百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 2668

2024
INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Zhou Yijie

Non-executive Director

Mr. Liu Xiaowei

Independent Non-executive Directors

Ms. Chan Ching Yi
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Ms. Chan Ching Yi *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Chan Ching Yi
Mr. Chan Kin Sang
Mr. Zheng Suijun
Ms. Qian Pu

REMUNERATION COMMITTEE

Mr. Chan Kin Sang *(Chairman)*
Ms. Chan Ching Yi
Mr. Zheng Suijun
Ms. Qian Pu

STRATEGIC COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 232 Wan Chai Road
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Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR &TRANSFER OFFICE

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Level 8, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the principal activities of the Group are: (i) supply chain business (the "**Supply Chain Business**"), (ii) hotel management and catering services ("**Hotel Management & Catering Services**"), (iii) property investment (the "**Property Investment**"), and (iv) other businesses included the leasing business, money lending business and securities investment.

BUSINESS REVIEW

Supply Chain Business

During the six months ended 30 June 2024, the Supply Chain Business generated HKD328.0 million in revenue, marking a significant increase of HKD311.2 million compared to the same period in 2023. This growth can be attributed to recovering market conditions and a resurgence in consumption within the PRC. Our customers in the supply chain sector have gradually recovered, contributing notably to the improved performance. Additionally, the Group's continued efforts to strengthen credit control measures have been successful, with significant amounts in outstanding receivables recovered during the current period. The Group remains committed to regularly reviewing the recoverable amounts of trade receivables, closely monitoring collection efforts, and making adequate impairment provisions when necessary to mitigate financial risks.

The Group aims to further enhance the performance of the Supply Chain Business. To achieve this, the Group will focus on the domestic market while actively seeking new potential customers to diversify its revenue streams and strengthen its market position.

Hotel Management & Catering Services

During the six months ended 30 June 2024, the Hotel Management & Catering Services segment generated HKD49.2 million in revenue, reflecting a decrease of 19.8% compared to the same period in 2023. The decline follows a strong recovery in the first half of 2023, after which market conditions returned to normal during the current period. The segment loss in Hotel Management & Catering Services was primarily due to a fair value loss on the investment property and the written-off of the property, plant and equipment.

In response to the rapidly changing market dynamics, the Group has implemented timely adjustments through a cautious and adaptive strategy. Despite the decrease in revenue and aforementioned losses, the Group's performance has remained stable during the current period. This stability is a result of ongoing efforts to optimize internal operational management and strengthen brand promotion, all aimed at enhancing the long-term value of our brand.

The Group remains confident in its future prospects and is committed to steady growth, underpinned by a cautious approach. To stay competitive in the evolving hotel and catering services market, we will continue to prioritize the improvement of our product and service quality. By focusing on enhancing the overall satisfaction of our valued customers, we aim to solidify our position in the market and drive sustainable growth.

Property Investment

The Group has the investment properties located in Yunfu, PRC which generated HKD1.3 million in rental income. As at 30 June 2024, the fair value of the investment properties in Yunfu was HKD165.2 million. The Group will continue leasing out these investment properties to generate rental income, and may consider divesting them to improve working capital if and when it is deemed appropriate.

FINANCIAL REVIEW

Below is an analysis of the Group's key financial information including, but not limited to revenue, expenses and loss for the six months ended 30 June 2024, which reflected the financial position of the Group's business.

Revenue

For the six months ended 30 June 2024, the Group recorded a total revenue of HKD378.5 million, representing an increase of 376.1% as compared with that of the six months ended 30 June 2023 of HKD79.5 million. Such increase was mainly attributable to the revenue generated in Supply Chain Business of HKD328.0 million as compared with HKD16.8 million for the six months ended 30 June 2023.

Despite such increase in revenue in Supply Chain Business, the Hotel Management & Catering Services recorded a decrease in revenue from HKD61.4 million for the six months ended 30 June 2023 to HKD49.2 million for the six months ended 30 June 2024.

The total revenue from Property Investment and other businesses has remained stable as compared with that of the six months ended 30 June 2023 of which amounted to approximately HKD1.3 million.

Expenses

The Group's direct costs and operating expenses significantly increased by HKD294.0 million from HKD67.5 million for the six months ended 30 June 2023 to HKD361.5 million for the six months ended 30 June 2024 while administrative expenses increased by HKD3.3 million from HKD20.7 million for the six months ended 30 June 2023 to HKD24.0 million for the six months ended 30 June 2024. The increased in direct costs and operating expenses; and administrative expenses were mainly due to the significant growth in the Supply Chain Business, which accounted for over 86% of the Group's total revenue for the corresponding period.

The Group's impairment losses under expected credit loss model decreased by HKD52.5 million from provision for HKD49.4 million for the six months ended 30 June 2023 to reversal of HKD3.2 million for the six months ended 30 June 2024. Such decrease was mainly due to the significant amounts in outstanding receivables recovered by several customers in the Supply Chain Business.

The Group's finance cost increased by HKD4.2 million from HKD12.5 million for the six months ended 30 June 2023 to HKD16.8 million for the six months ended 30 June 2024, mainly due to the extra compound interest of defaulted bank loan.

Loss for the period

For the six months ended 30 June 2024, the Group recorded a net loss of approximately HKD36.8 million as compared to a net loss of approximately HKD74.2 million for the six months ended 30 June 2023. Such decrease in loss were mainly due to the significant decrease in expected credit losses on trade receivables in the Supply Chain Business.

Investment properties

The investment properties represent the leased out shops of HKD165.2 million (31 December 2023: HKD173.1 million) located in Yunfu, the PRC and leased out commercial building of HKD96.3 million (31 December 2023: HKD106.3 million) located in Beihai City, Guangxi Province, the PRC. The Group recognised fair value loss on investment properties of HKD11.4 million (30 June 2023: HKD3.2 million) due to the challenging business environment in the PRC.

Trade and other receivables

The trade and other receivables mainly represents the trade receivables (net of ECL allowances) of HKD442.9 million (31 December 2023: HKD413.0 million) which mainly from the Supply Chain Business and other receivables of HKD68.5 million (31 December 2023: HKD78.5 million) which mainly from supply chain financing arrangements. As at 30 June 2024, trade receivables (net of ECL allowances) past due within 12 months and over 12 months are HKD17.3 million (31 December 2023: HKD388.7 million) and HKD91.3 million (31 December 2023: HKD20.4 million) respectively.

The Group seeks to maintain strict control over its outstanding receivables and the management actively monitor the status of its outstanding receivables and the rapid change of the market condition in order to minimise credit risk. The management regularly reviews the overdue balances, which performs assessment of recoverability on a case-by-case basis.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2024, the cash and cash equivalents of the Group were HKD17.1 million (31 December 2023: HKD85.4 million) and interest-bearing borrowings, including the borrowings and lease liabilities were HKD371.5 million (31 December 2023: HKD381.6 million). The following table details the cash and cash equivalents, the borrowings and the lease liabilities of the Group as at 30 June 2024 denominated in original currencies:

	At 30 June 2024	
	HKD	***RMB***
	('000)	***('000)***
Cash and cash equivalents	**5,004**	**11,347**
Borrowings	**—**	**332,033**
Lease liabilities	**3,510**	**11,919**

	At 31 December 2023	
	HKD	*RMB*
	('000)	*('000)*
Cash and cash equivalents	52,656	29,836
Borrowings	—	335,074
Lease liabilities	—	13,012

The Group principally satisfies its demand for operating capital with cash inflow from its operations and borrowings. As at 30 June 2024, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing borrowings and lease liabilities) over total shareholders' fund of the Group, was 116.2% (31 December 2023: 103.9%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.20 (31 December 2023: 1.25). Both ratios are relatively stable in comparison to that as at 31 December 2023.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollars, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi. While the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollars. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from borrowings, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGES ON GROUP ASSETS

As at 30 June 2024, certain investment properties of the Group with an aggregate carrying amount of approximately HKD185,458,000 (31 December 2023: approximately HKD194,921,000) were pledged to banks for loans granted to the Group.

FINANCIAL GUARANTEES PROVIDED

As at 30 June 2024, the Company had provided corporate guarantees amounting to HKD298.5 million (31 December 2023: HKD305.8 million) in favour of certain banks in connection with facilities granted to certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of approximately HKD2,650,000 and property, plant and equipment at a net book value of approximately HKD5,000,000 was written-off, resulting in a loss on write-off of approximately HKD5,000,000.

During the six months ended 30 June 2023, there was no significant acquisition or disposal of property, plant and equipment.

As at 30 June 2024 and 31 December 2023, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group for the six months ended 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Major Transaction Acquisition of Target Company Involving Issue of Consideration Shares Under Specific Mandate

On 29 February 2024, the Company, Zhongchuan Investment Holding Co., Limited (宗傳投資控股有限公司) (the "**Vendor**") and Zhongchuan Investment Group Co., Limited (宗傳投資集團有限公司) (the "**Target Company**") entered into an agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the sale interest (representing the entire issued share capital of the Target Company) in accordance with the terms and conditions of the agreement (the "**Acquisition**"). The Acquisition and transactions contemplated thereunder are subject to the approval by the shareholders of the Company approving the Acquisition at a special general meeting of the Company and the satisfaction of the conditions precedent.

The above major transaction had been approved as the ordinary resolution by the shareholders of the Company at the special general meetings of the Company on 17 July 2024.

Save as disclosed above, there was no material acquisitions and disposals of subsidiaries and associated companies by the Group during the six months ended 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of approximately 280 employees (30 June 2023: approximately 310 employees). Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: HKD nil).

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any significant events after the reporting period.

FUTURE PROSPECTS

In the second half of 2024, it is expected the economic landscape is full of challenges and opportunities. The management of the Group remains cautiously optimistic regarding the Supply Chain Business and will closely monitor the market situation, enable agile decision-making and proactive risk management. The Group is in the course of acquiring a business principally engaged in iron ore and iron concentrate powder production and sales business and the acquisition is considered as a strategic business move to the Group, which allows the Group to further diversify and strengthen its revenue streams, and pave the way for sustainable development by capitalising on future economic opportunities. The Group aims to enhance its Supply Chain Business by covering a wider range of products achieving both business and market diversification. Simultaneously, the Group will also focus on the continuous advancement of the Hotel Management and Catering Services Business.

Additionally, the Group is negotiating with the bank for renewal and extension for repayments of the overdue bank borrowings and for the extension of the loan agreement.

Looking ahead, the Group aims to enhance the performance of the Supply Chain Business and after the completion of the acquisition, the Group will concentrate on integrating the mining resources and development capabilities to achieve vertical integration for cost efficiency to gain advantage in terms of cost and scale, while at the same time leveraging on the Group's strengths in Supply Chain Business. This strategic positioning enables the Group to capitalize on opportunities within the industry.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follow:

Name of Directors	Number of Shares Held *(Note 1)*	Capacity	Approximate % Shareholding *(Note 2)*
Mr. Liao Nangang ("**Mr. Liao**") *(Note 3)*	980,000,000	Interests of controlled corporation	20.94%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 30 June 2024, which was 4,680,000,000.

3. These 980,000,000 Shares are owned by Tengyue Holding Limited ("**Tengyue Holding**") which is wholly-owned by Beyond Glory Holdings Limited ("**Beyond Glory**"). In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 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, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	Number of Shares Held *(Note 1)*	Capacity	Approximate % of Shareholding *(Note 2)*
Tengyue Holding *(Note 3)*	980,000,000	Beneficial owner	20.94%
Beyond Glory *(Note 3)*	980,000,000	Interest of controlled corporation	20.94%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 30 June 2024, which was 4,680,000,000.

3. These 980,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly-owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

COMPETING INTERESTS

None of the Directors is interested in any business (apart from the business of the Company or its subsidiaries) which compete, either directly or indirectly, with the principal business of the Company or its subsidiaries during the six months ended 30 June 2024.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Listing Rules, there was no change in information of Directors since the date of the 2023 annual report of the Company.

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

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

DISCLOSURE REQUIREMENTS UNDER RULES 13.19 AND 13.21 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 19 December 2023. On 15 August 2022, 華夏銀行股份有限公司深圳分行 (Shenzhen Branch of Hua Xia Bank Co., Limited)* (the "**Bank**") as lender and 深圳金勝供應鏈有限公司 (Shenzhen Jinsheng Supply Chain Company Limited) * ("**Shenzhen Jinsheng**"), an indirect wholly-owned subsidiary of the Company, as borrower entered into a facility agreement, under which the Bank made available to Shenzhen Jinsheng a loan facility of an aggregate maximum amount of RMB279.0 million (the "**Facility**"). Pursuant to the working capital loan agreements entered into between the Bank and Shenzhen Jinsheng on the same date (the "**Loan Agreements**"), the Facility was fully utilised and loans of an aggregate principal amount of RMB279.0 million were made by the Bank to Shenzhen Jinsheng under the Facility (the "**Loans**"). The Loans were secured by guarantees given by the Company, certain of its subsidiaries and an independent third party and properties owned by an independent third party.

Shenzhen Jinsheng has been in default of interest payments under the Loan Agreements, which constitutes an event of default under the Loan Agreements (the "**Default**"). The Default resulted in the Bank to declare the Loans immediate due and repayment. The total amount of principal, interests and compound interests outstanding under the Loan Agreements is approximately RMB294.3 million. The Bank has not granted any waiver in respect of the Default and has demanded immediate repayment of the outstanding amounts under the Loan Agreements.

As at 30 June 2024, the management of the Group is in the course of negotiating with the Bank for a solution to the issues resulting from the Default and shall endeavour to reach an amicable settlement.

Details of the Loan Agreements are set out in notes 18 to the condensed consolidated financial statements of this interim report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Liao Nangang, being the chairman of the Board was unable to attend the annual general meeting of 21 June 2024 (the "**AGM**") due to the other business arrangement. Mr. Liao will endeavour to attend all future general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Liao had entrusted Ms. Qian Pu, being executive Director, to respond to shareholders' concerns (if any) on his behalf at the AGM.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the six months ended 30 June 2024.

AUDIT COMMITTEE

At the request of the Audit Committee, Baker Tilly Hong Kong Limited, the Group's external auditors have performed certain agreed-upon procedures on the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" issued by the HKICPA.

As the agreed-upon procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, the auditors do not express any assurance on the interim results of the Company for the six months ended 30 June 2024.

The Interim results have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited financial statements of the Group for the six months ended 30 June 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the six months ended 30 June 2024 and up to the date of this report.

By Order of the Board
Pak Tak International Limited

Liao Nangang
Chairman

Hong Kong, 29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 HKD'000 (unaudited)	2023 HKD'000 (unaudited)
Revenue	4	**378,542**	79,501
Other revenue	5	**315**	1,174
Other net (loss)/gain	5	**(5,130)**	584
Fair value loss on investment properties	13	**(11,364)**	(3,230)
Reversal of/(provision for) impairment losses under expected credit loss model, net	16	**3,163**	(49,360)
Direct costs and operating expenses		**(361,464)**	(67,452)
Administrative expenses		**(23,980)**	(20,731)
Loss from operations	6	**(19,918)**	(59,514)
Finance costs	7	**(16,758)**	(12,512)
Loss before taxation		**(36,676)**	(72,026)
Income tax expense	8	**(132)**	(2,145)
Loss for the period		**(36,808)**	(74,171)
Attributable to:			
— Equity shareholders of the Company		**(36,808)**	(74,104)
— Non-controlling interest		**—**	(67)
Loss for the period		**(36,808)**	(74,171)
Loss per share	9		
— Basic and diluted (in HK cents)		**(0.79)**	(1.90)

The notes on pages 21 to 38 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Loss for the period	**(36,808)**	(74,171)
Other comprehensive loss for the period:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(10,911)**	(16,461)
Item that will not be reclassified subsequently to profit or loss:		
— Fair value gain/(loss) of financial assets at fair value through other comprehensive income, net of nil tax	**71**	(1,704)
Total comprehensive loss for the period	**(47,648)**	(92,336)
Attributable to:		
— Equity shareholders of the Company	**(47,648)**	(92,272)
— Non-controlling interest	**—**	(64)
Total comprehensive loss for the period	**(47,648)**	(92,336)

The notes on pages 21 to 38 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Note	At 30 June 2024 HKD'000 (unaudited)	At 31 December 2023 HKD'000 (audited)
Non-current assets			
Property, plant and equipment	11	**7,987**	15,711
Right-of-use assets	12	**21,601**	20,381
Investment properties	13	**261,499**	279,418
Intangible assets		**757**	889
Deferred tax assets		**8,050**	8,080
Financial assets at fair value through other comprehensive income		**1,549**	1,478
		301,443	325,957
Current assets			
Inventories		**1,336**	1,769
Trade and other receivables	14	**552,884**	535,095
Finance lease receivables	15	**—**	—
Financial assets at fair value through profit or loss		**123**	57
Cash and cash equivalents		**17,146**	85,362
		571,489	622,283
Current liabilities			
Trade payables	17	**57,656**	70,856
Other payables and accrued charges		**71,753**	76,442
Contract liabilities		**12,366**	11,422
Borrowings	18	**330,039**	337,901
Lease liabilities		**2,891**	2,023
Tax payable		**3**	26
		474,708	498,670
Net current assets		**96,781**	123,613
Total assets less current liabilities		**398,224**	449,570

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2024

	Note	**At 30 June 2024** ***HKD'000*** **(unaudited)**	At 31 December 2023 *HKD'000* (audited)
Non-current liabilities			
Borrowings	*18*	**25,236**	29,407
Lease liabilities		**13,372**	12,241
Deferred tax liabilities		**40,010**	40,668
		78,618	82,316
NET ASSETS		**319,606**	367,254
CAPITAL AND RESERVES			
Share capital		**93,600**	93,600
Reserves		**226,006**	273,654
TOTAL EQUITY		**319,606**	367,254

Approved and authorised for issue by the board of directors on 29 August 2024.

Liao Nangang
Director

Qian Pu
Director

The notes on pages 21 to 38 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company							
	Share capital *HKD'000*	Share premium *HKD'000*	Fair value reserve *HKD'000*	Exchange reserve *HKD'000*	Retained Profits/ (accumulated losses) *HKD'000*	Sub-total *HKD'000*	Non-controlling interest *HKD'000*	Total equity *HKD'000*
At 1 January 2023 (audited)	78,000	540,359	(72,894)	(11,663)	35,121	568,923	–	568,923
Changes in equity for the six months ended 30 June 2023:								
Loss for the period	–	–	–	–	(74,104)	(74,104)	(67)	(74,171)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	–	–	–	(16,464)	–	(16,464)	3	(16,461)
Fair value loss of financial assets at fair value through other comprehensive income, net of nil tax	–	–	(1,704)	–	–	(1,704)	–	(1,704)
Total comprehensive loss for the period	–	–	(1,704)	(16,464)	(74,104)	(92,272)	(64)	(92,336)
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	3,560	3,560
At 30 June 2023 (unaudited)	78,000	540,359	(74,598)	(28,127)	(38,983)	476,651	3,496	480,147
At 1 January 2024 (audited)	**93,600**	**539,430**	**(75,888)**	**(23,262)**	**(166,626)**	**367,254**	**–**	**367,254**
Changes in equity for the six months ended 30 June 2024:								
Loss for the period	**–**	**–**	**–**	**–**	**(36,808)**	**(36,808)**	**–**	**(36,808)**
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**–**	**–**	**–**	**(10,911)**	**–**	**(10,911)**	**–**	**(10,911)**
Fair value gain of financial assets at fair value through other comprehensive income, net of nil tax	**–**	**–**	**71**	**–**	**–**	**71**	**–**	**71**
Total comprehensive loss for the period	**–**	**–**	**71**	**(10,911)**	**(36,808)**	**(47,648)**	**–**	**(47,648)**
At 30 June 2024 (unaudited)	**93,600**	**539,430**	**(75,817)**	**(34,173)**	**(203,434)**	**319,606**	**–**	**319,606**

The notes on pages 21 to 38 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	**(57,800)**	26,795
Investing activities		
Purchase of property, plant and equipment	**(2,652)**	(55)
Purchase of intangible assets	**(53)**	—
Purchase of financial assets at fair value through profit or loss	**(5,331)**	(40,235)
Proceeds from disposal of financial assets at fair value through profit or loss	**5,299**	40,076
Withdrawal of pledged bank deposits	**—**	39,026
Net cash (used in)/generated from investing activities	**(2,737)**	38,812
Financing activities		
Capital element of lease rental paid	**(1,493)**	(1,277)
Interest element of lease rental paid	**(369)**	(415)
Proceeds from new loans	**—**	1,131
Repayment of loans	**(3,554)**	(57,024)
Interest paid	**(946)**	(8,518)
Capital contribution from a non-controlling shareholder	**—**	3,560
Net cash used in financing activities	**(6,362)**	(62,543)
Net (decrease)/increase in cash and cash equivalents	**(66,899)**	3,064
Cash and cash equivalents at the beginning of the period	**85,362**	37,684
Effect of foreign exchange rate changes	**(1,317)**	(1,803)
Cash and cash equivalents at the end of the period	**17,146**	38,945

The notes on pages 21 to 38 form part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL

Pak Tak International Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong is 20th Floor, One Continental, No. 232 Wan Chai Road, Wan Chai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the supply chain business, property investment, and hotel management and catering services.

The condensed consolidated financial statements of the Company and its subsidiaries (together the "**Group**") are presented in Hong Kong dollars ("**HKD**") which is same as the functional currency of the Company. The condensed consolidated financial statements are presented in the nearest thousand (HKD'000) unless otherwise stated.

2. BASIS OF PRESENTATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This interim financial information should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2023 which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of changes in accounting policies and new accounting policies are set out in note 3.

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information are unaudited but has been reviewed by the Audit Committee of the Company.

Going concern assumption

During the interim period, the Group recorded a net loss of approximately HKD36,808,000 and one of the interest-bearing bank borrowings with principal amount of approximately RMB279,000,000 (equivalent to approximately HKD298,530,000) and related aggregate interest amount of approximately RMB28,300,000 (equivalent to approximately HKD30,281,000) remained defaulted as at 30 June 2024 and was repayable on demand. The bank has commenced litigation against the Group to recover the principal amount and related interest amount of the borrowing amounted to approximately RMB294,300,000 (equivalent to approximately HKD314,901,000). This bank borrowing exceed the Group's cash and cash equivalents of approximately HKD17,146,000 as at 30 June 2024.

2. BASIS OF PRESENTATION *(Continued)*

Going concern assumption *(Continued)*

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures are formulated to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue repayments to the lenders, including but not limited to the followings:

(i) The Group has been actively negotiating with the relevant bank for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowings due to the breach of loan covenants;

(ii) The Group has developed a plan to obtain additional fundings from the substantial shareholders of the Company by way of shareholders' loan. Such funding will be used to finance the repayment of principal and interest of the defaulted bank borrowings; and

(iii) The Group has been actively implemented measures to speed up the collection of substantial payments from customers.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30 June 2024. The directors of the Company are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the condensed consolidated financial statements, material uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

(i) Successful negotiation with the relevant bank for revising the repayment terms by instalment up to over the years and not demanding immediate repayment of existing bank borrowing due to the breach of loan covenants;

(ii) Successfully obtaining additional funds from the substantial shareholders by way of shareholders' loan; and

(iii) Successfully collecting substantial payments from customers.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA, that are relevant to the Group, to this interim financial report for the current accounting period:

- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretations 5 (2020)
- Amendments to HKAS 1, Non-current liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new or amended standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses. The Group is organised into business units based on their products and services and has three reportable operating segments under HKFRS 8 "Operating Segments" which were as follows:

(i) Supply chain business;
(ii) Property investment; and
(iii) Hotel management and catering services.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the condensed consolidated financial statements.

The CODM assesses the performance of the operating segments based on a measure of reportable segment results. This measurement basis excludes certain other net gains/losses, finance costs, other revenue and unallocated expenses.

Segment assets mainly exclude deferred tax assets and certain other assets that are managed on a central basis. Segment liabilities mainly exclude deferred tax liabilities and certain other liabilities that are managed on a central basis.

4. REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Disaggregation of revenue

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
— Sales of goods from supply chain business	**326,800**	14,937
— Sales of food and beverage products from hotel management and catering services	**42,963**	53,424
— Management fee income from hotel management services	**3,074**	5,961
— Handling fee income from supply chain financing arrangements	**219**	360
	373,056	74,682
Revenue from other sources		
Interest income from supply chain financing arrangements	**968**	1,515
Gross rentals from investment properties		
— Lease payments that are fixed	**3,345**	3,304
— Rental income from sublease	**1,173**	—
	5,486	4,819
	378,542	79,501

All the Group's revenue is derived from its operations in the People's Republic of China (the "**PRC**") for both interim periods.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(b).

4. REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Information about profit or loss

Six months ended 30 June 2024 (unaudited)	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Others *HKD'000*	Total *HKD'000*
Disaggregated by timing of revenue recognition					
Point in time	**327,019**	**—**	**42,963**	**—**	**369,982**
Over time	**968**	**1,336**	**6,256**	**—**	**8,560**
Revenue from external customers	**327,987**	**1,336**	**49,219**	**—**	**378,542**
Segment result	**473**	**(3,191)**	**(10,491)**	**(738)**	**(13,947)**
Reconciliation:					
Interest income					**154**
Corporate and other unallocated income					**161**
Corporate and other unallocated expenses					**(6,286)**
Finance costs					**(16,758)**
Loss before taxation					**(36,676)**
Income tax expense					**(132)**
Loss for the period					**(36,808)**

Six months ended 30 June 2023 (unaudited)	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Others *HKD'000*	Total *HKD'000*
Disaggregated by timing of revenue recognition					
Point in time	15,297	—	53,424	—	68,721
Over time	1,515	1,329	7,936	—	10,780
Revenue from external customers	16,812	1,329	61,360	—	79,501
Segment result	(53,419)	(4,508)	4,047	(2,411)	(56,291)
Reconciliation:					
Interest income					1,174
Corporate and other unallocated expenses					(4,397)
Finance costs					(12,512)
Loss before taxation					(72,026)
Income tax expense					(2,145)
Loss for the period					(74,171)

4. REVENUE AND SEGMENT REPORTING *(Continued)*

(c) Information about assets and liabilities

At 30 June 2024 (unaudited)	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Others *HKD'000*	Total *HKD'000*
Segment assets	**501,015**	**166,138**	**184,080**	**7,544**	**858,777**
Reconciliation:					
Deferred tax assets					**8,050**
Corporate and other unallocated assets					**6,105**
Total assets					**872,932**
Segment liabilities	**421,237**	**23,544**	**56,285**	**10,468**	**511,534**
Reconciliation:					
Deferred tax liabilities					**40,010**
Corporate and other unallocated liabilities					**1,782**
Total liabilities					**553,326**

At 31 December 2023 (audited)	Supply chain business *HKD'000*	Property investment *HKD'000*	Hotel management and catering services *HKD'000*	Others *HKD'000*	Total *HKD'000*
Segment assets	493,033	177,217	170,631	1,783	842,664
Reconciliation:					
Deferred tax assets					8,080
Corporate and other unallocated assets					97,496
Total assets					948,240
Segment liabilities	423,850	28,047	79,541	7,810	539,248
Reconciliation:					
Deferred tax liabilities					40,668
Corporate and other unallocated liabilities					1,070
Total liabilities					580,986

5. OTHER REVENUE AND OTHER NET (LOSS)/GAIN

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Other revenue		
Interest income	**154**	1,174
Sundry income	**161**	—
	315	1,174
Other net (loss)/gain		
Fair value (loss)/gain of financial assets at fair value through profit or loss	**(96)**	584
Loss on write-off of property, plant and equipment	**(5,034)**	—
	(5,130)	584

6. LOSS FROM OPERATIONS

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Loss from operations has been arrived at after charging:		
Depreciation on property, plant and equipment	**5,233**	4,264
Depreciation on right-of-use assets	**2,130**	1,407
Amortisation of intangible assets	**154**	221

7. FINANCE COSTS

The finance costs represent interests on bank loans and lease liabilities for the respective periods.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Current tax — the PRC Enterprise Income Tax ("EIT")		
— Current income Tax	**—**	503
— Over-provision in respect of prior years	**(2)**	(678)
	(2)	(175)
Deferred tax — the PRC	**134**	2,320
Income tax expense	**132**	2,145

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated or domiciled in Hong Kong have no assessable profits or sustained tax losses for taxation purpose for both interim periods.

The subsidiaries domiciled in the PRC are subject to the EIT which is charged at 25% (2023: 25%).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the interim period.

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Loss		
Loss attributable to equity shareholders of the Company	**(36,808)**	(74,104)

	Six months ended 30 June	
	2024	2023
	'000	*'000*
Number of shares	**(unaudited)**	(unaudited)
Weighted average number of ordinary shares in issue	**4,680,000**	3,900,000

Basic loss per share are the same as the diluted loss per share as the Company has no dilutive potential shares.

10. DIVIDEND

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of approximately HKD2,650,000 and property, plant and equipment at a net book value of approximately HKD5,000,000 was written-off, resulting in a loss on write-off of approximately HKD5,000,000.

During the six months ended 30 June 2023, there was no significant acquisition or disposal of property, plant and equipment.

12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, there was addition of right-of-use assets of approximately HKD3,820,000 regarding a lease of office in Hong Kong.

During the six months ended 30 June 2023, there was no addition or early termination of lease.

The leases of office, factory and restaurants in the PRC contain minimum annual lease payment terms that are fixed. These payment terms are common in the PRC where the Group operates.

13. INVESTMENT PROPERTIES

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

The investment properties are situated in the PRC and are held under medium-term leases.

The valuations of investment properties carried at fair value were updated as at 30 June 2024 by the Group's independent valuers using the same valuation techniques as were used by these valuers when carrying out the December 2023 valuations.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 *HKD'000* (unaudited)	At 31 December 2023 *HKD'000* (audited)
Trade receivables, net of expected credit loss allowance	**442,930**	413,035
Other receivables, net of expected credit loss allowance	**68,463**	78,476
	511,393	491,511
Deposits and prepayments	**41,491**	43,584
	552,884	535,095

The ageing analysis of trade receivables (net of expected credit loss allowances) as at the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2024 *HKD'000* (unaudited)	At 31 December 2023 *HKD'000* (audited)
Within 1 month	**74,796**	4,110
1 to 3 months	**142,901**	5,411
3 to 12 months	**131,437**	8,192
Over 12 months	**93,796**	395,322
	442,930	413,035

Trade receivables are generally due within 30 to 365 days (31 December 2023: 30 to 365 days) from the date of billing. The ageing analysis of trade receivables (net of expected credit loss allowances) as at the end of the reporting period, based on due date, is as follows:

	At 30 June 2024 *HKD'000* (unaudited)	At 31 December 2023 *HKD'000* (audited)
Current (not past due)	**334,384**	3,937
Less than 1 month past due	**1,192**	3,000
1 to 3 months past due	**2,750**	5,438
3 to 12 months past due	**13,319**	380,252
Over 12 months past due	**91,285**	20,408
	442,930	413,035

15. FINANCE LEASE RECEIVABLES

	At 30 June 2024	At 31 December 2023
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Finance lease receivables	**30,888**	30,888
Less: Expected credit loss allowance	**(30,888)**	(30,888)
	—	—

As at 30 June 2024 and 31 December 2023, the finance lease receivables are receivable within one year or on demand.

Certain machineries are leased out to one lessee under finance initial leases with lease terms of 24 to 48 months. Prior to the revision of lease contract, the interest rate inherent in the leases was fixed for the entire lease term and was ranging from 6.2% to 12% per annum. Finance lease receivables are secured over the machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

In the prior years, the Group entered into a finance lease receivable transfer arrangement (the "**Arrangement**") with the lessee. Under the Arrangement, the amount due from the lessee (representing all past due and future lease payments) of RMB25,122,000 (equivalent to HKD28,341,000) was transferred to an independent third party which the new repayment terms were revised as repayable on demand on a full recourse basis and the balance bears interest at the PRC Loan Prime Rate plus certain agreed premium rates until settlement. As the lessee has not transferred the significant obligations relating to these finance lease receivables, the full carrying amount of the receivables continues to be recognised as "finance lease receivables" in the Group's condensed consolidated statement of financial position.

As at 30 June 2024 and 31 December 2023, the original carrying value of the finance lease receivables and interest in full under the Arrangement have not been settled. Based on the management's best estimate, the entire balance of finance lease receivables is fully impaired due to the occurrence of unfavourable event.

16. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Impairment loss (reversed)/recognised in respect of		
— trade receivables	**(3,196)**	47,627
— other receivables	**33**	(276)
— finance lease receivables	**—**	2,009
	(3,163)	49,360

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

17. TRADE PAYABLES

The ageing analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2024 ***HKD'000*** **(unaudited)**	At 31 December 2023 *HKD'000* (audited)
Within 1 month	**2,162**	18,363
1 to 3 months	**2,298**	7,284
3 to 12 months	**20,936**	10,662
Over 12 months	**32,260**	34,547
	57,656	70,856

18. BORROWINGS

	At 30 June 2024 ***HKD'000*** **(unaudited)**	At 31 December 2023 *HKD'000* (audited)
Bank loans, secured *(note)*	**331,128**	367,308
Other loans, secured *(note)*	**24,147**	—
	355,275	367,308

The maturity profile of borrowings, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	At 30 June 2024 ***HKD'000*** **(unaudited)**	At 31 December 2023 *HKD'000* (audited)
Within 1 year	**330,039**	337,901
After 1 year but within 2 years	**16,896**	17,082
After 2 years but within 5 years	**8,340**	12,325
	355,275	367,308
Less: Amount due within one year or repayable on demand classified as current liabilities	**(330,039)**	(337,901)
Amount due for settlement after one year	**25,236**	29,407

18. BORROWINGS *(Continued)*

Note:

Bank loans comprise Bank Loan 1, Bank Loan 2, Bank Loan 3 and Bank Loan 4.

Bank Loan 1 with principal amount of RMB20,965,000 (equivalent to HKD22,433,000) (31 December 2023: RMB24,007,000 (equivalent to HKD26,316,000)) is secured by certain investment properties of the Group and is repayable by instalments up to 2027. Interest is charged at Prime rate of The People's Bank of China ("**PBOC**") plus 30% of PBOC Prime rate per annum.

Bank Loan 2 with principal amount of RMB279,000,000 (equivalent to HKD298,530,000) (31 December 2023: RMB279,000,000 (equivalent to HKD305,840,000)) is secured by corporate guarantee executed by the Company and its certain subsidiaries and certain properties owned by an independent third party. As at 30 June 2024 and 31 December 2023, the loan was defaulted and became immediately repayable on demand. Interest is charged at a fixed rate of 5.4% per annum.

Bank Loan 3 with principal amount of RMB22,567,000 (equivalent to HKD24,738,000) as at 31 December 2023 is secured by certain properties owned by independent third parties and is repayable within one year. Interest is charged at a fixed rate of 6.5% per annum. During the interim period, pursuant to debt assignment agreement between the relevant bank (as an original lender) and assignee (the "**Assignee**"), the Bank Loan 3 was agreed to be assigned to the Assignee, an independent third party. The Bank Loan 3 would be accordingly regarded as other loan, which the terms of the loan remain unchanged except for the repayment term which is revised to be repayable on demand.

Bank Loan 4 with principal amount of RMB9,500,000 (equivalent to HKD10,165,000) (31 December 2023: RMB9,500,000 (equivalent to HKD10,414,000)) is secured by certain investment properties of the Group and is repayable by instalments up to 2025. Interest is charged at a fixed rate of 5% per annum.

The Group has been actively negotiating with lender of Bank Loan 2 for renewal and extension for repayments of the overdue borrowing.

19. PLEDGE OF ASSETS

As at 30 June 2024, certain investment properties of the Group with an aggregate carrying amount of approximately HKD185,458,000 (31 December 2023: approximately HKD194,921,000) were pledged to banks for loans granted to the Group.

20. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2024	2023
	HKD'000	*HKD'000*
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	**2,108**	1,913
Contributions to defined contribution retirement plan	**83**	74
	2,191	1,987

(b) Other related party transactions

The Group did not enter into other significant related party transactions during both interim periods.

(c) Related party balances

As at 30 June 2024 and 31 December 2023, the Group had no significant balances dealt with its related parties.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group's finance department led by the group financial controller performs the valuations of financial required for financial reporting purposes and independent external valuers are engaged for expert opinions if needed. Discussions of valuation processes and results are held by the board members and Audit Committee at least twice every year, which is in line with the Group's reporting periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

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

(a) Financial assets and liabilities measured at fair value *(Continued)*

(i) Fair value hierarchy (Continued)

The following table presents the Group's financial instruments that are measured at fair value at the end of the reporting periods:

	Fair value at 30 June 2024 *HKD'000*	**Fair value measurements as at 30 June 2024 (unaudited) categorised into Level 1** *HKD'000*	Fair value at 31 December 2023 *HKD'000*	Fair value measurements as at 31 December 2023 (audited) categorised into Level 1 *HKD'000*
Recurring fair value measurements				
Financial assets measured at fair value through other comprehensive income				
— Listed equity securities	**1,549**	**1,549**	1,478	1,478
Financial assets measured at fair value through profit or loss				
— Listed equity securities	**123**	**123**	57	57

During the six months ended 30 June 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

22. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

22. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairment of property, plant and equipment and right-of-use assets

In considering the impairment loss that may be required for certain property, plant and equipment and right-of-use assets, recoverable amount of the asset needs to be determined. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

An increase or decrease in the above impairment loss would affect the operating results in the year and future years.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules in various jurisdictions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in respective tax legislation.

Deferred tax assets/liabilities are recognised for tax losses not yet utilised, taxable temporary differences arising from revaluation of investment properties and other deductible or taxable temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax loss can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised only if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Valuation of investment properties

Investment properties are stated at fair value based on the valuations performed by independent qualified professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in note 13.

22. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Provision of ECLs for trade and other receivables and finance lease receivables

Trade receivables and finance lease receivables are assessed for ECL individually and/or collectively. Where ECL is measured on a collective basis, the Group estimates ECL through groupings of various debtors that have similar loss patterns, after considering the historical loss rates experience, ageing of overdue debtors, customers' repayment history, customer's financial position and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Impairment loss on other receivables represent management's best estimate of losses incurred under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on other receivables, including historical loss experience on the basis of the relevant observable data that reflects current economic conditions, all of which involves significant management judgements and assumptions.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Determining the lease term

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

23. LITIGATION AND CLAIM

During the year ended 31 December 2023, one of the subsidiaries of the Group, Shenzhen Golden Flourish Supply Chain Limited defaulted on repayment of interest-bearing bank borrowing from Shenzhen Branch of Hua Xia Bank Co., Ltd ("**Hua Xia Bank**") with aggregate principal amount and related aggregate interest amount of approximately RMB294,300,000 (equivalent to approximately HKD322,612,000). Afterwards, the Company and its certain subsidiaries (the "**Defendants**") received a legal claim filed by Hua Xia Bank in respect of breach of loan agreements. The Defendants therefore received a court notice from the Shenzhen Intermediate People's Court that Hua Xia Bank requesting the Shenzhen Golden Flourish Supply Chain Limited to:

(1) repay the total amount of principal, interests and compound interests of approximately RMB294,300,000 (equivalent to approximately HKD322,612,000) immediately;

(2) bear the legal costs incurred by Hua Xia Bank; and

(3) bear the other litigation costs in relation to the abovementioned litigation.

23. LITIGATION AND CLAIM *(Continued)*

The relevant bank borrowings were classified as current liabilities as at 30 June 2024 and 31 December 2023. As at the approval date of these consolidated financial statements, the litigation is still at a preliminary stage and has not gone into substantive pleading stage, and having considered the alleged claims, the directors of the Company are of the views that (i) it is premature to assess the possible outcome of further claim which is pending, either individually or on a combined basis and (ii) it is uncertain as to whether there will be further impact, and if so, the quantum, on the financial position of the Group. The directors of the Company will monitor the litigation against the Group closely and the Company will continue to keep the shareholders of the Company and potential investors informed of any further material development.

24. CONTINGENT LIABILITIES

As at 30 June 2024, the Group has no significant contingent liabilities (31 December 2023: nil).

25. CAPITAL COMMITMENT

As at 30 June 2024, the Group has no significant capital commitment (31 December 2023: nil).