



PHOENITRON

**PHOENITRON HOLDINGS LIMITED**

**品創控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8066)**

**INTERIM REPORT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”).**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Director(s)”) of Phoenix Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

**SUMMARY**

- Unaudited revenue for the six months ended 30 June 2024 amounted to approximately HK\$21,628,000, representing a decrease of 42.3% as compared to the corresponding period in 2023 of approximately HK\$37,469,000.
- The Group recorded an unaudited loss attributable to owners of the Company of approximately HK\$3,049,000 for the six months ended 30 June 2024 (2023: unaudited profit of approximately HK\$1,259,000).
- The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding periods in 2023 as follows:

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

*For the six months ended 30 June 2024*

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	HK\$	HK\$
<b>Revenue</b>	3	<b>21,628,172</b>	37,468,966
Cost of sales		<u>(15,061,348)</u>	<u>(25,824,628)</u>
<b>Gross profit</b>		<b>6,566,824</b>	11,644,338
Other income	4	<b>82,650</b>	811,412
Other losses, net	5	<b>(593,541)</b>	(1,121,053)
Selling and distribution costs		<b>(1,000,215)</b>	(1,104,637)
Administrative expenses		<b>(10,887,854)</b>	(10,495,764)
Change in fair value of investment in TV programmes		<b>2,903,226</b>	1,621,622
Finance costs	6	<u>(121,492)</u>	<u>(98,338)</u>
<b>(Loss)/profit before income tax</b>	7	<b>(3,050,402)</b>	1,257,580
Income tax expense	8	<u>—</u>	<u>—</u>
<b>(Loss)/profit for the period</b>		<b><u>(3,050,402)</u></b>	<b><u>1,257,580</u></b>
<b>Other comprehensive (loss)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>(74,937)</u>	<u>541,273</u>
<b>Other comprehensive (loss)/income for the period</b>		<u>(74,937)</u>	<u>541,273</u>
<b>Total comprehensive (loss)/income for the period</b>		<b><u>(3,125,339)</u></b>	<b><u>1,798,853</u></b>

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>
<b>(Loss)/profit for the period attributable to:</b>		
Owners of the Company	<b>(3,049,302)</b>	1,258,605
Non-controlling interests	<b>(1,100)</b>	(1,025)
	<b><u>(3,050,402)</u></b>	<b><u>1,257,580</u></b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
Owners of the Company	<b>(3,124,239)</b>	1,799,878
Non-controlling interests	<b>(1,100)</b>	(1,025)
	<b><u>(3,125,339)</u></b>	<b><u>1,798,853</u></b>
	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>(Loss)/earnings per share attributable to owners of the Company</b>		
Basic and diluted	<b><u>(0.580)</u></b>	<b><u>0.240</u></b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2024*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>4,391,394</b>	2,700,493
Intangible assets		<b>420,000</b>	420,000
Right-of-use assets		<b>4,955,174</b>	6,681,880
Deposits	<i>14</i>	<b>874,157</b>	962,744
Prepayments for acquisition of property plant and equipment	<i>14</i>	<b>302,640</b>	2,041,933
Prepayment for acquisition of an associate	<i>14</i>	<b>3,913,043</b>	–
Investment in TV programmes	<i>12</i>	<b>31,935,484</b>	29,735,683
		<u><b>46,791,892</b></u>	<u>42,542,733</u>
<b>Current assets</b>			
Inventories	<i>13</i>	<b>2,550,336</b>	1,036,738
Trade and other receivables, deposits and prepayments	<i>14</i>	<b>10,192,516</b>	18,257,977
Cash and cash equivalents		<b>6,554,583</b>	7,224,481
		<u><b>19,297,435</b></u>	<u>26,519,196</u>
<b>Current liabilities</b>			
Trade and other payables	<i>15</i>	<b>23,070,593</b>	20,479,991
Lease liabilities		<b>3,089,322</b>	3,231,661
Other borrowings		<b>243,902</b>	987,342
		<u><b>26,403,817</b></u>	<u>24,698,994</u>
<b>Net current (liabilities)/assets</b>		<u><b>(7,106,382)</b></u>	<u>1,820,202</u>
<b>Total assets less current liabilities</b>		<u><b>39,685,510</b></u>	<u>44,362,935</u>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
<b>Non-current liabilities</b>			
Lease liabilities		2,043,691	3,595,777
Defined benefit plan obligations		<u>327,338</u>	<u>327,338</u>
		<u>2,371,029</u>	<u>3,923,115</u>
<b>Net assets</b>		<b><u>37,314,481</u></b>	<b><u>40,439,820</u></b>
<b>EQUITY</b>			
Share capital	16	105,069,500	105,069,500
Deficit in reserves		<u>(67,983,436)</u>	<u>(64,859,197)</u>
Equity attributable to the owners of the Company		37,086,064	40,210,303
Non-controlling interests		<u>228,417</u>	<u>229,517</u>
<b>Total equity</b>		<b><u>37,314,481</u></b>	<b><u>40,439,820</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Share option reserve	Other reserves	Translation reserve	Accumulated losses	Total		
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January 2023 (audited)	105,069,500	363,340,792	13,985,669	3,339,000	7	10,543,317	(459,820,362)	36,457,923	230,595	36,688,518
Profit/(Loss) for the period	-	-	-	-	-	-	1,258,605	1,258,605	(1,025)	1,257,580
Other comprehensive income										
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	541,273	-	541,273	-	541,273
Total comprehensive income/(loss) for the period	-	-	-	-	-	541,273	1,258,605	1,799,878	(1,025)	1,798,853
Lapse of share options	-	-	-	(39,930)	-	-	39,930	-	-	-
Balance at 30 June 2023 (unaudited)	<u>105,069,500</u>	<u>363,340,792</u>	<u>13,985,669</u>	<u>3,299,070</u>	<u>7</u>	<u>11,084,590</u>	<u>(458,521,827)</u>	<u>38,257,801</u>	<u>229,570</u>	<u>38,487,371</u>
Balance at 1 January 2024 (audited)	<u>105,069,500</u>	<u>363,340,792</u>	<u>13,985,669</u>	<u>3,299,070</u>	<u>7</u>	<u>9,960,197</u>	<u>(455,444,932)</u>	<u>40,210,303</u>	<u>229,517</u>	<u>40,439,820</u>
Loss for the period	-	-	-	-	-	-	(3,049,302)	(3,049,302)	(1,100)	(3,050,402)
Other comprehensive loss										
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	(74,937)	-	(74,937)	-	(74,937)
Total comprehensive loss for the period	-	-	-	-	-	(74,937)	(3,049,302)	(3,124,239)	(1,100)	(3,125,339)
Balance at 30 June 2024 (unaudited)	<u>105,069,500</u>	<u>363,340,792</u>	<u>13,985,669</u>	<u>3,299,070</u>	<u>7</u>	<u>9,885,260</u>	<u>(458,494,234)</u>	<u>37,086,064</u>	<u>228,417</u>	<u>37,314,481</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2024*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$</b>	<b>HK\$</b>
Net cash generated from/(used in) operating activities	<b>631,624</b>	(146,506)
Net cash used in investing activities	<b>(5,122,468)</b>	(548,459)
Net cash generated from/(used in) financing activities	<u><b>4,013,397</b></u>	<u>(2,783,285)</u>
Net decrease in cash and cash equivalents	<b>(477,447)</b>	(3,478,250)
Cash and cash equivalents at beginning of the period	<b>7,224,481</b>	6,236,472
Effect of foreign exchange rate changes	<u><b>(192,451)</b></u>	<u>7,576</u>
Cash and cash equivalents at end of the period	<u><b>6,554,583</b></u>	<u>2,765,798</u>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2023.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

Except as for the adoption of new and amended HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2024, the material accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are consistent with those of the audited annual financial statements of the Group for the year ended 31 December 2023, as described in those audited annual financial statements. The Directors anticipate that the application of all amendments to HKFRSs will have no material impact on the unaudited condensed consolidated financial statements of the Group.

The Group has not early applied the new and amended HKFRSs that have been issued by the HKICPA but are not yet effective.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment in TV programmes, which is measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed consolidated financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions.

In preparing these unaudited condensed consolidated financial statements, the critical accounting estimates and judgements made by the Group were the same as those that applied to the audited annual consolidated financial statements of the Group for the year ended 31 December 2023.

## 2. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the chief operating decision makers (i.e. executive Directors) for the purposes of resources allocation and assessment of segment performance. The business components in the internal reporting to the executive Directors, the chief operating decision-makers, are determined following the Group’s major product and service lines. The Group is currently organized into the following five operating segments:

- (i) Sales of smart cards;
- (ii) Sales of smart cards application systems;
- (iii) Financial and management consultancy services;
- (iv) Sales and trading of scrap metals; and
- (v) Media and entertainment.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments. The measurement of segment (loss)/profit before income tax is the same as those used in preparing these unaudited condensed consolidated financial statements under HKFRSs except that finance costs, exchange losses, net and corporate expenses, net not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

Segment assets include all assets with the exception of intangible assets, assets which are not attributable to the business activities of the operating segments and other assets which are managed on a group basis such as cash and cash equivalents.

Segment liabilities include all liabilities except for liabilities which are not attributable to the business activities of the operating segments and other liabilities which are managed on a group basis such as other borrowings.

#### Segment revenue, segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reconciliation to revenue, (loss)/profit before income tax, total assets and total liabilities are as follows:

#### Six months ended 30 June 2024

	Sales of smart cards <i>HK\$</i> (Unaudited)	Sales of application systems <i>HK\$</i> (Unaudited)	Financial and management consultancy services <i>HK\$</i> (Unaudited)	Sales and trading of scrap metals <i>HK\$</i> (Unaudited)	Media and entertainment <i>HK\$</i> (Unaudited)	Unallocated <i>HK\$</i> (Unaudited)	Consolidated <i>HK\$</i> (Unaudited)
Reportable segment revenue	<u>21,625,572</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,628,172</u>
Reportable segment (loss)/profit	<u>(636,576)</u>	<u>(8,286)</u>	<u>-</u>	<u>(1,542,935)</u>	<u>2,900,726</u>	<u>-</u>	<u>712,929</u>
Finance costs							(121,492)
Exchange losses, net							(593,541)
Corporate expenses, net							<u>(3,048,298)</u>
Loss before income tax							<u><u>(3,050,402)</u></u>

Six months ended 30 June 2023

	Sales of smart cards <i>HK\$</i> (Unaudited)	Sales of smart card application systems <i>HK\$</i> (Unaudited)	Financial and management consultancy services <i>HK\$</i> (Unaudited)	Sales and trading of scrap metals <i>HK\$</i> (Unaudited)	Media and entertainment <i>HK\$</i> (Unaudited)	Unallocated <i>HK\$</i> (Unaudited)	Consolidated <i>HK\$</i> (Unaudited)
Reportable segment revenue	<u>37,466,666</u>	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,468,966</u>
Reportable segment profit/(loss)	<u>5,367,992</u>	<u>(8,218)</u>	<u>-</u>	<u>(1,522,147)</u>	<u>1,619,272</u>	<u>-</u>	<u>5,456,899</u>
Finance costs							(98,338)
Exchange losses, net							(1,121,053)
Corporate expenses, net							<u>(2,979,928)</u>
Profit before income tax							<u>1,257,580</u>

30 June 2024

	Sales of smart cards <i>HK\$</i> (Unaudited)	Sales of smart card application systems <i>HK\$</i> (Unaudited)	Financial and management consultancy services <i>HK\$</i> (Unaudited)	Sales and trading of scrap metals <i>HK\$</i> (Unaudited)	Media and entertainment <i>HK\$</i> (Unaudited)	Unallocated <i>HK\$</i> (Unaudited)	Consolidated <i>HK\$</i> (Unaudited)
Reportable segment assets	<u>19,996,977</u>	<u>-</u>	<u>-</u>	<u>368,439</u>	<u>31,935,484</u>	<u>6,813,844</u>	<u>59,114,744</u>
Intangible assets							420,000
Cash and cash equivalents							<u>6,554,583</u>
Total consolidated assets							<u>66,089,327</u>
Reportable segment liabilities	<u>16,362,907</u>	<u>6,000</u>	<u>-</u>	<u>593,007</u>	<u>-</u>	<u>11,569,030</u>	<u>28,530,944</u>
Other borrowings							<u>243,902</u>
Total consolidated liabilities							<u>28,774,846</u>

31 December 2023

	Sales of smart cards <i>HK\$</i> (Audited)	Sales of smart card application systems <i>HK\$</i> (Audited)	Financial and management consultancy services <i>HK\$</i> (Audited)	Sales and trading of scrap metals <i>HK\$</i> (Audited)	Media and entertainment <i>HK\$</i> (Audited)	Unallocated <i>HK\$</i> (Audited)	Consolidated <i>HK\$</i> (Audited)
<b>Reportable segment assets</b>	<u>28,000,219</u>	<u>–</u>	<u>–</u>	<u>440,918</u>	<u>29,735,683</u>	<u>3,240,628</u>	61,417,448
Intangible assets							420,000
Cash and cash equivalents							<u>7,224,481</u>
Total consolidated assets							<u>69,061,929</u>
<b>Reportable segment liabilities</b>	<u>19,708,887</u>	<u>12,000</u>	<u>–</u>	<u>636,225</u>	<u>–</u>	<u>7,277,655</u>	27,634,767
Other borrowings							<u>987,342</u>
Total consolidated liabilities							<u>28,622,109</u>

There has been no inter-segment sale between different business segments during the periods.

### 3. REVENUE

The Group's revenue for goods transferred at a point in time from external customers is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b><i>HK\$</i></b>	<b><i>HK\$</i></b>
Sales of smart cards	<b>21,625,572</b>	37,466,666
Sales of smart card application systems	<b>2,600</b>	2,300
	<u><b>21,628,172</b></u>	<u>37,468,966</u>

4. OTHER INCOME

	Unaudited Six months ended 30 June	
	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	3,105	3,297
Government subsidies	–	639,080
Sundry income	79,545	169,035
	<u>82,650</u>	<u>811,412</u>

5. OTHER LOSSES, NET

	Unaudited Six months ended 30 June	
	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Exchange losses, net	(595,541)	(1,121,053)

6. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Finance charges on lease liabilities	121,492	98,338

7. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Unaudited Six months ended 30 June	
	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Costs of inventories recognised as expenses	15,061,348	25,824,628
Depreciation		
– Property, plant and equipment	1,114,217	992,130
– Right-of-use assets	1,662,392	1,558,794

## 8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$	HK\$
Income tax expense	—	—

*Notes:*

### (a) Hong Kong

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and the profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax has been provided for the six months ended 30 June 2024 and 2023 as the Group has sufficient tax losses brought forward to set off against assessable profits in Hong Kong during the six months ended 30 June 2024 and 2023.

### (b) PRC

The PRC Enterprise Income Tax has been calculated at 25% (2023: 25%) on the estimated assessable profits for the period based on the existing legislation, interpretations and practices in respect thereof. No PRC Enterprise Income Tax has been provided for the six months ended 30 June 2024 as the Group did not generate any assessable profits in the PRC during the six months ended 30 June 2024 (2023: the Group has sufficient tax losses brought forward to set off against assessable profits in the PRC).

### (c) Other jurisdictions

Pursuant to the rules and regulations of the Cayman Islands, the British Virgin Islands (the “BVI”) and Taiwan, the Group is not subject to any income tax or did not generate any assessable profits in the Cayman Islands, the BVI and Taiwan (2023: nil).

## 9. DIVIDEND

The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) *Basic (loss)/earnings per share*

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, calculated as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
(Loss)/profit attributable to owners of the Company ( <i>HK\$</i> )	<b>(3,049,302)</b>	1,258,605
Weighted average number of ordinary shares in issue	<b><u>525,347,500</u></b>	<u>525,347,500</u>
Basic (loss)/earnings per share ( <i>expressed in HK cents per share</i> )	<b><u><u>(0.580)</u></u></b>	<u><u>0.240</u></u>

### (b) *Diluted (loss)/earnings per share*

As the Company's outstanding share options had an anti-dilutive effect to the basic earnings per share calculation for the six months ended 30 June 2023 and the exercise price of the share option is higher than the average market price per share for the six months ended 30 June 2024, the exercise of the potential ordinary shares is not assumed in the computation of diluted (loss)/earnings per share. Therefore, the diluted (loss)/earnings per share attributable to owners of the Company for the six months ended 30 June 2024 and 2023 are the same as the basic (loss)/earnings per share, respectively.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment of approximately HK\$3.0 million (six months ended 30 June 2023: approximately HK\$0.7 million).

## 12. INVESTMENT IN TV PROGRAMMES

	<b><i>HK\$</i></b>
Balance at 1 January 2023 (audited)	31,685,393
Total losses included in profit or loss:	
Fair value change	(1,321,585)
Exchange difference arising from translation, included in other losses, net	<u>(628,125)</u>
Balance at 31 December 2023 and 1 January 2024 (audited)	<b>29,735,683</b>
Total gains/(losses) included in profit or loss:	
Fair value change	<b>2,903,226</b>
Exchange difference arising from translation, included in other losses, net	<u><b>(703,425)</b></u>
<b>Balance at 30 June 2024 (unaudited)</b>	<b><u><u>31,935,484</u></u></b>

The Group's investment in TV programmes is measured at fair value in the unaudited condensed consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the investment in TV programmes is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The fair value of the investment in TV programmes is level 3 (31 December 2023: level 3) fair value measurement. There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2024 and the year ended 31 December 2023.

#### **Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments by adopting an income approach based on the discounted cash flow.

#### **Fair value measurements using significant unobservable inputs (level 3)**

The above movement presents the changes in level 3 item for the six months ended 30 June 2024 and the year ended 31 December 2023.

<b>Significant unobservable inputs</b>	<b>Unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
Discount rate	21.31% (31 December 2023: 21.78%)	The higher/lower the discount rate, the lower/higher the fair value.
Estimated revenue generated by the TV programmes	RMB210,000,000 (31 December 2023: RMB210,000,000)	The higher/lower the estimated revenue generated by the TV programmes, the higher/lower the fair value.

Should the discount rate increase or decrease by 3% respectively, the fair value of the investment in TV programmes would be decreased or increased by HK\$967,742 respectively (31 December 2023: decreased by HK\$1,315,208 or increased by HK\$1,229,067, respectively). Should the estimated revenue generated by the TV programmes increase or decrease by 10% respectively, the fair value of the investment in TV programmes would be increased or decreased by HK\$3,225,806 respectively (31 December 2023: HK\$2,949,341).



### 13. INVENTORIES

	Unaudited 30 June 2024 HK\$	Audited 31 December 2023 HK\$
Raw materials	592,153	308,992
Work-in-progress	1,955,283	337,909
Finished goods	2,900	389,837
	<u>2,550,336</u>	<u>1,036,738</u>

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 June 2024 HK\$	Audited 31 December 2023 HK\$
Trade receivables, net ( <i>note</i> )	6,757,310	13,155,916
Other receivables, deposits and prepayments, net	8,525,046	8,106,738
	<u>15,282,356</u>	<u>21,262,654</u>
Less: Non-current deposits	(874,157)	(962,744)
Less: Non-current prepayments for acquisition of property, plant and equipment	(302,640)	(2,041,933)
Less: Non-current prepayment for acquisition of an associate	(3,913,043)	–
	<u>10,192,516</u>	<u>18,257,977</u>

*Note:*

The credit term granted by the Group to its trade customers normally ranges from 30 days to 90 days (2023: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the Group's trade receivables (net of expected credit loss ("ECL") allowance) is as follows:

	Unaudited 30 June 2024 HK\$	Audited 31 December 2023 HK\$
0 – 30 days	4,113,213	4,515,265
31 – 90 days	2,267,184	7,406,361
Over 90 days	376,913	1,234,290
Less: ECL allowance	–	–
	<u>6,757,310</u>	<u>13,155,916</u>

15. **TRADE AND OTHER PAYABLES**

	<b>Unaudited 30 June 2024 HK\$</b>	Audited 31 December 2023 HK\$
Trade payables (Note)	6,969,190	8,715,302
Other payables and accrual	<u>16,101,403</u>	<u>11,764,689</u>
	<b><u>23,070,593</u></b>	<b><u>20,479,991</u></b>

*Note:*

Credit period granted by suppliers normally range from 30 days to 90 days (2023: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	<b>Unaudited 30 June 2024 HK\$</b>	Audited 31 December 2023 HK\$
0 – 30 days	2,555,826	1,407,208
31 – 60 days	1,014,092	1,519,966
61 – 90 days	968,997	836,315
Over 90 days	<u>2,430,275</u>	<u>4,951,813</u>
	<b><u>6,969,190</u></b>	<b><u>8,715,302</u></b>

16. **SHARE CAPITAL**

	<b>Number of shares</b>	<b>Nominal Value HK\$</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.20 each		
At 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<b><u>1,500,000,000</u></b>	<b><u>300,000,000</u></b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.20 each		
At 1 January 2023 (audited), 31 December 2023 (audited), 1 January 2024 (audited) and 30 June 2024 (unaudited)	<b><u>525,347,500</u></b>	<b><u>105,069,500</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operation and Financial Review

#### *Revenue*

For the six months ended 30 June 2024 (the “Reporting Period”), the Group’s financial result was principally derived from the contract manufacturing and sales of smart cards.

During the Reporting Period, the Group’s revenue generated from sales of smart cards amounted to approximately HK\$21.63 million, representing a decrease of approximately HK\$15.8 million or 42.3% as compared to the corresponding period in 2023 of approximately HK\$37.47 million. Such a significant decrease in revenue was attributable to (i) a high level of revenue in the first half of 2023 due to the supply of chips bouncing back during that period, enabling the SZ plant to clear its smartcard order backlog; and (ii) orders placed by one of the major customers for the first half of 2024 declined due to certain short-term market factors.

The Group’s revenue generated from sales of smart card application systems amounted to HK\$2,600 (six months ended 30 June 2023: HK\$2,300).

#### *Cost of Sales (“COS”) and Gross Profit*

During the Reporting Period, cost of sales incurred for sales of smart cards amounted to approximately HK\$15.06 million, a decrease of approximately HK\$10.76 million or 41.7% as compared to the corresponding period in 2023 of approximately HK\$25.82 million.

The Group recorded cost of sales from sales of smart card application systems of HK\$2,398 (six months ended 30 June 2023: HK\$2,180).

Due to the decrease in sales, gross profit of the Group during the Reporting Period dropped by approximately HK\$5.08 million or 43.6%, from the corresponding period in 2023 of approximately HK\$11.65 million, to approximately HK\$6.57 million.

#### *Other Income*

Other income of HK\$82,650 consisted of bank interest income of HK\$3,105 and sundry income of HK\$79,545 (six months ended 30 June 2023: HK\$811,412, comprised of government subsidy of HK\$639,080, bank interest income of HK\$3,297 and sundry income of HK\$169,035).

***Other losses, net***

During the Reporting Period, other losses (net) amounted to approximately HK\$0.59 million which was attributable to the exchange differences arising from translating the carrying balance of investment in TV programme at the balance sheet date, but partly offset by the exchange gains arising from foreign currency-based transactions (six months ended 30 June 2023: approximately HK\$1.12 million).

***Selling and Distribution Costs***

During the Reporting Period, selling and distribution costs amounted to approximately HK\$1.0 million, representing a decrease of approximately HK\$0.1 million, or 9.1%, as compared to the corresponding period in 2023 of approximately HK\$1.1 million. The decrease was mainly due to the decrease in freight costs corresponding to the decrease in revenue year-on-year.

***Administrative Expenses***

Administrative expenses recorded a slight increase of approximately HK\$0.39 million, or 3.7% during the Reporting Period, from approximately HK\$10.50 million for the corresponding period in 2023, to approximately HK\$10.89 million.

***Change in Fair Value of Investment in TV programmes***

During the Reporting Period, a fair value gain on investment in TV programmes of approximately HK\$2.90 million was recognised (six months ended 30 June 2023: approximately HK\$1.62 million).

According to Mr. Zhang Jian, the director of the TV programme, the estimated timetable of revenue inflow remains unchanged as compared to the end of 2023. The fair value gain was mainly attributable to the changes in discount rate (due to changes in market parameters that determine the applicable discount rate).

***Finance Costs***

During the Reporting Period, the Group's finance costs comprised of interest charges on lease liabilities and amounted to approximately HK\$0.12 million (six months ended 30 June 2023: approximately HK\$0.10 million).

### ***Income Tax Expense***

There was no income tax expense incurred during the Reporting Period (six months ended 30 June 2023: nil).

### ***Non-controlling Interest***

During the Reporting Period, a loss of HK\$1,100 attributable to the non-controlling interests was recognized (six months ended 30 June 2023: HK\$1,025).

As a result of the foregoing, loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$3.05 million (six months ended 30 June 2023: profit of approximately HK\$1.26 million).

## **LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE**

During the Reporting Period, the Group financed its business operations and investments with cash, revenue generated from operating activities and other borrowings. As at 30 June 2024, the Group had cash and bank balances of approximately HK\$6.6 million (31 December 2023: approximately HK\$7.2 million) and other borrowings of approximately HK\$0.2 million (31 December 2023: approximately HK\$1.0 million).

As at 30 June 2024, the Group had current assets of approximately HK\$19.3 million (31 December 2023: approximately HK\$26.5 million) and current liabilities of approximately HK\$26.4 million (31 December 2023: approximately HK\$24.7 million). The current ratio, expressed as current assets over current liabilities, was 0.7 (31 December 2023: 1.1). The decrease in current ratio is primarily due to the non-refundable deposits received for the issuance of the convertible bonds as at 30 June 2024. Had the transaction for issuance of the convertible bonds been completed as at 30 June 2024, the related non-refundable deposits would have been reclassified from current liabilities, and the current ratio would have been revised to 1.0 (31 December 2023: 1.1).

## **EMPLOYEE INFORMATION**

As at 30 June 2024, the Group's employed a total of 141 employees (31 December 2023: 126 employees), of which 12 were located in Hong Kong and the rest were located in the PRC and Taiwan. Employee cost, including Directors' remuneration, was approximately HK\$11.0 million (six months ended 30 June 2023: approximately HK\$12.5 million) during the Reporting Period. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition to basic salaries and participation in mandatory provident fund scheme, staff benefits include medical scheme and share options.

## **SIGNIFICANT INVESTMENTS**

Save as disclosed under section headed “Management Discussion and Analysis” and “Notes to the Unaudited Condensed Consolidated Financial Statements” above, there were no other significant investments for the six months ended 30 June 2024.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed in the announcements of the Company in relation to the subscription of registered capital of 杭州拜恩科智能科技有限公司 (Hangzhou Bizike Intelligence Technology Company Limited), the Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2024. Please refer to the announcements of the Company dated 17 April 2024, 30 May 2024 and 29 July 2024 for details.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed under section headed “Management Discussion and Analysis” and “Notes to the Unaudited Condensed Consolidated Financial Statements” above, there were no future plans for material investments or capital assets as at 30 June 2024.

## **CHARGE ON GROUP ASSETS**

At 30 June 2024, there is no charge on assets of Group (31 December 2023: nil).

## **GEARING RATIO**

The gearing ratio of the Group, expressed as a percentage of total borrowings including lease liabilities to total assets of the Group, was 8.1% as at 30 June 2024 (31 December 2023: 11.3%).

## **CAPITAL COMMITMENTS**

As at 30 June 2024, capital commitment of the Group for acquisition of property, plant and equipment amounted to approximately HK\$0.4 million (31 December 2023: approximately HK\$1.2 million).

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group did not have any significant contingent liabilities.

## **EVENT AFTER THE REPORTING PERIOD**

The Company entered into a subscription agreement with an independent subscriber on 10 February 2023 (the “Subscription Agreement”) to raise additional capital of HK\$16,500,000 by issuance of convertible bonds. As at 30 June 2024 and up to the date of authorisation of these unaudited condensed consolidated financial statements, in the opinion of the Directors, the precedent conditions of the Subscription Agreement were not fulfilled and the convertible bonds have not yet been issued. On 12 August 2024, the Company entered into an extension letter with the independent subscriber to further extend the long stop date of the Subscription Agreement to 5 September 2024. Further details regarding the issuance and extension of the convertible bonds are disclosed in the announcements of the Company dated 10 February 2023, 28 February 2023, 21 March 2023, 11 April 2023, 2 May 2023, 23 May 2023, 5 July 2023, 18 August 2023, 31 October 2023, 20 December 2023, 29 February 2024, 30 April 2024, 28 June 2024, 22 July 2024 and 12 August 2024.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group’s exposures to currency risk arise from its investment in TV programmes and overseas sales and purchases, which are primarily denominated in Renminbi (“RMB”) and United States Dollars (“USD”). These are not the functional currencies of the group entities to which these transactions relate.

To mitigate the Group’s exposure to foreign currency risk, cash flows in foreign currencies are monitored in accordance with the Group’s risk management policies. Generally, the Group’s risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The policy to manage foreign currency risk has been followed by the Group since prior periods and is considered to be effective.

## DIRECTORS' INTERESTS AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which would be required pursuant to section 352 of the SFO or to be entered in the register as referred to therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

Name of Directors	Nature of interest	Long/short position	Number of shares of the Company	Number of underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital
<i>Executive Directors</i>					
Ms. Lily Wu (Note 1)	Beneficial owner	Long	100,000	4,500,000	0.88
Mr. Chang Wei Wen (Note 1)	Beneficial owner	Long	525,000	4,500,000	0.96
Mr. Yang Meng Hsiu (Note 1)	Beneficial owner	Long	4,300,000	4,500,000	1.68
<i>Independent non-executive Directors</i>					
Mr. Chan Siu Wing, Raymond (Note 2)	Beneficial owner	Long	–	450,000	0.09
Ms. Wong Ka Wai, Jeanne (Note 2)	Beneficial owner	Long	–	450,000	0.09

### Notes:

- These include 4,500,000 share options conferring rights to subscribe for 4,500,000 shares.
- These include 450,000 share options conferring rights to subscribe for 450,000 shares.



Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2024, as far as is known to the Directors, the persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

<b>Name of shareholders</b>	<b>Type of interests</b>	<b>Long/short position</b>	<b>Number of shares of the Company</b>	<b>Approximate percentage of interests</b>
Golden Dice Co., Ltd. <i>(Note 1)</i>	Beneficial	Long	78,802,512	15.00
Best Heaven Limited <i>(Note 1)</i>	Beneficial	Long	31,586,500	6.01
Mr. Tsai Chi Yuan <i>(Note 1)</i>	Interests in controlled company	Long	110,389,012	21.01

*Note:*

1. Mr. Tsai Chi Yuan is deemed to be a substantial shareholder of the Company by virtue of his 100% beneficial interest in Golden Dice Co., Ltd. and Best Heaven Limited.

Save as disclosed above, as at 30 June 2024, the Directors and the chief executive of the Company were not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE OPTIONS

Pursuant to the resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company dated 8 January 2008, a share option scheme (the “Share Option Scheme”) was approved and adopted. The share options are fully vested at the date of grant. Summary of the share options outstanding during the six months ended 30 June 2024 are as follows:

Name of participants	At 1 January 2024	Lapsed during the period	At 30 June 2024	Date of grant	Exercisable period	Exercise price HK\$
<i>Executive Directors</i>						
Ms. Lily Wu (Note 1)	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Chang Wei Wen (Note 1)	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Yang Meng Hsiu (Note 1)	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
<i>Independent non-executive Directors</i>						
Mr. Chan Siu Wing, Raymond (Note 1)	450,000	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Ms. Wong Ka Wai, Jeanne (Note 1)	450,000	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
	14,400,000	–	14,400,000			
<i>Other employees</i>						
In aggregate (Note 1)	22,779,250	–	22,779,250	3 January 2018	3 January 2018 to 2 January 2028	0.20
	37,179,250	–	37,179,250			

*Note:*

- As at 30 June 2024, the remaining life was about 3.51 years.

## **AUDIT COMMITTEE**

The audit committee currently comprises three independent non-executive Directors and is chaired by Ms. Wong Ka Wai, Jeanne. The rest of members are Mr. Chan Siu Wing, Raymond and Mr. Yeung Man Chit, Daniel. At the discretion of the audit committee, executive Directors and/or senior management personnel, overseeing the Group's finance and internal control functions, may be invited to attend meeting. The primary role and function of the audit committee are to review the Company's financial controls, internal control and risk management systems; to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; to review the Company's consolidated financial statements, annual reports and interim reports, and to provide advice and comment thereon to the Board.

The Group's unaudited interim results for the six months ended 30 June 2024 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board believes that good corporate governance practices are essential for effective management and enhancement of shareholder value and investor confidence. The Company has taken a proactive approach in strengthening corporate governance practices, increasing transparency and sustaining accountability to shareholders through effective internal controls, under the leadership of its experienced and committed Board.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with all the code provisions set out in the CG Code throughout the six months ended 30 June 2024 with the exception of the code provision C.2.1 which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Details relating to the foregoing deviation are summarised below.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Ms. Lily Wu ("Ms. Wu") serves as the Chairman of the Board since 1 April 2006 and was further appointed as the Chief Executive Officer on 23 March 2009. The reasons for not splitting the roles of chairman and chief executive officer are (i) the size of the Group is still relatively small and thus not justified in separating the roles of chairman and chief executive officer; and (ii) the Group has in place an internal control system to perform the check and balance function. Ms. Wu is primarily responsible for leadership of the Group and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board. Execution responsibilities lie with another executive Director and senior management of the Company.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

#### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2024.

#### **COMPETING INTERESTS**

As at 30 June 2024, none of the Directors or the management shareholders or any of their respective associates (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group directly or indirectly.

#### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

By order of the Board  
**Lily Wu**  
*Chairman*

Hong Kong, 15 August 2024