bonds with aggregate principal amount of HK$52,000,000. On the same date, the Company entered into another subscription agreement with a company incorporated in the BVI which is an independent third party to the Group (the "CB 2023B Holder") for the issuance of convertible bonds with aggregate principal amount of HK$32,500,000. CB 2023A and CB 2023B are denominated in Hong Kong dollars which entitle CB 2023A Holder and CB 2023B Holder to convert them into ordinary shares of the Company at any time commencing on the issue date of convertible bonds and expiring on the date which is 5 business days prior to the maturity date, at a conversion price of HK$0.65 per convertible bond as adjusted for the effect of the capital reorganisation completed on 27 July 2021 (subject to anti-dilutive adjustments).

Both CB 2023A and CB 2023B carry interests at 4% per annum and payable semi-annually on 30 June and 31 December each year, which shall mature on the second anniversary of the issue date. The issuances of CB 2023A and CB 2023B were completed on 12 November 2021 and 6 December 2021 respectively.

CB 2023A Holder and CB 2023B Holder have the right to convert the whole or any part (in multiple of HK$1,000,000) of the outstanding principal amount of convertible bonds into such number of ordinary shares of the Company as will be determined by dividing the principal amount of convertible bonds to be converted by the conversion price in effect on the date of conversion. In addition, the Company has the right to redeem the whole or any part of the outstanding principal amount of CB 2023A and CB 2023B from the issue date until the maturity date of convertible bonds.

Upon issuance of CB 2023A, amounts of approximately HK$51,977,000, HK$6,994,000 and HK$6,971,000 were recognised as liability component, derivative component embedded in CB 2023A (liability) and derivative component embedded in CB 2023A (asset), respectively.

Upon issuance of CB 2023B, amounts of approximately HK$32,501,000, HK$3,792,000 and HK$3,793,000 were recognised as liability component, derivative component embedded in CB 2023B (liability) and derivative component embedded in CB 2023B (asset), respectively.

CB 2023A and CB 2023B were matured on 12 November 2023 and 6 December 2023 respectively. Before the respective maturity dates, none of the CB 2023A or CB 2023B was converted, and the Company did not redeem any part of CB 2023A or CB 2023B.

As at 30 June 2023, the outstanding principals of CB 2023A and CB 2023B were HK$52,000,000 and HK$32,500,000 respectively. On the respective maturity dates, the outstanding principals of CB 2023A and CB 2023B of HK$52,000,000 and HK$32,500,000 respectively were reclassified to "bank and other borrowings" on the condensed consolidated statement of financial position.

13. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

a) Convertible bonds *(Continued)*

Convertible bonds due 2023 with principal amount of HK$52,000,000 ("CB 2023A") and HK$32,500,000 ("CB 2023B") *(Continued)*

The inputs used in the binomial option pricing model adopted by the independent professional valuer in determining the derivative component of CB 2023A and CB 2023B as follows:

	CB 2023A At 30 June 2023 (Audited)	CB 2023B At 30 June 2023 (Audited)
Share price	HK$0.44	HK$0.44
Dividend yield	0%	0%
Expected volatility	118.3%	112.8%
Risk-free rate	4.68%	4.67%

The movements of the liability components of convertibles bonds are set out below:

	CB 2023A HK$'000	CB 2023B HK$'000	Total HK$'000
At 1 July 2022 (audited)	49,936	31,136	81,072
Coupon interest accrued and included in other payables	(1,080)	(650)	(1,730)
Interest charged during the period	1,077	644	1,721
Exchange realignment	2,035	1,358	3,393
At 31 December 2022 (unaudited)	51,968	32,488	84,456
At 1 July 2023 (audited)	**53,868**	**33,584**	**87,452**
Coupon interest accrued and included in other payables	**(760)**	**(550)**	**(1,310)**
Interest charged during the period	**794**	**569**	**1,363**
Reclassified to "bank and other borrowings" (Note 14)	**(52,000)**	**(32,500)**	**(84,500)**
Exchange realignment	**(1,902)**	**(1,103)**	**(3,005)**
At 31 December 2023 (unaudited)	**–**	**–**	**–**

The effective interest rates of the liability components of CB 2023A and CB 2023B are 4.03% and 4.00% respectively.

13. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

b) Derivative components of convertible bonds

The movements of the derivative components of convertible bonds are set out below:

	Assets CB 2023A HK$'000	Liabilities CB 2023A HK$'000	Assets CB 2023B HK$'000	Liabilities CB 2023B HK$'000	Total HK$'000
At 1 July 2022 (audited)	(1,070)	1,179	(721)	800	188
Change in fair value	1,126	(1,235)	763	(842)	(188)
Exchange realignment	(95)	99	(67)	69	(6)
At 31 December 2022 (unaudited)	(39)	43	(25)	27	(6)
At 1 July 2023 (audited)	**(5,748)**	**6,084**	**(3,829)**	**3,995**	**502**
Change in fair value	**5,677**	**(5,930)**	**3,736**	**(3,896)**	**(413)**
Exchange realignment	**71**	**(154)**	**93**	**(99)**	**(89)**
At 31 December 2023 (unaudited)	**–**	**–**	**–**	**–**	**–**

The following is an analysis of the derivative components of convertible bonds for financial reporting purpose:

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Current assets		
– CB 2023A	**–**	(5,748)
– CB 2023B	**–**	(3,829)
	–	(9,577)
Current liabilities		
– CB 2023A	**–**	6,084
– CB 2023B	**–**	3,995
	–	10,079

The gain on change in fair value of embedded derivative of the convertible bonds for the six months ended 31 December 2023 of HK$413,000 (six months ended 31 December 2022: HK$188,000) were recognised as "Change in fair value of derivative embedded in convertible bonds" in the condensed consolidated statement of profit or loss and other comprehensive income, of which HK$Nil (six months ended 31 December 2022: HK$188,000) was related to derivative components of convertible bonds at 31 December 2023. The related interest expense of the liability component of the convertible bonds for the six months ended 31 December 2023 amounted to HK$1,363,000 (six months ended 31 December 2022: HK$1,721,000), which was calculated using the effective interest method.

14. BANK AND OTHER BORROWINGS

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Secured floating rate bank borrowings	**1,746,000**	1,704,500
Secured other borrowing		
– independent third party	**–**	10,000
Unsecured fixed rate other borrowings		
– independent third party	**–**	711
– CB 2023A Holder (Note 13(a))	**52,000**	–
– CB 2023B Holder (Note 13(a))	**32,500**	–
	1,830,500	1,715,211
Secured	**1,746,000**	1,714,500
Unsecured	**84,500**	711
	1,830,500	1,715,211
Carrying amounts repayable:		
Within one year or on demand*	**84,500**	10,711
Carrying amounts that contain a repayment on demand clause (shown under current liabilities)		
– Repayable within one year*	**1,746,000**	1,704,500
	1,830,500	(1,715,211)
Less: Amounts due within one year and shown under current liabilities	**(1,830,500)**	(1,715,211)
Amounts shown under non-current liabilities	**–**	–

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2023, the secured floating rate bank borrowings bear interest ranging from 1-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.08% to 1.92% (30 June 2023: HIBOR plus 1.08% to 1.92%) per annum, and the unsecured fixed rate other borrowing bears interest at 4% (30 June 2023: 3.65% to 28.71%) per annum as at 31 December 2023.

15. LOANS FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

As at 31 December 2023, the loan from a non-controlling shareholder of a subsidiary of HK$100,000,000 (30 June 2023: HK$100,000,000) is unsecured, interest-free and mutually agreed by the Group and the lender not to be repaid within one year after the end of the reporting period.

As at 31 December 2023, the loan from a non-controlling shareholder of a subsidiary of HK$10,000,000 (30 June 2023: HK$Nil) is unsecured, interest bearing of 15% per annum (30 June 2023: N/A) and repayable within one year (30 June 2023: N/A).

16. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.001 each at 1 July 2022 (audited), 31 December 2022 (unaudited), 1 July 2023 (audited) and 31 December 2023 (unaudited)	**200,000,000**	**200,000**
Preference shares of HK$0.04 each at 1 July 2022 (audited), 31 December 2022 (unaudited), 1 July 2023 (audited) and 31 December 2023 (unaudited)	**30,000,000**	**30,000**
Total:		
At 1 July 2022 (audited), 31 December 2022 (unaudited), 1 July 2023 (audited) and 31 December 2023 (unaudited)	**230,000,000**	**230,000**
Ordinary shares issued and fully paid:		
Ordinary shares of HK$0.001 each at 1 July 2022 (audited), 31 December 2022 (unaudited), 1 July 2023 (audited) and 31 December 2023 (unaudited)	**269,672**	**270**

17. SHARE BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme at the special general meeting held on 23 January 2009 by way of an ordinary resolution (the "2009 Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Eligible persons including but not limited to the Group's shareholders, directors, employees, business partners, customers and suppliers. Particulars of the 2009 Share Option Scheme are set out in the 2023 annual report of the Company.

The vesting period of the share options is from the date of grant to the commencement of the exercisable period.

2009 Share Option Scheme

The following table sets out the movements of the Company's share options during the period (unaudited):

Eligible person	Date of grant	Exercisable period	Adjusted exercise price after Share Consolidation HK$ (Note a)	Number of opinions		
				Outstanding As at 1.7.2023 (audited)	Movement during the period (Note b)	Outstanding as at 31.12.2023 (unaudited)
Directors	12.1.2018	12.1.2018 to 11.1.2028	3.2320	**175,000**	**–**	**175,000**
Consultants	12.1.2018	12.1.2018 to 11.1.2028	3.2320	**875,000**	**–**	**875,000**
				1,050,000	**–**	**1,050,000**
Exercisable at the end of the period				**1,050,000**	**–**	**1,050,000**
Weighted average exercise price				**3,232**		**3,232**

Notes:

a) Upon the completion of the share consolidation on 17 July 2018, the number of share options was adjusted from 375,907,529 to 93,976,879 and the corresponding exercise price were adjusted from a range of HK$0.0808 to HK$1.2980 per option to HK$0.3232 to HK$5.1920 per share option.

Furthermore, upon the completion of the Share Consolidation on 17 July 2021, the number of share options was adjusted from 25,450,000 to 2,545,000 and the corresponding exercise price were adjusted from a range of HK$0.3232 to HK$0.9152 per option to HK$3.2320 to HK$9.1520 per share option.

b) No share options under 2009 Share Option Scheme have been granted, exercised or cancelled during the six months ended 31 December 2023 and 2022. No share option is lapsed during the six months ended 31 December 2023 and 2022.

17. SHARE BASED PAYMENT TRANSACTIONS *(Continued)*

2020 Share Option Scheme

In view of the expiry of 2009 Share Option Scheme on 22 January 2019, the Company adopted a share option scheme at the annual general meeting held on 23 June 2020 by way of an ordinary resolution (the "2020 Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution or potential contribution to the Group. Eligible persons including but not limited to the Group's shareholders, directors, employees, business partners, customers and suppliers. Particulars of the 2020 Share Option Scheme are set out in the 2023 annual report of the Company.

No share options were granted during the six months ended 31 December 2023 and 2022 under the 2020 Share Option Scheme.

18. PLEDGE OF ASSETS

As at 31 December 2023, the Group's bank deposits with carrying amounts of HK$887,778,000 (30 June 2023: HK$864,396,000) were pledged to banks as securities to obtain the banking facilities granted to the Group. All of the bank borrowings in the principal sum of HK$1,746,000,000 were subsequently repaid by the Group in January 2024 and the pledged bank deposits were released accordingly.

As at 30 June 2023, the Group has a loan (the "MF Loan") in the principal sum of HK$10,000,000 granted by an independent money lender (the "MF Lender") which was secured by the execution by the Company of the first priority debenture creating a fixed and floating charge over the undertaking, property and assets of the Company in favour of the MF Lender and the personal guarantee of Mr. Li Ning ("Mr. Li"), the chairman of the Board, an executive director and a shareholder of the Company, and Mr. Wang Chaoguang, the co-chairman of the Board, an executive director and a shareholder of the Company, at the time the MF Loan was granted (collectively the "MF Debenture"). On 28 July 2023, the MF Loan was fully repaid and the MF Debenture was released on the same date.

Save as disclosed above, there was no charge created over the Group's assets at the end of the reporting periods.

19. DISCONTINUED OPERATION

On 28 July 2023, the Company and Mr. Li entered into an agreement, pursuant to which the Company conditionally agreed to sell, and Mr. Li conditionally agreed to purchase, the entire issued share capital of Brand New Management Limited (the "Disposal"), for a total consideration of HK$9,000,000, which was subject to adjustment on a dollar-for-dollar basis at the net asset value of Brand New Management Limited and its subsidiaries (the "Disposal Group") as at 30 June 2023. The Disposal Group are principally engaged in the new media marketing service business in Mainland China.

As at 31 December 2023, the Disposal was not yet completed. The Group expected the Disposal to be completed in coming twelve months. Consequently, the associated assets and liabilities of the Disposal Group were presented as held for sale in the condensed consolidated financial statements as at 31 December 2023 in accordance with HKFRS 5. On 12 January 2024, the Disposal was completed and the final consideration of the Disposal was HK$8,896,000, which is the net asset value of the Disposal Group as at 30 June 2023.

Financial information relating to the Discontinued operation for the six months ended 31 December 2023 and comparative information is set out below.

19. DISCONTINUED OPERATION *(Continued)*

a) Financial performance of Discontinued operation:

	Notes	Six months ended 31 December 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Revenue	3	**172**	151,307
Cost of services rendered		**–**	(143,624)
Gross profit		**172**	7,683
Other income		**89**	200
Selling expenses		**(1,709)**	(1,304)
General and administrative expenses		**(6,464)**	(2,943)
Other gains and losses		**218**	2
Impairment loss on trade and other receivables recognised under expected credit loss model		**–**	(938)
Finance costs	4	**(46)**	(101)
(Loss)/profit before taxation	5	**(7,740)**	2,599
Income tax credit	6	**47**	27
(Loss)/profit for the period from Discontinued operation		**(7,693)**	2,626
Exchange difference arising on translation of foreign operations from Discontinued operation		**747**	37
Total comprehensive (expense)/income from Discontinued operation		**(6,946)**	2,663
(Loss)/profit for the period from Discontinued operation attributable to:			
Owners of the Company		**(5,572)**	(116)
Non-controlling interests		**(2,121)**	2,742
		(7,693)	2,626
Total comprehensive (expenses)/income from Discontinued operation attributable to:			
Owners of the Company		**(4,836)**	(136)
Non-controlling interests		**(2,110)**	2,799
		(6,946)	2,663

19. DISCONTINUED OPERATION *(Continued)*

b) Assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2023:

	As at 31 December 2023 HK$'000 (Unaudited)
Assets classified as held for sale	
Property, plant and equipment	**133**
Right-of-use assets	**1,046**
Trade and other receivables and deposits paid	**27,178**
Bank balances and cash	**3,449**
Total assets of the Disposal Group classified as held for sale	**31,806**
Liabilities directly associated with assets classified as held for sale	
Trade and other payables, accruals and deposits received	**23,352**
Other borrowings	**713**
Contract liabilities	**1,573**
Lease liabilities	**1,152**
Income tax liabilities	**1,328**
Amount due to a director	**3,636**
Total liabilities of the Disposal Group directly associated with assets classified as held for sale	**31,754**

c) Cashflow information of Discontinued operation:

	Six months ended 31 December	
	2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Net cash outflow from operating activities	**(3,642)**	(271)
Net cash outflow from investing activities	**(1,923)**	(185)
Net cash inflow/(outflow) from financing activities	**1,317**	(1,865)
Net decrease in cash and cash equivalents of the Disposal Group	**(4,248)**	(2,321)

20. RELATED PARTY DISCLOSURES

a) Related party transactions

In addition to the transactions detailed elsewhere in there condensed consolidated financial statements, the Group has the following related party transactions during the period:

Relationship	Nature of transactions	Six months ended 31 December 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
A director of the Company	Interest expense	**33**	–
A non-controlling shareholder of a subsidiary	Interest expense	**748**	–
Fellow subsidiaries of a non-controlling shareholder of a subsidiary	Purchase of gold and jewellery products	**38,225**	1,380
	Purchase return of jewellery	**(2)**	–
	License and service fee	**69**	128
	Repayment of lease liabilities, including related interests	**4,610**	4,788
	Sales of jewellery	**–**	582
	Sales service fee	**57**	–
	Specialty fee	**43**	56
	Subcontracting fee	**24**	23
A company in which a director of a subsidiary has beneficial Interest	License and service fee	**1,366**	1,232

As at 31 December 2023, the ultimate holding company of a non-controlling shareholder of a subsidiary issued financial guarantee amounting to HK$1,075,000,000 (30 June 2023: HK$1,075,000,000) to banks in respect of banking facilities granted to the Group. No fee is paid or payable by the Group to the guarantor.

b) Related party balances

Details of the Group's outstanding balances with related parties are set out on the condensed consolidated statement of financial position and in notes 10, 12, 13, 14 and 15.

In addition, the particular of amount due to a director is disclosed as follows:

	31 December 2023 HK$'000 (Unaudited)	30 June 2023 HK$'000 (Audited)
Mr. Li (note)	**1,819**	3,394

Note: As at 31 December 2023, the amount of approximately HK$1,819,000 was unsecured, interest bearing of 5% per annum and repayable within one year.

As at 30 June 2023, other than the amount of approximately HK$1,575,000 which was unsecured, interest-free and repayable on demand, the remaining amount of approximately HK$1,819,000 was unsecured, interest bearing of 5% per annum and repayable within one year.

20. RELATED PARTY DISCLOSURES *(Continued)*

c) Compensation of key management personnel

Remuneration of key management personnel of the Company whose remuneration is disclosed as follows:

	Six months ended 31 December	
	2023	2022
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Fees	**870**	870
Salaries	**4,842**	5,220
Retirement benefit costs	**63**	59
	5,775	6,149

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

	Financial assets/liabilities included in the condensed consolidated statement of financial position	Fair value as at 31 December 2023 HK$'000 (Unaudited)	Fair value as at 30 June 2023 HK$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
1)	Equity instruments at FVTOCI – Unquoted equity investment	–	–	Level 3	The fair value is measured based on the underlying assets, taking into consideration of discount of lack of marketability and minority discount	Discount for lack of marketability and minority discount (Note a)
2)	Call option derivatives embedded in convertible bond	–	9,577	Level 3	Binomial option pricing model The fair value is estimated based on the share price, dividend yield, volatility of the share price of the Company and risk-free rate	Volatility of the share price by reference to the historical share price of the Company (Note b)
3)	Conversion option derivatives embedded in convertible bond	–	10,079	Level 3	Binomial option pricing model The fair value is estimated based on the share price, dividend yield, volatility of the share price of the Company and risk-free rate	Volatility of the share price by reference to the historical share price of the Company (Note b)

Notes:

a) The higher the discount for lack of marketability and minority discount, the lower the fair value of the unquoted equity investment.

b) The higher the volatility of the share price of the Company, the higher the fair value of the call option derivative and the conversion option derivative. Details of the volatility of the share price of the Company used in the fair value measurement are set out in Note 13 to the condensed consolidated financial statements.

There is no transfer between different levels of the fair value hierarchy for the six months ended 31 December 2023 and 2022.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

The fair value of such financial assets and financial liabilities (categories within level 3 hierarchy) are determined in accordance with general accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

22. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following event after the reporting period:

The principal amounts of CB 2023A and CB 2023B in an aggregate amount of HK$84,500,000 was fully repaid by the Group in January 2024.