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Minerva Group Holding Limited

贏集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

For the six months ended 30 June 2024:

- The Group recorded revenue of approximately HK\$36,451,000 (2023: HK\$39,041,000).
- Loss attributable to owners of the Company amounted to approximately HK\$14,040,000 (2023: HK\$34,867,000).
- The Board does not recommend the payment of an interim dividend.

As at 30 June 2024:

- The Group held financial assets at fair value through profit or loss of approximately HK\$467,943,000 (31 December 2023: HK\$482,275,000).
- The Group held bank balances and cash of approximately HK\$167,955,000 (31 December 2023: HK\$188,034,000) and loans and interest receivables of approximately HK\$485,785,000 (31 December 2023: HK\$446,266,000).
- Net current assets amounted to approximately HK\$1,045,591,000 (31 December 2023: HK\$1,081,612,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 17.02 times (31 December 2023: 23.00 times).
- Net assets amounted to approximately HK\$1,262,597,000 (31 December 2023: HK\$1,276,639,000).

* For identification purpose only

INTERIM FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of Minerva Group Holding Limited (the “**Company**”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | <i>Notes</i> | Six months ended 30 June | |
|--------------------------------|--------------|--|--|
| | | 2024 (Unaudited) <i>HK\$'000</i> | 2023 (Unaudited) <i>HK\$'000</i> |
| Revenue | 3 | 36,451 | 39,041 |
| Direct operating costs | | <u>(2,528)</u> | <u>(2,400)</u> |
| Gross profit | | 33,923 | 36,641 |
| Other income, gains and losses | 5 | (29,140) | (48,816) |
| Administrative expenses | | (18,296) | (25,290) |
| Finance costs | 6 | <u>(529)</u> | <u>(465)</u> |
| Loss before tax | 7 | (14,042) | (37,930) |
| Income tax credit | 8 | <u>–</u> | <u>3,061</u> |
| Loss for the period | | <u>(14,042)</u> | <u>(34,869)</u> |

| | | Six months ended 30 June | |
|---|---|---------------------------------|------------------------|
| | | 2024 | 2023 |
| | | (Unaudited) | (Unaudited) |
| <i>Notes</i> | | HK\$'000 | HK\$'000 |
| <i>Other comprehensive income for the period</i> | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| | Fair value changes of debt instruments at fair value through other comprehensive income | — | 4 |
| | Other comprehensive income for the period, net of income tax | — | 4 |
| | Total comprehensive expense for the period | <u>(14,042)</u> | <u>(34,865)</u> |
| Loss for the period attributable to: | | | |
| | – Owners of the Company | (14,040) | (34,867) |
| | – Non-controlling interests | (2) | (2) |
| | | <u>(14,042)</u> | <u>(34,869)</u> |
| Total comprehensive expense for the period attributable to: | | | |
| | – Owners of the Company | (14,040) | (34,863) |
| | – Non-controlling interests | (2) | (2) |
| | | <u>(14,042)</u> | <u>(34,865)</u> |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Loss per share | | | |
| | – Basic and diluted | <u>(0.56)</u> | <u>(1.25)</u> |

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

| | | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|--|--------------|--|--|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | <i>11</i> | 9,679 | 7,381 |
| Investment property | | 31,300 | 38,100 |
| Goodwill | | 136 | 136 |
| Other intangible assets | | 6,550 | 6,550 |
| Loans and interest receivables | <i>12</i> | 37,557 | 23,945 |
| Financial assets at fair value through profit or loss | | 132,938 | 118,760 |
| Other assets | | 155 | 155 |
| | | <u>218,315</u> | <u>195,027</u> |
| Current assets | | | |
| Loans and interest receivables | <i>12</i> | 448,228 | 422,321 |
| Trade and other receivables, deposits and prepayments | <i>13</i> | 132,617 | 146,243 |
| Financial assets at fair value through profit or loss | | 335,005 | 363,515 |
| Bank trust account balances | | 27,073 | 10,658 |
| Bank balances and cash | | 167,955 | 188,034 |
| | | <u>1,110,878</u> | <u>1,130,771</u> |
| Current liabilities | | | |
| Trade and other payables | <i>14</i> | 40,777 | 25,851 |
| Lease liabilities | | 1,853 | 350 |
| Bank borrowings | | 22,657 | 22,958 |
| | | <u>65,287</u> | <u>49,159</u> |

| | At 30 June 2024 (Unaudited) <i>Notes</i> HK\$'000 | At 31 December 2023 (Audited) <i>HK\$'000</i> |
|---|--|---|
| Net current assets | <u>1,045,591</u> | <u>1,081,612</u> |
| Total assets less current liabilities | <u>1,263,906</u> | <u>1,276,639</u> |
| Non-current liabilities | | |
| Lease liabilities | <u>1,309</u> | <u>–</u> |
| | <u>1,309</u> | <u>–</u> |
| Net assets | <u><u>1,262,597</u></u> | <u><u>1,276,639</u></u> |
| Capital and reserves | | |
| Share capital | 25,053 | 25,053 |
| Reserves | <u>1,237,544</u> | <u>1,249,742</u> |
| Equity attributable to owners of the Company | <u>1,262,597</u> | <u>1,274,795</u> |
| Non-controlling interests | <u>–</u> | <u>1,844</u> |
| Total equity | <u><u>1,262,597</u></u> | <u><u>1,276,639</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

These condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). These condensed consolidated interim financial information were authorised for issue on 28 August 2024.

These condensed consolidated interim financial information are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial information contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. These condensed consolidated interim financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2023 annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared on the historical basis, with the same accounting policies adopted in the 2023 annual financial statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2024. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial information.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The adoption of these amendments to HKFRSs does not have any significant financial effect on the Group’s condensed consolidated interim financial information.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance. The Directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|-----------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest income from money lending | 26,955 | 28,854 |
| Income from financial services | | |
| – Commission income from securities brokerage | 487 | 329 |
| – Commission income from placing | 884 | 300 |
| – Corporate finance advisory services | 645 | 60 |
| – Interest income from clients | 6,970 | 8,988 |
| Rental income | 510 | 510 |
| | 36,451 | 39,041 |

An analysis of the Group's revenue for the period under HKFRS 15 is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|-----------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Income from financial services | | |
| – Commission income from securities brokerage | 487 | 329 |
| – Commission income from placing | 884 | 300 |
| – Corporate finance advisory services | 645 | 60 |
| | 2,016 | 689 |

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

| | Six months ended 30 June | |
|---|--------------------------|-------------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Analysed by timing of recognition: | | |
| Revenue recognised at point in time | 1,371 | 629 |
| Revenue recognised over time | <u>645</u> | <u>60</u> |
| | <u>2,016</u> | <u>689</u> |

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable segments are managed separately as each business offers different products and services and require different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Financial services segment – Provision of financial services including securities brokerage, placing, and corporate finance advisory services in Hong Kong;
- Money lending segment – Provision of loan financing in Hong Kong; and
- Assets investment segment – Investments in debt securities earning fixed interest income, investments in properties earning rental income and capital gains, as well as investments in listed and unlisted equity securities and investment funds earning variable returns and gains.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2024

| | Financial services segment (Unaudited) HK\$'000 | Money lending segment (Unaudited) HK\$'000 | Assets investment segment (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|--|--|---|---|---|
| Revenue | | | | |
| Revenue from external customers | 8,986 | 26,955 | 510 | 36,451 |
| Other income, gains and losses | | | | |
| Loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL") | – | – | (25,130) | (25,130) |
| Loss on fair value changes of investment property | – | – | (6,800) | (6,800) |
| Reversal of impairment loss, net on: | | | | |
| – Loans and interest receivables | – | 1,807 | – | 1,807 |
| – Trade receivables | 9 | – | – | 9 |
| | <u>8,995</u> | <u>28,762</u> | <u>(31,420)</u> | <u>6,337</u> |
| Results | | | | |
| Segment results | 4,261 | 21,364 | (36,943) | (11,318) |
| Unallocated corporate income | | | | 959 |
| Unallocated corporate expenses | | | | (3,154) |
| Finance costs | | | | <u>(529)</u> |
| Loss before tax | | | | <u>(14,042)</u> |

For the six months ended 30 June 2023

| | Financial services segment (Unaudited) <i>HK\$'000</i> | Money lending segment (Unaudited) <i>HK\$'000</i> | Assets investment segment (Unaudited) <i>HK\$'000</i> | Total (Unaudited) <i>HK\$'000</i> |
|--|--|---|---|---|
| Revenue | | | | |
| Revenue from external customers | 9,677 | 28,854 | 510 | 39,041 |
| Other income, gains and losses | | | | |
| Loss on fair value changes of financial assets at FVTPL | – | – | (56,587) | (56,587) |
| Reversal of impairment loss, net on: | | | | |
| – Loans and interest receivables | – | 7,475 | – | 7,475 |
| – Trade receivables | 9 | – | – | 9 |
| | <u>9,686</u> | <u>36,329</u> | <u>(56,077)</u> | <u>(10,062)</u> |
| Results | | | | |
| Segment results | 4,228 | 29,611 | (69,882) | (36,043) |
| Unallocated corporate income | | | | 276 |
| Unallocated corporate expenses | | | | (1,698) |
| Finance costs | | | | <u>(465)</u> |
| Loss before tax | | | | <u><u>(37,930)</u></u> |

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the six months ended 30 June 2024 (2023: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit/(loss) from each segment without allocation of certain Directors' emoluments, certain other income, gains and losses and certain administrative expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) <i>HK\$'000</i> |
|--------------------------------|--|---|
| Segment assets | | |
| Financial services segment | 112,200 | 120,039 |
| Money lending segment | 492,054 | 451,938 |
| Assets investment segment | 525,812 | 533,133 |
| Total segment assets | 1,130,066 | 1,105,110 |
| Unallocated assets | | |
| – Bank balances and cash | 153,905 | 182,732 |
| – Other unallocated assets | 45,222 | 37,956 |
| Consolidated total assets | 1,329,193 | 1,325,798 |
| Segment liabilities | | |
| Financial services segment | 38,360 | 15,580 |
| Money lending segment | 941 | 8,293 |
| Assets investment segment | 23,298 | 24,241 |
| Total segment liabilities | 62,599 | 48,114 |
| Unallocated liabilities | 3,997 | 1,045 |
| Consolidated total liabilities | 66,596 | 49,159 |

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than certain property, plant and equipment (including right-of-use assets) and bank balances and cash which are not allocated to segment assets; and
- all liabilities are allocated to operating segments other than certain payables, lease liabilities and income tax payable which are not allocated to segment liabilities.

Geographic information

The geographical location of customers is based on the location of customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of the assets.

The Group's non-current assets are located in Hong Kong and Japan. The Group operates in Hong Kong and its revenue is derived from its operation in Hong Kong.

Information about major customers

There was no customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2024 and 2023.

5. OTHER INCOME, GAINS AND LOSSES

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2024 (Unaudited) HK\$'000 | 2023 (Unaudited) HK\$'000 |
| Interest income | 886 | 267 |
| Sundry income | 15 | 20 |
| Loss on fair value changes of investment property | (6,800) | – |
| Loss on fair value changes of financial assets at FVTPL | (25,130) | (56,587) |
| Reversal of impairment loss, net: | | |
| – Loan and interest receivables (Note 12) | 1,807 | 7,475 |
| – Trade receivables (Note 13) | 9 | 9 |
| Gain on deregistration of subsidiaries | 73 | – |
| | <u>(29,140)</u> | <u>(48,816)</u> |

6. FINANCE COSTS

| | Six months ended 30 June | |
|-------------------------------|---------------------------------|---------------------------------|
| | 2024 (Unaudited) HK\$'000 | 2023 (Unaudited) HK\$'000 |
| Interest on bank borrowings | 444 | 397 |
| Interest on lease liabilities | 85 | 68 |
| | <u>529</u> | <u>465</u> |

7. LOSS BEFORE TAX

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Loss before tax has been arrived at after charging/(crediting): | | |
| Staff costs: | | |
| – Directors' emoluments, excluding equity- settled share-based payments | 963 | 938 |
| – Other staff costs (<i>Note below</i>) | <u>8,905</u> | <u>4,857</u> |
| | 9,868 | 5,795 |
| Depreciation of property, plant and equipment | 1,465 | 1,258 |
| Exchange losses, net | (1) | (8) |
| Reversal of impairment loss, net: | | |
| – Loans and interest receivables (<i>Note 12</i>) | (1,807) | (7,475) |
| – Trade receivables (<i>Note 13</i>) | <u>(9)</u> | <u>(9)</u> |

Note: Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK\$147,000 (2023: HK\$148,000).

8. INCOME TAX CREDIT

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Current tax: | | |
| – Over-provision of Hong Kong profits tax in respect of prior period | <u>–</u> | <u>3,061</u> |
| Income tax credit | <u>–</u> | <u>3,061</u> |

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2024 and 2023 as the Group had no assessable profits.

Taxation arising in other jurisdictions, if applicable, is calculated at the rates prevailing in the relevant jurisdictions.

9. DIVIDEND

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

10. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| <i>Loss</i> | | |
| Loss for the purpose of basic loss per share | | |
| Loss for the period attributable to owners of the Company | <u>(14,040)</u> | <u>(34,867)</u> |
| | | |
| | Six months ended 30 June | |
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | '000 | '000 |
| <i>Number of shares</i> | | |
| Weighted average number of ordinary shares for the purpose of basic loss per share | <u>2,505,283</u> | <u>2,783,553</u> |

Diluted loss per share

For the six months ended 30 June 2024 and 2023, the computation of diluted loss per share attributable to owners of the Company was the same as basic loss per share as the impact of the exercise of share options was anti-dilutive for the period.

Diluted loss per share for the six months ended 30 June 2024 and 2023 are not presented as there were no potential shares in issue for both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounting to approximately HK\$3,000 (2023: HK\$4,881,000) and recognised right-of-use assets of approximately HK\$3,760,000. No property, plant and equipment were disposed of during the six months ended 30 June 2024 (2023: nil).

12. LOANS AND INTEREST RECEIVABLES

| | At 30 June 2024 (Unaudited) <i>HK\$'000</i> | At 31 December 2023 (Audited) <i>HK\$'000</i> |
|--|---|---|
| Loans and interest receivables thereon | | |
| – Within one year | 527,840 | 503,797 |
| – In the second to fifth years | <u>37,803</u> | <u>24,134</u> |
| | 565,643 | 527,931 |
| Less: allowance for impairment | <u>(79,858)</u> | <u>(81,665)</u> |
| | <u>485,785</u> | <u>446,266</u> |
| Analysed for reporting purpose as: | | |
| Non-current assets | 37,557 | 23,945 |
| Current assets | <u>448,228</u> | <u>422,321</u> |
| | <u>485,785</u> | <u>446,266</u> |

Details of loans receivables (excluding interest receivables) are as follows:

As at 30 June 2024 (Unaudited)

| Loan principals <i>HK\$'000</i> | Interest rate per annum | Maturity date | Security pledged |
|---------------------------------------|-------------------------------|-------------------|---|
| 209,801 | 9%–12% | Within 1 year | Landed properties in Hong Kong, shares of certain listed and unlisted companies and vessels |
| 145,982 | 10%–24% | 1 year to 2 years | Guarantees provided by certain independent third parties |
| <u>186,335</u> | 10%–20% | Within 1 year | Nil |
| <u>542,118</u> | | | |

As at 31 December 2023 (Audited)

| Loan principals <i>HK\$'000</i> | Interest rate per annum | Maturity date | Security pledged |
|---------------------------------------|-------------------------------|-------------------|---|
| 203,337 | 9%–12.5% | Within 1 year | Landed properties in Hong Kong, shares of listed and unlisted companies and vessels |
| 121,817 | 10%–24% | 1 year to 2 years | Guarantees provided by certain independent third parties |
| <u>188,891</u> | 10%–20% | Within 1 year | Nil |
| <u><u>514,045</u></u> | | | |

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and imposes credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

The table below details the credit risk exposures of the Group's loans and interest receivables, which are subject to ECL assessment:

| | 12-month ECL (Stage 1) <i>HK\$'000</i> | Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i> | Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------|---|--|--|--------------------------|
| Gross carrying amounts | | | | |
| As at 30 June 2024 (Unaudited) | <u>217,535</u> | <u>224,344</u> | <u>123,764</u> | <u>565,643</u> |
| As at 31 December 2023 (Audited) | <u><u>229,287</u></u> | <u><u>213,725</u></u> | <u><u>84,919</u></u> | <u><u>527,931</u></u> |

The movement in the ECL allowance for impairment loss on loans and interest receivables are as follows:

| | 12-month ECL (Stage 1) HK\$'000 | Lifetime ECL not credit- impaired (Stage 2) HK\$'000 | Lifetime ECL credit- impaired (Stage 3) HK\$'000 | Total HK\$'000 |
|--|--|---|---|---------------------------|
| (Unaudited) | | | | |
| At 1 January 2024 | 916 | 5,128 | 75,621 | 81,665 |
| Reversal of impairment loss recognised during the period, net | <u>(175)</u> | <u>(2,517)</u> | <u>885</u> | <u>(1,807)</u> |
| At 30 June 2024 | <u>741</u> | <u>2,611</u> | <u>76,506</u> | <u>79,858</u> |

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|---|---|---|
| Trade receivables from: | | |
| Financial services business | | |
| – Cash clients and clearing house <i>(Note (a))</i> | 9,934 | 4,624 |
| – Margin clients <i>(Note (b))</i> | <u>101,264</u> | <u>120,136</u> |
| | 111,198 | 124,760 |
| Other receivables, deposits and prepayments | <u>21,419</u> | <u>21,483</u> |
| Total | <u>132,617</u> | <u>146,243</u> |

Notes:

(a) Cash clients and clearing house of financial services business

The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date.

Receivables that were past due but not impaired represent unsettled trade transacted on the last two days prior to the end of reporting period and also relates to a wide range of independent clients for whom there are no recent history of default.

The table below details the credit risk exposures of the Group's trade receivables from cash clients and clearing house of financial services business, which are subject to ECL assessment:

| | 12-month ECL (Stage 1) HK\$'000 | Lifetime ECL not credit- impaired (Stage 2) HK\$'000 | Lifetime ECL credit- impaired (Stage 3) HK\$'000 | Total HK\$'000 |
|----------------------------------|--|---|---|---------------------------|
| Gross carrying amounts | | | | |
| As at 30 June 2024 (Unaudited) | <u>9,934</u> | <u>180</u> | <u>–</u> | <u>10,114</u> |
| As at 31 December 2023 (Audited) | <u>4,624</u> | <u>189</u> | <u>–</u> | <u>4,813</u> |

An analysis of changes in the corresponding ECL allowances is as follows:

| | 12-month ECL (Stage 1) HK\$'000 | Lifetime ECL not credit- impaired (Stage 2) HK\$'000 | Lifetime ECL credit- impaired (Stage 3) HK\$'000 | Total HK\$'000 |
|---|--|---|---|---------------------------|
| (Unaudited) | | | | |
| As at 1 January 2024 | – | 189 | – | 189 |
| Reversal of impairment loss during the period | <u>–</u> | <u>(9)</u> | <u>–</u> | <u>(9)</u> |
| As at 30 June 2024 | <u>–</u> | <u>180</u> | <u>–</u> | <u>180</u> |

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the nature of the business of dealing in securities.

(b) Margin clients of financial services business

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading and bear interests at commercial rates. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The margin ratio is reviewed and determined periodically. As at 30 June 2024, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK\$917,004,000 (31 December 2023: HK\$953,455,000).

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the revolving nature of the margin financing business.

The table below details the credit risk exposures of the Group's trade receivables from margin clients of financial services business, which are subject to ECL assessment:

| | 12-month ECL (Stage 1) HK\$'000 | Lifetime ECL not credit- impaired (Stage 2) HK\$'000 | Lifetime ECL credit- impaired (Stage 3) HK\$'000 | Total HK\$'000 |
|----------------------------------|--|---|---|---------------------------|
| Gross carrying amounts | | | | |
| As at 30 June 2024 (Unaudited) | <u>101,264</u> | <u>–</u> | <u>–</u> | <u>101,264</u> |
| As at 31 December 2023 (Audited) | <u>120,136</u> | <u>–</u> | <u>–</u> | <u>120,136</u> |

14. TRADE AND OTHER PAYABLES

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|------------------------------------|---|---|
| Trade payables from: | | |
| Financial services business | | |
| – Cash clients (<i>Note</i>) | 23,012 | 3,487 |
| – Margin clients (<i>Note</i>) | 6,123 | 11,736 |
| – Clearing house (<i>Note</i>) | <u>7,658</u> | <u>–</u> |
| | 36,793 | 15,223 |
| Other payables and accrued charges | <u>3,984</u> | <u>10,628</u> |
| Total | <u>40,777</u> | <u>25,851</u> |

Note:

Financial services business

The majority of the payables in respect of financial services business are repayable on demand, except that certain balances payable to clients represent margin deposits received from clients for their trading activities under normal course of business, under which the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables to clients and clearing house arising from the ordinary course of business of dealing in securities are two days after trade date.

No aged analysis is disclosed as, in the opinion of the Directors, such disclosure is not meaningful in view of the nature of these businesses.

15. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The Group leases out certain office premises in Hong Kong under operating leases. The leases typically run for a term of two years. None of the leases under contingent rentals. At the end of the reporting period, the Group's aggregate future minimum rental income receivables under non- cancellable operating leases are as follows:

| | At 30 June 2024 (Unaudited) <i>HK\$'000</i> | At 31 December 2023 (Audited) <i>HK\$'000</i> |
|---|---|---|
| Within one year | 960 | 510 |
| More than one year but less than five years | <u>960</u> | <u>–</u> |
| | <u>1,920</u> | <u>510</u> |

16. CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted but not provided for in the condensed consolidated interim financial information:

| | At 30 June 2024 (Unaudited) HK\$'000 | At 31 December 2023 (Audited) HK\$'000 |
|---|--|--|
| Commitment contracted for but not provided for in respect of investment in an investment fund currently held by the Group | <u>2,989</u> | <u>2,378</u> |

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated interim financial information approximate their fair values.

Some of the Group's financial assets 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 are determined (in particular, the valuation techniques(s) and inputs used).

| | Fair value | | Fair value hierarchy | Valuation technique(s) |
|---|--|--|----------------------|---|
| | 30 June 2024 (Unaudited) HK\$'000 | 31 December 2023 (Audited) HK\$'000 | | |
| Financial assets | | | | |
| Equity securities listed in Hong Kong classified as financial assets at FVTPL | 335,005 | 363,515 | Level 1 | Quoted bid prices |
| Unlisted investment funds classified as financial assets at FVTPL | 84,218 | 84,091 | Level 2 | Net asset values provided by fund administrators and quoted price provided by third party |
| Unlisted investment funds classified as financial assets at FVTPL | 2,608 | 3,602 | Level 3 | Market approach |
| Unlisted equity investments classified as financial assets at FVTPL | 46,112 | 31,067 | Level 3 | Guideline public method and discounted cash flow method and scenario-based method |

During the six months ended 30 June 2024 and 2023, there were no transfer between different level of fair value hierarchy.

The reconciliation of fair value measurements in Level 3 are as follows:

| | 2024 | 2023 |
|---|----------------------|----------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Financial assets at FVTPL (Level 3 fair value) | | |
| (Unaudited) | | |
| As at 1 January | 34,669 | 23,203 |
| Addition | – | 21,729 |
| Net change in fair value | <u>14,051</u> | <u>(4,123)</u> |
| As at 30 June | <u>48,720</u> | <u>40,809</u> |

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

The following table presents the fair value of the Group's investment property measured at the end of the reporting period:

| | Fair value | | Fair value hierarchy | Valuation technique(s) |
|--------------------------|--|--|----------------------|--------------------------|
| | 30 June 2024 (Unaudited) <i>HK\$'000</i> | 31 December 2023 (Audited) <i>HK\$'000</i> | | |
| Investment Property | | | | |
| – Commercial (Hong Kong) | 31,300 | 38,100 | Level 3 | Direct comparison method |

There were no transfers between different levels of fair value hierarchy for the six months ended 30 June 2024 and 2023.

19. CONTINGENT LIABILITIES

(a) Writ of summons by Convoy Global Holdings Limited

Classictime Investments Limited (“**Classictime**”), a wholly-owned subsidiary of the Company, is the 24th Defendant in a writ of summons served on 19 December 2017 on behalf of Convoy Global Holdings Limited (“**Convoy**”, the 1st Plaintiff), Convoy Collateral Limited (“**CCL**”, the 2nd Plaintiff) and CSL Securities Limited (“**CSL**”, the 3rd Plaintiff) (collectively, the “**Plaintiffs**”) in a set of legal proceedings brought by the Plaintiffs in the High Court of Hong Kong (the “**Convoy HC Action**”). It is the Plaintiffs’ case that, amongst other things, the 1st Defendant, Mr. Cho Kwai Chee Roy, and his associates (who are named as co- defendants in the Convoy HC Action) implemented a scheme such that shares in Convoy would be allotted to and held by companies related to the 1st Defendant (the “**Placees**”) which had agreed to act upon the direction of the 1st Defendant. The Plaintiffs alleged that the 1st Defendant and his associates on the board of Convoy, CCL and/or CSL improperly used their power to allot shares and to grant loans to the detriment of the Convoy Group, constituting serious breaches of fiduciary duties or other director’s duties, dishonest assistance, unlawful and/or lawful means conspiracy. Classictime is one of the alleged Placees in the Convoy HC Action. The Plaintiffs, amongst other things, seek an order against Classictime that the allotment of shares to Classictime be set aside, together with damages, interests, costs, and further and/or other relief. As at the date of this announcement, pleadings are deemed to be closed as between the Plaintiffs and Classictime but discovery has not taken place.

Please refer to the Company’s announcement dated 20 December 2017 for more details.

(b) Zhu Xiao Yan Petition

Classictime is one of the thirty three respondents in a petition made by Zhu Xiao Yan as the petitioner (“**Petitioner**”) under a set of legal proceedings in the High Court of Hong Kong (“**Petition**”). In summary, the Petitioner alleged that the detriment suffered by her to the real value of her shares in Convoy was a consequence of the unfairly prejudicial mismanagement or misconduct in and about the business and affairs of, amongst other companies, Convoy, CCL and CSL. Such allegations made are mainly based on those set out in the writ in the Convoy HC Action.

Please refer to the Company’s announcement dated 3 January 2018 for more details.

A Case Management Conference was held on 6 March 2018. In summary, the Court directed that the Petition be stayed pending determination of the Convoy HC Action.

(c) Counterclaim made by Best Year Enterprises Limited (“**Best Year**”) and Mr. Sin Kwok Lam (“**Mr. Sin**”)

On 25 July 2018, Minerva Securities Limited (formerly known as Power Securities Company Limited) (“**Minerva Securities**”), a wholly-owned subsidiary of the Company, commenced legal proceedings against, amongst other parties, Best Year and Mr. Sin by way of a writ of summons for recovery of margin shortfall. Minerva Securities subsequently filed and served the Statement of Claim on 30 November 2018. On 8 March 2019, Best Year and Mr. Sin filed a defence and counterclaim. The said counterclaim was made against, amongst other parties, Minerva Securities and other parties for damages for conspiracy to be assessed, interest, costs and such further and/or other relief.

On 24 June 2019, the Court made a winding-up order (the “**Winding-up Order**”) against Best Year. By reason of the Winding-up Order, the counterclaim by Best Year against Minerva Securities and Mr. Sit Sai Hung, Billy, a former Director, was stayed. On 24 June 2019, Minerva Securities and Mr. Sit Sai Hung, Billy took out an application to strike out Mr. Sin’s counterclaim. By the Order of Coleman J dated 5 December 2019 (“**Coleman J’s Order**”), Mr. Sin’s claim was struck out. On 27 December 2019, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021.

On 21 April 2023, the Court of Appeal (the “**CA**”) handed down the judgment. The CA dismissed Mr. Sin’s appeal and Mr. Sin’s counterclaim remains to be struck out.

(d) Writ of summons by Best Year and Mr. Sin

On 17 June 2019, Best Year and Mr. Sin commenced another legal proceedings against Minerva Securities and another party based on the same subject matter of the counterclaim set out in Section (c) above. By the writ of summons, Best Year and Mr. Sin sought for, amongst others, a declaration that the summary judgment (the “**Summary Judgment**”) obtained by Minerva Securities against Best Year previously in relation to a margin shortfall was obtained by fraud, an order that the Summary Judgment be set aside, an account order, payment order, damages, interest, costs and such further and/or other relief.

By reason of the Winding-up Order as set out in Section (c) above, the claim by Best Year against Minerva Securities was stayed. On 23 July 2019, Minerva Securities took out an application to strike out Mr. Sin’s claim. By Coleman J’s Order as set out in Section (c) above, Mr. Sin’s claim was struck out. On 9 March 2020, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021.

On 21 April 2023, the CA handed down the judgment. The CA dismissed Mr. Sin’s appeal and Mr. Sin’s claim remains to be struck out.

Regarding aforementioned cases (a) and (b), given that they are still in an early stage, having considered the alleged claims, the Directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Company; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

Regarding aforementioned cases (c) and (d), given that the CA has dismissed Mr. Sin’s appeal and his claims remain to be struck out, the Directors are of the view that no provision for the claims of these legal proceedings is required to be made based on its current development.

20. MAJOR NON-CASH TRANSACTIONS

The Group entered into new lease agreements for the use of office premises for two years. On the lease commencement, the Group recognised approximately HK\$3,760,000 of right-of-use assets and lease liabilities respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2024 (the “**Period**”), the Group recorded revenue of approximately HK\$36.5 million (2023: HK\$39.0 million). The decrease in overall revenue was primarily attributed to the combined impact of the Group’s major business segments: (i) the money lending business experienced a slight decrease in interest income of approximately HK\$1.9 million, resulting in the segment’s revenue of approximately HK\$26.9 million for the Period (2023: HK\$28.8 million); (ii) the financial services business decreased by approximately HK\$0.7 million, with the segment’s revenue amounting to approximately HK\$9.0 million for the Period (2023: HK\$9.7 million); and (iii) revenue from asset investment segment amounted to approximately HK\$0.5 million for the Period (2023: HK\$0.5 million). The overall gross profit of the Group decreased to approximately HK\$33.9 million during the Period (2023: HK\$36.6 million), which was dragged down by the recession in revenue and gross profit derived from the Group’s two major business segments, namely, the money lending business and financial services business segments.

The net loss attributable to owners of the Company was approximately HK\$14.0 million during the Period (2023: HK\$34.9 million). This decrease on loss mainly resulted from loss on fair value changes of financial assets at fair value through profit or loss (“**FVTPL**”) of approximately HK\$25.1 million for the Period (2023: HK\$56.6 million) from holding equity securities listed in Hong Kong, unlisted investment funds and unlisted equity investments, which was principally in line with (i) the overall Hong Kong stock market as well as the global market in first half of 2024; and (ii) the specific performance of certain sectors, particularly in the healthcare sector, where the Hang Seng Composite Industry Index – Healthcare experienced a 28% decrease in first half of 2024.

The Group’s cash position remained strong, with bank balances and cash totaling approximately HK\$168.0 million as at 30 June 2024 (31 December 2023: HK\$188.0 million).

BUSINESS REVIEW

The Hong Kong economy continues to face a series of challenges. These challenges are further compounded by high interest rates and slowdown in the growth of Gross Domestic Product (“**GDP**”). The forecast for the overall Hong Kong real GDP growth in 2024 remains at 2.5%-3.5%, while the real GDP growth was 3.2% in 2023. Additionally, the International Monetary Fund has revised its global growth outlook from 3.0% in 2023 to 3.2% for the current period, highlighting the severity of the economic challenges faced by many countries worldwide.

On the domestic stock market, the Hang Seng Index recorded a 5.5% increase throughout the period. However, when considering the industry index under the Hang Seng Composite Industry Indexes (HSCI), significant disparities were observed. The Energy sector emerged as the top-performing sector, experiencing a notable increase of 43.3%. Conversely, the Healthcare sector fared poorly, witnessing a decline of 28.4%. The Healthcare sector remained in negative territory throughout the period, marking its third consecutive period of decline.

Against this challenging backdrop, the Group remained committed to exercising financial prudence while staying the course with its action plans to deliver sustainable and profitable outcomes.

Financial Services

The Group's financial services business is mainly operated by Minerva Holding Financial Securities Limited, which is licensed to operate Type 1 (dealing in securities), Type 4 (advising on securities) regulated activities and Minerva Advisory Global Capital Limited, which is licensed to operate Type 6 (advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of financial services activities includes providing margin financing, securities brokerage services, corporate finance advisory service, equity capital market (“**ECM**”) services such as placings and advising on securities. The Group's financial services segment closely adheres to the compliance and risk-based measures detailed in its operation manual and will continue to source additional revenue and broaden the customer base for its margin financing operations. Bolstered by sufficient cash reserves, the Group may seek to leverage business connections to obtain additional referrals of margin financing clients. However, affected by the bearish stock market sentiment, the Group's financial services segment generated revenue of approximately HK\$9.0 million during the Period (2023: HK\$9.7 million), recording a decrease of approximately 7.1%. There was also a decrease in both the number of outstanding margin loan clients as well as the amount of margin loan receivables over the Period. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK\$7.0 million for the Period compared with approximately HK\$9.0 million in 2023.

Through the Group's continuous effort in recruiting financial service talents to expand the client base, the Group is poised to expand in the range of financial services among which ECM business will also become a solid source of revenue to complement other business sectors of the Group. The Group aims to continue to signify a broader focus on corporate finance, asset investment and management, as well as other advisory services, branching out from its principal business and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals.

Money Lending

The money lending operations of the Group are managed through its wholly-owned subsidiaries, E Finance Limited (“**E Finance**”) and E Cash Fintech Limited (“**E Cash**”), both with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group’s money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. Following the integration of E Cash’s business, the Group enhanced its money lending business as a result of the robust demand for corporate and individual financing whereas E Finance continued to focus on property mortgage loans and other secured loans. The Group plans to explore further potential money lending business opportunities, including project based financing, subject to the prevailing market conditions and the Group’s assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the Period were mainly via the social network and referrals of past and existing customers of the Group, third party agents, staff and management of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policies and operation manuals in respect of loan approval, loan renewal, loan recovery, loan compliance, loan monitoring and anti-money laundering.

Internal Controls

The Group is also keen on striking a successful balance in its business operations and risk management by adhering to its comprehensive credit policies in order to control the quality of its loan portfolio. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group’s credit committee are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group’s credit policies and credit quality of the Group’s loan portfolio. Increasing effort has also been put in the recovery procedures for loan receivables. Legal actions were taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group’s credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

Loan Approval

Before any loan applications can be granted, internal credit assessments would have to be performed to decide the proposed loan size and interest rate charged. The internal credit assessment include, but is not limited to, (i) verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.); (ii) income or asset proof of the borrower and guarantor, such as share certificates, bank statements and securities statements, etc.; (iii) the evaluation of the value of collateral; and (iv) the verification of the authenticity of the information provided. Furthermore, the Group would perform public searches on the borrower and guarantor to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing (“**AML & CTF**”). There are no specific requirements on their income and/or asset threshold set by the Group. Normally, the management would determine and approve the loan amount and interest rates based on the relevant financial strength, repayment ability as well as the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions.

Loan Renewal

For loan renewal, the Group would carry out an updated assessment similar to that during the loan approval stage. In addition, the Group would assess the borrower’s past repayment record and changes in market circumstance before making a decision on loan renewal and the relevant interest rate charged.

Recovery and Compliance Matters

After the loan is granted, the Group would conduct review on the repayment records and loan portfolio on a weekly basis, and in particular, any past due loan accounts. When considered appropriate, the Group would further (i) obtain relevant updated information and documents from the borrower; and (ii) perform public searches on the borrower to assess the recoverability of loan. Putting every possible effort on loan recovery, appropriate course of actions, such as sending legal demand letters, legal proceeding arrangements, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

As a licenced money lender in Hong Kong, the Group shall ensure compliance with the applicable laws, regulations and codes of all the relevant regulatory authorities, in particular, the Money Lenders Ordinance and the relevant requirements and regulations of AML & CTF.

In order to ensure the compliance with the abovementioned requirements throughout the course of conducting the money lending business, loan transaction review would be conducted upon the grant of the loan as an on-going monitoring purpose. The overall internal control system, which includes the implementation of the Group's credit policy, operation manual and other related internal control measures would be reviewed by the management on a regular basis and the policies would be devised and revised from time to time when considered necessary.

Interest Rates

In addition to the aforementioned factors included in the Group's credit approval policy, when deciding the interest rate for loans, the Group would also take a holistic view in the assessments of setting loan terms based on the general market environment at the time, interest rate of competitors at the time, the amount of the Group's funds available and also the overall quality of the borrower. In general, collaterals and/or guarantees are provided to secure a property mortgage loan, other secured loans and guaranteed loans among different loan categories. Property mortgage loans refer to first and subordinated mortgages, which are secured by landed properties in Hong Kong. The collaterals for other secured loans mainly include equity shares and/or securities of certain listed and unlisted companies whereas guaranteed loans are secured by personal and/or corporate guarantor(s).

For the Group's existing loan portfolio as at 30 June 2024, the interest rates charged to borrowers for unsecured loans ranged from 10% to 24% p.a., whilst interest rates charged to borrowers for secured loans ranged from 9% to 12% p.a.. Generally, the Group would determine the interest rates for loans on a case-by-case basis considering the loan-to-value ratio, repayment record and ability, quality and business relationship with the individual borrower and/or the guarantor (if provided). Generally, unsecured loans are subject to higher interest rates given the lack of collaterals; however, the actual interest rate charged might vary subject to the terms of maturity, loan size, financial strength of borrower/guarantor as well as business relationship with the Group.

Financial Information

During the Period, the Group's money lending segment generated revenue of approximately HK\$27.0 million (2023: HK\$28.9 million), accounting for approximately 73.9% of overall revenue, and money lending business remained as the major segment in support of the Group's comprehensive performance. Operating profit during the Period from this business segment amounted to approximately HK\$21.3 million (2023: HK\$29.6 million), representing a decrease of approximately 28% compared to that of the previous period.

For the Period, the Group recorded an reversal of impairment loss on loans and interest receivable of approximately HK\$1.8 million (2023: HK\$7.5 million), alongside the continued uncertainty of the recoverability of certain past due loans. Despite being secured by collaterals or/and guarantees provided, a number of loans were regarded as impaired after reviewing and assessing the repayment ability of each customer, the respective collateral values and the status of legal proceedings.

The Group continuously monitors and carries out targeted negotiations and other due processes in its loan collection process. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Loan Portfolio

As at 30 June 2024, the Group's loan portfolio by categories is shown as below:

| | Number of loans | Loan principal as at 30 June 2024 <i>HK\$'000</i> | Interest rate per annum | % of total loan principal as at 30 June 2024 | Duration | Loan matured but not settled; or Loan not matured but with interest overdue <i>HK\$'000</i> | % of past due loans to relevant principal |
|----------------------------------|--------------------|--|-------------------------------|---|---------------|--|---|
| Individual loan | | | | | | | |
| - secured loan (<i>note a</i>) | 11 | 155,801 | 10% to 12% | 29% | Within 1 year | 88,095 | 16% |
| - unsecured loan | 23 | 187,185 | 10% to 20% | 35% | 1 to 2 years | 132,685 | 24% |
| Corporate loan | | | | | | | |
| - secured loan (<i>note b</i>) | 4 | 54,000 | 9% to 12% | 10% | Within 1 year | 9,000 | 2% |
| - unsecured loan | 13 | 145,132 | 10% to 24% | 26% | 1 to 2 years | 50,182 | 9% |
| Total | 51 | 542,118 | | 100% | | 279,962 | 51% |

Notes:

- a) For individual secured loans, the security pledged included landed properties in Hong Kong and shares of listed companies and share of unlisted companies.
- b) For corporate secured loans, the security pledged included landed properties in Hong Kong and shares of unlisted companies, vessels and share of listed companies.

The following is the breakdown of the amount of loan and interest receivables and allowance for expected credit losses as at 30 June 2024:

| | As at 30 June 2024 | | | |
|------------------------|---------------------------|--|---|--|
| | Loan principal | Gross amount of loan and interest receivables | Allowance for expected credit losses | Net amount of loan and interest receivables |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Individual loan | | | | |
| – secured loan | 155,801 | 163,013 | (22,633) | 140,380 |
| – unsecured loan | 187,185 | 196,450 | (22,063) | 174,387 |
| Corporate loan | | | | |
| – secured loan | 54,000 | 57,290 | – | 57,290 |
| – unsecured loan | <u>145,132</u> | <u>148,890</u> | <u>(35,162)</u> | <u>113,728</u> |
| Total | <u>542,118</u> | <u>565,643</u> | <u>(79,858)</u> | <u>485,785</u> |

As at 30 June 2024, the Group had 51 (31 December 2023: 51) active accounts, of which 34 (31 December 2023: 36) of them were individual loans and the remaining 17 (31 December 2023: 15) were corporate loans. In terms of loan product category, the Group's 51 active accounts comprised 15 secured loans (31 December 2023: 17) and 36 unsecured loans (31 December 2023: 34).

During the Period, interest income generated from the top five customers accounted for approximately 17.3% (2023: 16.6%) of the Group's total revenue, while the single largest customer accounted for approximately 3.6% (2023: 4.7%) of the Group's total revenue.

As at 30 June 2024, loan and interest receivables balance of the largest and top five customers accounted for approximately 5.0% (31 December 2023: 5.1%) and 21.6% (31 December 2023: 23.0%) of the Group's total loan and interest receivables balance respectively.

The following is an aging analysis of net amount of loan and interest receivables based on the due date at the end of the reporting period:

| | <i>HK\$'000</i> |
|----------------|-----------------------|
| Not yet due | 228,167 |
| Overdue: | |
| – 1–30 days | – |
| – 31–60 days | – |
| – 61–90 days | – |
| – over 90 days | <u>257,618</u> |
| Total | <u>485,785</u> |

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers whose loans were still outstanding as at 30 June 2024. To the best of the Directors' knowledge, information and belief based on internal records, the Group does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrowers whose loans were still outstanding as at 30 June 2024.

Assets Investment

The Group's assets investment business aims at spreading investments across a variety of asset classes including a portfolio of bonds, funds, equity investments and investment property. During the Period, the Group strategically adjusted the portfolio size of its assets investment business segment so that it can reserve or reallocate more resources and funding to other better performing activities, including margin financing and money lending operations. For the Period, the Group incurred a loss of approximately HK\$36.9 million (2023: HK\$69.9 million) for this segment, which was driven by the loss on changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments. The loss was largely attributable to the dramatic slowdown of the Hong Kong stock market, which concerns about rising interest rates, slowing economic growth, and persistently high inflation, exacerbating the market's decline.

The Group had invested a portfolio of listed bonds in the past with an aim to generate stable and fixed interest income. Along with the worsening market sentiment, bond price adjustments, and past default occurrences of certain bonds, the management minimised the size of its bond investments in recent years. As at 30 June 2023, the Group's portfolio of bonds comprised 2 bonds, both of which are in default and having already made full provision in prior period.

In addition, the Group invested in 6 unlisted close-ended funds, which it will continue to hold until their respective maturity dates or until the early redemption of such funds. The Group's designated investment team regularly monitors the underlying performance of the fund investments via updates from the fund administrators and discussions with fund managers or general partners of the funds. The challenging economic environment, characterised by geopolitical tensions, aggressive rate hikes and weak property markets, has led to a significant slowdown of the Hong Kong economy. In addition, regulatory crackdowns on large-cap mainland China technology, real estate stocks as well as the healthcare sector, have further exacerbated the decline of valuation in the relevant fund investments. These factors have contributed to the poor performance of the Group's fund investment, highlighting the difficulties faced by investors in generating stable returns in the current economic climate.

To manage and diversify investment risks from other asset classes, the Group also maintained an investment portfolio in a certain number of Hong Kong listed equities. The Group's securities investment portfolio is closely monitored and overseen on a timely manner by the Group's designated investment team. The investment mix and investment strategies are reviewed regularly and adjusted depending on market conditions or the performance and business prospects associated with such listed companies.

The management acknowledges the recent downturn experienced by the financial technology and healthcare industries, recognising their significant disruptive impacts in previous years, which was largely in line with prevailing global economic conditions. The management considers this timing as an opportune moment for investment rather than a setback. As a result, the Group has been exploring and investing in additional investment opportunities in financial technology, healthcare as well as biotechnology related opportunities.

Among the Group's private equity investments, Seamless Group Inc. ("**Seamless**"), pioneers in global fintech banking platform for e-wallets, financial institutions and merchants worldwide, delivering frictionless interoperable real-time fund transfers and instant messaging. The state-of-the-art digital ecosystem empowers billions of smart consumers and businesses to win in over 150 countries. Seamless will merge with INFINT Acquisition Corporation, a Special Purpose Acquisition Corporation (SPAC), on a mission to bring promising financial technology company to the U.S. public market. Seamless will be rebranded and is expected to trade on the Nasdaq Stock Market LLC ("**Nasdaq**") with stock code CURR, being the Group's first private equity that leveraged de-SPAC transaction to transform and list on Nasdaq.

As at 30 June 2024, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$467.9 million (31 December 2023: HK\$482.3 million), including (a) equity securities totaling approximately HK\$335.0 million (31 December 2023: HK\$363.5 million); (b) unlisted investment funds of approximately HK\$86.8 million (31 December 2023: HK\$87.7 million); and (c) unlisted equity investments of approximately HK\$46.1 million (31 December 2023: HK\$31.1 million).

As at 30 June 2024, the Group's portfolio of financial assets at fair value through profit or loss comprised (a) 29 equity securities listed in Hong Kong; (b) 6 unlisted investment funds; and (c) 2 unlisted equity investments. 28 listed equity securities, accounted for approximately 6.9% of the Group's unaudited consolidated total assets as at 30 June 2024, while the remaining 1 accounted for approximately 18.3% of the Group's unaudited consolidated total assets as at 30 June 2024. Each of the 6 unlisted investment funds accounted for approximately 0.1% to 3.2% of the Group's unaudited consolidated total assets as at 30 June 2024. Each of the unlisted equity investments accounted for approximately 1.7% to 1.8% of the Group's unaudited consolidated total assets as at 30 June 2024.

As at 30 June 2024, the Group held the property for investment purpose of which amounted to approximately HK\$31.3 million (31 December 2023: HK\$38.1 million) and leased out the property for rental income.

Financial assets at fair value through profit or loss

| Description of investments | Brief description of the business | Fair value of investments as at | | Number of shares held as at | | Approximate percentage of shareholding in the investee as at | | Approximate percentage of the Group's consolidated net assets as at | | Dividends received during the Period | Realised gain during the Period | Unrealised (loss)/ gain during the Period |
|--|--|---------------------------------|----------------|-----------------------------|-------------|--|-------------|---|-------------|--------------------------------------|---------------------------------|---|
| | | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | 30 June | 31 December | | | |
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | | | |
| | | (HK\$'000) | (HK\$'000) | ('000) | ('000) | | | | | (HK\$'000) | (HK\$'000) | (HK\$'000) |
| <i>Significant investments</i> | | | | | | | | | | | | |
| Listed securities | | | | | | | | | | | | |
| investments in Hong Kong | | | | | | | | | | | | |
| Town Health International Medical Group Limited ("Town Health") (stock code: 3886) | Provision of medical and dental services in Hong Kong; managing healthcare networks and provision of third party medical network administrator services in Hong Kong; provision of medical and dental services in the People's Republic of China ("PRC"); provision of hospital management services and related services; provision of miscellaneous healthcare related services and leasing of properties | 243,696 | 282,861 | 870,342 | 870,342 | 12.85% | 12.85% | 19.30% | 22.14% | - | - | (39,165) |
| <i>Other investments</i> | | | | | | | | | | | | |
| Other listed securities | | | | | | | | | | | | |
| Investments ¹ | | 91,309 | 80,654 | | | | | | | 19 | 5,523 | (5,552) |
| Unlisted investment funds ² | | 86,826 | 87,693 | | | | | | | - | - | (981) |
| Unlisted equity investments ³ | | 46,112 | 31,067 | | | | | | | - | - | 15,045 |
| Grand total for the financial assets at fair value through profit or loss | | 467,943 | 482,275 | | | | | | | 19 | 5,523 | (30,653) |

- Other listed securities investments mainly comprise the Group's investments in 28 companies whose shares are listed on the Main Board and GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of the investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.
- The unlisted investment funds comprise 6 different private funds. The business/investment sector of the unlisted investment funds mainly relates to various industries including, but not limited to, companies in consumer goods, retail, medical and health services, and internet-related and mobile-application-related industries. Each of the unlisted investment funds has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.
- The unlisted equity investments represent the investment in Seamless and a private company. Each of the investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2024.

SIGNIFICANT INVESTMENTS

Performance and future prospects of significant investment under financial assets at fair value through profit or loss

The Group held a significant investment with a carrying amount accounting for 5% or more of the Group's unaudited consolidated total assets as at 30 June 2024 as follows:

As at 30 June 2024, the Group held 870,342,000 shares of Town Health, with investment cost of approximately HK\$921.3 million, which represented approximately 12.85% of the issued shares of Town Health as at 30 June 2024. The fair value of such investment was approximately HK\$243.7 million, representing approximately 18.3% of the Group's unaudited consolidated total assets as at 30 June 2024 and approximately 19.3% of the Group's unaudited consolidated net assets as at 30 June 2024.

No dividend was received by the Group from Town Health during the Period and the Group recorded a fair value loss of approximately HK\$39.2 million for its investment in Town Health.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health are disclosed in Town Health's interim result announcement for the six months ended 30 June 2024 will be published on 29 August 2024.

As disclosed in the profit warning announcement of Town Health as published on the website of the Stock Exchange, during the Period, Town Health expected that for the six months ended 30 June 2024, Town Health will record an unaudited consolidated loss attributable to shareholder in the range of approximately HK\$42.9 million to HK\$52.4 million and an unaudited consolidated loss in the range of approximately HK\$25.7 million to HK\$31.4 million respectively. It was due to (1) the significant increase on fair value loss of Town Health's investment properties and financial assets; and (2) impairment losses and share of losses on the Town Health's interests in associates, recorded for the six months ended 30 June 2024.

The Directors hold positive views towards the future prospect of the principal businesses of Town Health and expects its significant investment in Town Health will continue to enhance investment return for the Group.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial information, no important events affecting the Company occurred since 30 June 2024 and up to the date of this announcement.

BUSINESS OUTLOOK

The Hong Kong economy is still facing high interest rates and a slowdown in the growth of the economic market performance and GDP. This situation could have significant implications for the financial industry in Hong Kong. It is expected that market volatility will continue to persist amid rising interest rates and inflation pressures. Furthermore, the Hong Kong Government has forecasted a real GDP growth rate of 2.5% to 3.5% for 2024, which is similar to the actual result of real GDP in 2023. It is anticipated that there may not be a significant improvement in the economic market performance in the second half of 2024.

In an effort to optimise this market momentum, the Group will continue to source additional revenues and broaden the customer base for its margin financing business through the broad social networks of the Group's experienced staff and new hires in order to build more in-depth as well as new business relationships, which will bring sustainable and steady growth to the segment.

As for its money lending business, the Group will continue to expand into corporate and individual loans through E Cash and E Finance. Under today's challenging and unpredictable economic environment, the Group expects to face lending risks which may affect loan demands from borrowers. The Group will continue to carefully evaluate its risk management strategies and ensure a proper balance between risks and returns and over the long run. To help ensure a sound loan portfolio, the Group will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. The Group will also keep a close eye on the repayment performance of its loan portfolio while evaluating the repayment ability of borrowers.

The Group will continue to cautiously monitor the general business environment and market conditions to mitigate the potential impact to our operations and investments while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of high interest rate and Hong Kong economic slowdown, the Group will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

Considering the ongoing growth of the healthcare industry, driven by a growing population and increased health consciousness, the Group remains focused on exploring investment opportunities in the healthcare sector. With the intention of generating sustainable returns for the Group, we recognise the potential in this sector and will actively pursue investments that align with our strategic objectives. By capitalising on the expanding healthcare market, we aim to create long-term value for our shareholder.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group held bank balances and cash of approximately HK\$168.0 million (31 December 2023: HK\$188.0 million). Net current assets amounted to approximately HK\$1,045.6 million (31 December 2023: HK\$1,081.6 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 17.0 times (31 December 2023: 23.0 times). The gearing ratio of the Group (defined as total liabilities to total assets) were approximately 5.0% (31 December 2023: 3.7%).

As at 30 June 2024, the Group had approximately HK\$22.7 million bank borrowings (31 December 2023: HK\$23.0 million) pledged by an investment property. The bank borrowings denominated in Hong Kong dollars as at 30 June 2024 bore interest rate at HIBOR plus 2% per annum or 2.25% per annum below Hong Kong dollar prime rate whichever is lower. As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars and United States dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, an investment property of approximately HK\$31.3 million (31 December 2023: HK\$38.1 million) has been pledged as collateral for mortgage loan (31 December 2023: same).

CAPITAL COMMITMENT

Details of capital commitments are stated in Note 16 to the unaudited condensed consolidated interim financial information.

CONTINGENT LIABILITIES

Details of contingent liabilities are stated in Note 19 to the unaudited condensed consolidated interim financial information.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group employed 29 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The emolument policy of the employees of the Group is mainly based on industry practices and individual's performance, competence, qualifications, position, seniority and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as the individual's performance. The Company maintained good relationship with its employees.

The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company endeavours to maintain good corporate governance for the enhancement of shareholders' value. The Board has adopted all the code provisions contained in the Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Listing Rules as the Company's corporate governance code. The Company has fully complied with all the code provisions of the CG Code throughout the Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Ms. Chan Lai Ping (the chairperson of the Audit Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the Period.

On behalf of the Board
Li Wing Cheong
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the executive Directors are Mr. Li Wing Cheong and Mr. Tong Hin Jo; and the independent non-executive Directors are Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung.