



# ETERNITY INVESTMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 764)

# 2023

## INTERIM REPORT



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## Corporate Information

### Board of Directors

#### **Executive directors**

Mr. Lei Hong Wai

*(Chairman and Chief Executive Officer)*

Mr. Cheung Kwok Wai Elton

Mr. Chan Kin Wah Billy

*(resigned on 10 July 2023)*

Mr. Cheung Kwok Fan

#### **Independent non-executive directors**

Mr. Wan Shing Chi

Mr. Ng Heung Yan

Mr. Wong Tak Chuen

### Company Secretary

Mr. Chan Kin Wah Billy

### Members of Audit Committee

Mr. Wong Tak Chuen *(Chairman)*

Mr. Wan Shing Chi

Mr. Ng Heung Yan

### Members of Remuneration Committee

Mr. Ng Heung Yan *(Chairman)*

Mr. Lei Hong Wai

Mr. Wan Shing Chi

### Members of Nomination Committee

Mr. Lei Hong Wai *(Chairman)*

Mr. Wan Shing Chi

Mr. Ng Heung Yan

### Members of Finance Committee

Mr. Chan Kin Wah Billy

*(resigned on 10 July 2023)*

Mr. Cheung Kwok Wai Elton *(Chairman)*

*(appointed on 10 July 2023)*

Mr. Wong Tak Chuen

### Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Head Office and Principal Place of Business

Unit 1211

Shun Tak Centre, West Tower

168-200 Connaught Road Central

Hong Kong

### Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited

Share Registration Public Office

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### Auditors

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

### Principal Bankers

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

### Stock Code

764

### Website

[www.eterinityinv.com.hk](http://www.eterinityinv.com.hk)

### Email Address

[billy@eterinityinv.com.hk](mailto:billy@eterinityinv.com.hk)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 June	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	81,665	81,529
Cost of sales		<b>(46,547)</b>	(44,482)
Gross profit		<b>35,118</b>	37,047
Investment and other income	5	<b>19,830</b>	6,322
Other gains and losses	6	<b>(3,971)</b>	(18,702)
Selling and distribution expenses		<b>(2,182)</b>	(1,635)
Allowance for expected credit losses on financial assets	7	<b>(1,662)</b>	(2,436)
Administrative expenses		<b>(57,780)</b>	(55,465)
Share of results of associates		<b>(7,342)</b>	(3,936)
Loss from operations		<b>(17,989)</b>	(38,805)
Finance costs	8	<b>(34,361)</b>	(28,659)
Loss before taxation		<b>(52,350)</b>	(67,464)
Income tax credit	9	<b>1,325</b>	1,233
<b>Loss for the period</b>	<b>10</b>	<b>(51,025)</b>	(66,231)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(51,025)</b>	(66,229)
Non-controlling interests		<b>—</b>	(2)
		<b>(51,025)</b>	(66,231)
<b>Interim dividend</b>	<b>11</b>	<b>—</b>	—
<b>Loss per share</b>	<b>12</b>		
Basic ( <i>Hong Kong cents</i> )		<b>(1.38)</b>	(1.78)
Diluted ( <i>Hong Kong cents</i> )		<b>(1.38)</b>	(1.78)

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(51,025)</b>	(66,231)
<b>Other comprehensive (expense)/income for the period, net of income tax</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	<b>(2,880)</b>	(9,500)
	<b>(2,880)</b>	(9,500)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations	<b>(37,077)</b>	(60,597)
Share of other comprehensive income/ (expense) of associates, net of related income tax	<b>65</b>	(34)
	<b>(37,012)</b>	(60,631)
Other comprehensive expense for the period, net of income tax	<b>(39,892)</b>	(70,131)
<b>Total comprehensive expense for the period</b>	<b>(90,917)</b>	(136,362)
<b>Total comprehensive (expense)/income for the period attributable to:</b>		
Owners of the Company	<b>(91,096)</b>	(136,636)
Non-controlling interests	<b>179</b>	274
	<b>(90,917)</b>	(136,362)

## Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	891,292	907,374
Right-of-use assets	14	208,844	222,318
Investment properties	15	235,506	233,991
Intangible assets	16	639,977	673,975
Goodwill		237,630	245,268
Interests in associates	17	19,035	35,918
Deferred tax assets		92,760	93,154
Equity instruments at fair value through other comprehensive income		9,335	12,215
Financial assets at fair value through profit or loss		9,716	9,527
Finance lease receivables	18	158,036	142,632
Prepayments and other receivables		1,374	3,194
		<b>2,503,505</b>	2,579,566
<b>Current assets</b>			
Inventories		36,993	36,024
Loan receivables	19	413,867	412,069
Trade receivables	20	32,664	32,841
Deposits, prepayments and other receivables		129,416	167,229
Finance lease receivables	18	22,820	31,435
Financial assets at fair value through profit or loss		109,117	125,910
Derivative financial instruments		—	—
Pledged bank deposits		149	779
Restricted bank deposits		17,650	—
Cash and cash equivalents		52,217	34,765
Assets classified as held for sale	21	814,893	841,052
		<b>31,255</b>	36,852
		<b>846,148</b>	877,904
<b>Total assets</b>		<b>3,349,653</b>	3,457,470

## Condensed Consolidated Statement of Financial Position (Continued)

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>EQUITY</b>			
Share capital	22	38,196	38,196
Shares held for share award plan		(24,455)	(24,455)
Reserves		1,694,336	1,785,432
<b>Equity attributable to owners of the Company</b>			
		1,708,077	1,799,173
Non-controlling interests		(5,578)	(5,757)
<b>Total equity</b>		<b>1,702,499</b>	<b>1,793,416</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	23	27,257	32,948
Deposits received, accruals and other payables		203,038	246,069
Receipts in advance		64,018	87,221
Tax payables		83,074	79,944
Bank borrowings	24	196,319	200,020
Other borrowings	25	263,778	266,789
Lease liabilities		6,646	6,849
Guaranteed secured notes	26	197,000	197,000
Amounts due to directors	27	47,499	1,000
Amounts due to associates	28	6,666	1,961
Derivative financial instruments		—	—
		<b>1,095,295</b>	<b>1,119,801</b>

## Condensed Consolidated Statement of Financial Position (Continued)

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>		
Deposit received and other payables	95,072	64,060
Lease liabilities	270,474	284,698
Deferred tax liabilities	186,313	195,495
	<b>551,859</b>	544,253
<b>Total liabilities</b>	<b>1,647,154</b>	1,664,054
<b>Total equity and liabilities</b>	<b>3,349,653</b>	3,457,470
<b>Net current liabilities</b>	<b>(249,147)</b>	(241,897)
<b>Total assets less current liabilities</b>	<b>2,254,358</b>	2,337,669

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company												
	Share capital	Shares held for share award plan	Share premium	Capital reserve	Contributed surplus	Property revaluation reserve	Fair value through other comprehensive income	Equity-settled share-based payment	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At 1 January 2022	38,196	(17,381)	1,807,051	17,761	404,663	–	(598)	16,377	11,119	(83,746)	2,193,442	(6,285)	2,187,157
Loss for the period	–	–	–	–	–	–	–	–	–	(66,229)	(66,229)	(2)	(66,231)
Other comprehensive expense for the period	–	–	–	–	–	–	–	–	–	–	–	–	–
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	(9,500)	–	–	–	(9,500)	–	(9,500)
Share of other comprehensive expense of associates	–	–	–	–	–	–	–	–	(34)	–	(34)	–	(34)
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	–	–	(60,673)	–	(60,673)	276	(60,597)
Total comprehensive expense for the period	–	–	–	–	–	–	(9,500)	–	(60,907)	(66,229)	(136,636)	274	(136,362)
Shares purchased under share award plan	–	(4,053)	–	–	–	–	–	–	–	–	(4,053)	–	(4,053)
At 30 June 2022	38,196	(21,434)	1,807,051	17,761	404,663	–	(10,098)	16,377	(49,788)	(149,975)	2,052,753	(6,011)	2,046,742
At 1 January 2023	38,196	(24,455)	1,807,051	17,761	404,663	25,801	(14,303)	16,377	(115,400)	(356,518)	1,798,173	(5,757)	1,793,416
Loss for the period	–	–	–	–	–	–	–	–	–	(51,025)	(51,025)	–	(51,025)
Other comprehensive expense for the period	–	–	–	–	–	–	–	–	–	–	–	–	–
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	(2,880)	–	–	–	(2,880)	–	(2,880)
Share of other comprehensive income of associates	–	–	–	–	–	–	–	–	65	–	65	–	65
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	–	–	(37,256)	–	(37,256)	179	(37,077)
Total comprehensive expense for the period	–	–	–	–	–	–	(2,880)	–	(37,191)	(51,025)	(91,066)	179	(90,917)
At 30 June 2023	38,196	(24,455)	1,807,051	17,761	404,663	25,801	(17,183)	16,377	(152,591)	(407,543)	1,708,077	(5,578)	1,702,499

## Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	29,931	109,817
<b>Net cash generated from operating activities</b>	<b>29,931</b>	109,817
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment in an associate	—	(557)
Purchase of property, plant and equipment	(23,071)	(73,445)
Proceeds from disposal of residential serviced apartments	9,139	—
Repayment from leasees under finance lease	15,405	—
Withdrawal / (placement) of pledged bank deposits	630	(1,046)
Placement of restricted bank deposits	(18,312)	—
Net cash inflow arising on other investing activities	1,794	894
<b>Net cash used in investing activities</b>	<b>(14,415)</b>	(74,154)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from an associate	7,680	—
Advance from directors	49,199	3,000
Interest paid	(32,550)	(31,650)
Proceeds from bank borrowings	48,753	95,528
Proceeds from other borrowings	1,590	—
Repayment of bank borrowings	(52,454)	(59,276)
Repayment of other borrowings	(7,228)	(2,509)
Repayment of guaranteed secured notes	—	(3,000)
Repayments of leases liabilities	(5,549)	(5,398)
Repayment to directors	(2,700)	(1,500)
Repayment to an associate	(3,100)	—
Shares purchased under share award plan	—	(4,053)
<b>Net cash generated from / (used in) financing activities</b>	<b>3,641</b>	(8,858)

## Condensed Consolidated Statement of Cash Flows (Continued)

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net increase in cash and cash equivalents	19,157	26,805
Cash and cash equivalents at the beginning of the reporting period	34,765	43,571
Effect of foreign exchange rate changes	(1,705)	1,532
Cash and cash equivalents at the end of the reporting period	52,217	71,908

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 1. Basis of preparation

The condensed consolidated financial statements of Eternity Investment Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Exchange**”).

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2022. Except as described in note 2 below, the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those presented in the audited consolidated financial statements for the year ended 31 December 2022.

#### **Going concern**

During the six months ended 30 June 2023, the Group incurred a loss for the period attributable to owners of the Company of HK\$51,025,000, certain bank accounts of the Group in the amount of approximately RMB16,273,000 (equivalent to HK\$17,650,000) have been frozen by a civil ruling issued by a court in the People’s Republic of China (the “**PRC**”), and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$249,147,000. These events or conditions indicate that a material uncertainty exists that may cast significant doubts on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities, together with certain appropriate financing activities, will enable the Group to meet the funding needs of operations and repay the outstanding borrowings. In order to improve the Group’s financial position, the directors of the Company have been implementing various measures as follows:

- taking active measures to collect loan receivables to improve operating cash flows and its financial position;
- formulating various sale and marketing initiatives to increase the occupancy rate of the residential serviced apartments in Beijing, the PRC;
- negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;
- negotiating with various financial institutions and identifying various options for financing the Group’s working capital in the foreseeable future;
- reviewing its investments and actively considering the realisation of certain financial assets at fair value through profit or loss (“**FVTPL**”) in order to enhance the cash flow position of the Group whenever it is necessary;

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 1. Basis of preparation (Continued)

#### Going concern (Continued)

- implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and
- two executive directors of the Company have undertaken to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operation.

The directors of the Company have carried out a detailed review of the Group's cash flow projection prepared by management. The cash flow projections covers a period of not less than twelve months from the date hereof. In preparing the cash flow projection, the directors of the Company have considered the historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. After taking into account the above-mentioned improvement measures, the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the condensed consolidated financial statements.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements for the six months ended 30 June 2023 on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through achieving the plans and measures above. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements prepared on a going concern basis.

### 2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31 December 2022.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 2. Principal accounting policies (Continued)

#### Application of amendments to HKFRSs

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

### 3. Operating segments

The Group's operating segments have been determined based on the information reported to the Chairman of the board of directors (the "**Board**"), being the chief operating decision maker, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has four operating segments:

(a)	Property investment	Leasing of rental properties and property management
(b)	Sale of financial assets	Sale of financial assets at FVTPL
(c)	Money lending	Money lending
(d)	Sale of jewelry products	Design and sale of jewelry products

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

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

#### For the six months ended 30 June 2023

	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue</b>	20,785	529	16,383	43,968	81,665
<b>Segment profit/(loss)</b>	1,992	(4,823)	2,771	1,074	1,014
Interest income on bank deposits					59
Unallocated corporate income					201
Unallocated corporate expenses					(11,921)
Finance costs					(34,361)
Share of results of associates					(7,342)
Loss before taxation					(52,350)
Income tax credit					1,325
Loss for the period					(51,025)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

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

For the six months ended 30 June 2022

	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment revenue</b>	18,641	(493)	23,959	39,422	81,529
<b>Segment (loss)/profit</b>	(12,027)	(24,454)	7,096	(1,321)	(30,706)
Interest income on bank deposits					28
Unallocated corporate expenses					(4,191)
Finance costs					(28,659)
Share of results of associates					(3,936)
Loss before taxation					(67,464)
Income tax credit					1,233
Loss for the period					(66,231)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

Segment results represent profit earned/(loss incurred) by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, certain investment and other income, certain other gains and losses, finance costs and income tax credit. This is the measure reported to the Chairman of the Board for the purposes of resource allocation and assessment of segment performance.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

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

#### At 30 June 2023

	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Segment assets</b>					
– Hong Kong	340,967	118,533	489,726	67,067	1,016,293
– PRC	2,251,290	–	–	–	2,251,290
	<b>2,592,257</b>	<b>118,533</b>	<b>489,726</b>	<b>67,067</b>	<b>3,267,583</b>
Unallocated corporate assets					82,070
Consolidated total assets					<b>3,349,653</b>
<b>Segment liabilities</b>					
– Hong Kong	(100,102)	(118,388)	(4,348)	(53,394)	(276,232)
– The PRC	(890,098)	–	–	–	(890,098)
	<b>(990,200)</b>	<b>(118,388)</b>	<b>(4,348)</b>	<b>(53,394)</b>	<b>(1,166,330)</b>
Unallocated corporate liabilities					(480,824)
Consolidated total liabilities					<b>(1,647,154)</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

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

At 31 December 2022

	Property investment HK\$'000 (Audited)	Sale of financial assets HK\$'000 (Audited)	Money lending HK\$'000 (Audited)	Sale of jewelry products HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
<b>Segment assets</b>					
– Hong Kong	343,621	138,833	491,482	67,024	1,040,960
– The PRC	2,316,567	–	–	–	2,316,567
	2,660,188	138,833	491,482	67,024	3,357,527
Unallocated corporate assets					99,943
Consolidated total assets					3,457,470
<b>Segment liabilities</b>					
– Hong Kong	(103,238)	(117,827)	(1,884)	(52,855)	(275,804)
– The PRC	(954,720)	–	–	–	(954,720)
	(1,057,958)	(117,827)	(1,884)	(52,855)	(1,230,524)
Unallocated corporate liabilities					(433,530)
Consolidated total liabilities					(1,664,054)

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

### 3. Operating segments *(Continued)*

The following is an analysis of the Group's assets and liabilities by operating segments: *(Continued)*

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

- all assets are allocated to operating segments other than interests in associates, certain financial assets at FVTPL, certain deposits, prepayments, other receivables, and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to operating segments other than certain bank borrowings, certain other borrowings, guaranteed secured notes, certain accruals and other payables, certain tax payables, amounts due to associates and amounts due to directors that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

The following is an analysis of the Group's other selected segment information:

#### For the six months ended 30 June 2023

	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Amounts included in the measure of segment profit/ (loss) and segment assets</b>					
Additions to property, plant and equipment	24,580	—	—	23	24,603
Allowance for expected credit losses ("ECL") on loan receivables	—	—	(2,018)	—	(2,018)
Allowance for ECL on trade receivables	—	—	—	(12)	(12)
Amortisation of intangible assets	(8,762)	—	—	—	(8,762)
Depreciation of property, plant and equipment	(12,921)	—	—	(6)	(12,927)
Depreciation of right-of-use assets	(2,955)	—	—	(155)	(3,110)
Dividend income	—	734	—	—	734
Finance income on finance lease receivables	9,432	—	—	—	9,432
Gain arising on change in fair value of investment properties	3,700	—	—	—	3,700
Gain on disposals of residential serviced apartments	7,993	—	—	—	7,993
Interest income on other receivables	414	—	—	—	414
Loss arising on change in fair value of financial assets at FVTPL	—	(6,008)	—	—	(6,008)
Membership income	8,613	—	—	—	8,613
Reversal of allowance for ECL on other receivables	368	—	—	—	368
Written-off of property, plant and equipment	(50)	—	—	—	(50)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

The following is an analysis of the Group's other selected segment information:  
(Continued)

For the six months ended 30 June 2022

	Property investment HK\$'000 (Unaudited)	Sale of financial assets HK\$'000 (Unaudited)	Money lending HK\$'000 (Unaudited)	Sale of jewelry products HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
<b>Amounts included in the measure of segment (loss)/ profit and segment assets</b>					
Additions to property, plant and equipment	79,968	—	—	3	79,971
Allowance for ECL on loan receivables	—	—	(2,573)	—	(2,573)
Allowance for ECL on trade receivables	—	—	—	(16)	(16)
Amortisation of intangible assets	(10,552)	—	—	—	(10,552)
Depreciation of property, plant and equipment	(10,831)	—	—	(5)	(10,836)
Depreciation of right-of-use assets	(3,160)	—	—	(154)	(3,314)
Dividend income	—	11	—	—	11
Gain arising on change in fair value of derivative financial instruments	—	3,266	—	—	3,266
Gain arising on change in fair value of investment properties	5,000	—	—	—	5,000
Interest income on other receivables	567	—	—	—	567
Loss arising on change in fair value of financial assets at FVTPL	—	(26,961)	—	—	(26,961)
Loss of inventories	—	—	—	(1,534)	(1,534)
Membership income	5,054	—	—	—	5,054
Reversal of allowance for ECL on other receivables	153	—	—	—	153
Written-off of property, plant and equipment	(7)	—	—	—	(7)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 3. Operating segments (Continued)

The following is an analysis of the Group's revenue from external customers and information about its non-current assets by geographical location:

	Revenue from external customer		Non-current assets	
	For the six months ended 30 June		At 30 June 2023	At 31 December 2022
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Audited)
Australia	415	649	—	—
Europe	4,292	6,387	—	—
Hong Kong	58,411	58,165	359,629	378,478
North America	36	—	—	—
The PRC	18,511	16,328	1,874,029	1,943,560
	<b>81,665</b>	81,529	<b>2,233,658</b>	2,322,038

Note:

Non-current assets excluded deferred tax assets, equity instruments at fair value through other comprehensive income, financial assets at FVTPL and finance lease receivables.

The following is an analysis of the Group's major customers contributing over 10% of the total revenue of the Group:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer 1 <sup>1</sup>	18,896	21,036
Customer 2 <sup>2</sup>	15,268	16,328
Customer 3 <sup>1</sup>	9,429	—
Customer 4 <sup>3</sup>	9,058	10,219

<sup>1</sup> Revenue from sale of jewelry products.

<sup>2</sup> Revenue from property investment.

<sup>3</sup> Revenue from money lending.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 4. Revenue

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Disaggregation of revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by types of goods and services		
— sale of jewelry products	43,968	39,422
— property management	738	—
	<b>44,706</b>	39,422
<b>Revenue from other sources</b>		
— sale of financial assets at FVTPL, net	529	(493)
— interest income on loans	16,383	23,959
— rental income	20,047	18,641
	<b>81,665</b>	81,529
<b>Timing of revenue recognition</b>		
— a point in time	43,968	39,422
— over time	738	—
	<b>44,706</b>	39,422
<b>Revenue from contracts with customers</b>	<b>44,706</b>	39,422

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 4. Revenue (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sale of jewelry products	43,968	39,422
Property management	738	—
<b>Revenue from contracts with customers</b>	<b>44,706</b>	39,422
Sale of financial assets at FVTPL, net	529	(493)
Interest income on loans	16,383	23,959
Rental income	20,047	18,641
<b>Total revenue</b>	<b>81,665</b>	81,529

Revenue from sale of financial assets at FVTPL is recorded on a net basis, details of which are as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Proceeds from sale of financial assets at FVTPL	19,339	44,408
Carrying amounts of financial assets at FVTPL sold plus transaction costs	(18,810)	(44,901)
	529	(493)

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 5. Investment and other income

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Dividend income	935	11
Finance income on finance lease receivables	9,432	—
Government grants	—	384
Interest income on bank deposits	59	28
Interest income on other receivables	414	567
Membership income	8,613	5,054
Sundry income	377	278
	<b>19,830</b>	<b>6,322</b>

During the six months ended 30 June 2022, the Group recognised government grants of HK\$384,000 in respect of COVID-19 related subsidy which was related to the Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government. There were no unfulfilled conditions and other contingencies attached to these government grants.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 6. Other gains and losses

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Gain arising on change in fair value of derivative financial instruments	—	3,266
Gain arising on change in fair value of investment properties	3,700	5,000
Gain on disposals of residential serviced apartments	7,993	—
Impairment loss on interests in associates	(9,606)	—
Loss arising on change in fair value of financial assets at FVTPL	(6,008)	(26,961)
Written-off of property, plant and equipment	(50)	(7)
	<b>(3,971)</b>	<b>(18,702)</b>

Gain on disposals of residential serviced apartments is recorded on a net basis, details of which are as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Discounted proceeds from disposals of residential serviced apartments (net of value-added tax)	24,874	—
Related assets of residential serviced apartments recorded in property, plant and equipment, intangible assets, and right-of-use assets disposed of	(16,881)	—
	<b>7,993</b>	<b>—</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 7. Allowance for expected credit losses on financial assets

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Reversal of allowance)/allowance for ECL on loan receivables:		
– 12 months ECL	(109)	(1,241)
– lifetime ECL not credit-impaired	(482)	—
– lifetime ECL credit-impaired	2,609	3,814
	2,018	2,573
Reversal of allowance for ECL on other receivables:		
– 12 months ECL	(368)	(153)
Allowance for ECL on trade receivables	12	16
	1,662	2,436

### 8. Finance costs

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on amount due to an associate	140	—
Interest on bank borrowings	4,255	1,421
Interest on other borrowings	10,596	10,529
Interest on lease liabilities	7,134	7,694
Imputed interest on guaranteed secured notes	16,607	13,658
	38,732	33,302
Less: interest on lease liabilities capitalised in the cost of qualifying assets	(4,371)	(4,643)
	34,361	28,659

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 9. Income tax credit

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong Profits tax		
— current tax	—	—
PRC Enterprise Income Tax		
— current tax	(2,049)	(1,743)
Deferred taxation credit	3,374	2,976
	<b>1,325</b>	1,233

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 10. Loss for the period

Loss for the period has been arrived at after charging/(crediting):

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Amortisation of intangible assets (included in administrative expenses)	<b>8,762</b>	10,552
Cost of inventories sold	<b>37,728</b>	35,050
Depreciation of property, plant and equipment	<b>12,927</b>	10,836
Depreciation of right-of-use assets	<b>3,110</b>	3,314
Loss of inventories (included in administrative expenses)	<b>—</b>	1,534
Net foreign exchange loss/(gain)	<b>7</b>	(3)
Staff costs (including directors' emoluments):		
— salaries and allowances	<b>31,461</b>	26,739
— contributions to retirement benefits scheme	<b>201</b>	202
	<b>31,662</b>	26,941
Gross rental income from investment properties and operating rights	<b>(20,047)</b>	(18,641)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	<b>8,819</b>	9,432
	<b>(11,228)</b>	(9,209)

### 11. Interim dividend

No interim dividend was paid, declared or proposed during the six months ended 30 June 2023 (2022: Nil). The Board has determined that no interim dividend will be paid in respect of the six months ended 30 June 2023 (2022: Nil).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 12. Loss per share

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

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<u>Loss for the purpose of basic and diluted loss per share</u>		
Loss for the period attributable to owners of the Company	<b>(51,025)</b>	(66,229)

	For the six months ended 30 June	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
<u>Number of ordinary shares</u>		
Weighted average number of ordinary shares less weighted average number of shares held for share award plan for the purpose of basic and diluted loss per share	<b>3,695,296</b>	3,726,456

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2023 and 2022.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 13. Movements in property, plant and equipment

During the six months ended 30 June 2023, the Group acquired certain items of property, plant and equipment with an aggregate cost of HK\$24,603,000 (2022: HK\$79,971,000). During the six months ended 30 June 2023, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK\$50,000 (2022: HK\$7,000), resulting in a written-off of HK\$50,000 (2022: a written-off of HK\$7,000).

During the six months ended 30 June 2023, one long-term lease (2022: Nil) relating to leasing a residential serviced apartment erected on a piece of 580 Chinese acre land (the "Subject Land") adjacent to the Group's golf club and resort (the "Club") in Beijing, the PRC, commenced. The related property, plant and equipment of the residential serviced apartment of HK\$6,638,000 (2022: Nil) were derecognised upon the commencement of the long-term lease.

### 14. Movements in right-of-use assets

During the six months ended 30 June 2023, the Group did not enter into any new lease agreement. The depreciation of right-of-use assets of HK\$3,110,000 (2022: HK\$3,314,000) has been recognised directly in profit or loss for the six months ended 30 June 2023 and HK\$1,509,000 (2022: HK\$1,883,000) has been capitalised in the cost of qualifying assets.

During the six months ended 30 June 2023, one long-term lease (2022: Nil) relating to leasing a residential serviced apartment erected on the Subject Land commenced. The related right-of-use asset in respect of the Subject Land of the residential serviced apartment of HK\$889,000 (2022: Nil) was derecognised upon the commencement of the long-term lease.

### 15. Movements in investment properties

The Group's investment properties located in Hong Kong and the PRC at the end of the reporting period were valued by an independent firm of qualified valuers, APAC Appraisal and Consulting Limited, using the same valuation technique as used by it when carrying out the valuation of 31 December 2022. The resulting increase in fair value of investment properties of HK\$3,700,000 (2022: HK\$5,000,000) has been recognised in profit or loss for the six months ended 30 June 2023.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 16. Movements in intangible assets

During the six months ended 30 June 2023, the amortisation of operating rights in respect of the Subject Land and operating rights in respect of club facilities of the Club of HK\$8,762,000 (2022: HK\$10,552,000) has been recognised in profit or loss for the six months ended 30 June 2023.

During the six months ended 30 June 2023, one long-term lease (2022: Nil) relating to leasing a residential serviced apartment erected on the Subject Land commenced. The related operating rights in respect of the Subject Land of the residential serviced apartment of HK\$4,738,000 (2022: Nil) was derecognised upon the commencement of the long-term lease.

### 17. Interests in associates

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
<b>Listed shares in Hong Kong</b>		
— China Healthwise Holding Limited ("China Healthwise")	13,419	29,810
<b>Unlisted shares in Hong Kong</b>		
— China Hong Kong Money Limited ("China Hong Kong Money")	591	591
— Elite Prosperous Investment Limited ("Elite Prosperous")	5,025	5,517
	<b>19,035</b>	35,918
Cost of investments in associates	58,747	58,747
Amount due from an associate	38,437	38,437
Share of post-acquisition loss, other comprehensive expense, impairment loss, net dividends received and reserve	(78,149)	(61,266)
	<b>19,035</b>	35,918
<b>Market value of listed shares</b>		
— China Healthwise	13,419	31,310

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 17. Interests in associates (Continued)

#### **China Healthwise**

During the six months ended 30 June 2022, the Group further acquired 2,400,000 shares in China Healthwise at an aggregate consideration of HK\$557,000 and the Group's shareholdings in China Healthwise increased from 21.19% at 31 December 2021 to 21.50% at 30 June 2022 accordingly. The Group recognised a gain on bargaining purchase of HK\$42,000 in the "Share of results of associates" line item in the condensed consolidated statement of profit or loss for the six months ended 30 June 2022 resulted from the further acquisition.

During the six months ended 30 June 2023, the Group determined that there was indication of impairment on the interests in China Healthwise since the carrying amount of the net assets of China Healthwise was in excess of its market capitalisation at the end of the reporting period. The Group determined the impairment loss by assessing the recoverable amount of the interests in China Healthwise which was the higher of value in use or fair value less cost of disposal. In view of the continuing loss of China Healthwise, the Group concluded the value in use of China Healthwise was less than its market capitalisation. Hence, the interests in China Healthwise was impaired to its fair value, which was categorised as Level 1 of the fair value hierarchy, with reference to China Healthwise's quoted share price on the Exchange as at 30 June 2023, and an impairment loss of HK\$9,606,000 was recognised accordingly.

At 30 June 2023, the Group held 165,662,824 shares (31 December 2022: 165,662,824 shares) in China Healthwise and 163,342,024 shares (31 December 2022: 163,342,024 shares) of which, with a fair value of HK\$13,231,000 (31 December 2022: HK\$30,871,000), have been pledged to secure the secured other borrowings – securities margin financing facility granted to the Group.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 18. Finance lease receivables

The leasing of properties erected on the Subject Land under long-term leases is treated as finance leases as the committed lease term of the long-term leases substantially covers the remaining period of the operating rights in respect of the Subject Land.

During the six months ended 30 June 2023, two finance leases (2022: Nil) relating to residential serviced apartments erected on the Subject Land commenced.

The payment term of the finance leases ranges from 5 to 15 years. The inherent interest rates in the finance leases are fixed at the contract date over the lease term. The risk arising from the unguaranteed residual value on the residential serviced apartments under the leases is considered insignificant.

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Finance lease receivables comprise:				
Within one year	39,824	33,726	22,820	31,435
In the second year	32,759	29,887	12,177	24,336
In the third year	33,938	30,994	14,950	22,334
In the fourth year	32,201	32,101	15,156	20,470
In the fifth year	33,284	30,198	18,173	17,071
After five years	133,227	145,874	97,580	58,421
Gross investment in the lease	305,233	302,780	180,856	174,067
Less: unearned finance income	(124,377)	(128,713)	–	–
Present value of minimum lease payment receivables	180,856	174,067	180,856	174,067
Less: finance lease receivables classified as non-current assets			(158,036)	(142,632)
Finance lease receivables classified as current assets			22,820	31,435

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 18. Finance lease receivables (Continued)

Interest rates implicit in the above finance leases are 13% (31 December 2022: 13%).

All finance lease receivables are denominated in RMB. The Group is not exposed to foreign currency risk as a result of the finance lease arrangements, as all finance leases are denominated in the functional currencies of group entities.

### 19. Loan receivables

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Loans to customers	969,809	974,891
Accrued interest receivables	68,010	59,112
	<b>1,037,819</b>	1,034,003
Less: accumulated allowance for ECL	<b>(623,952)</b>	(621,934)
	<b>413,867</b>	412,069

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 19. Loan receivables (Continued)

All loans are denominated in Hong Kong dollars. The loan receivables carry effective interest ranging from 8% to 20% per annum (31 December 2022: 8% to 20% per annum). Loans contain a repayable on demand clause and are classified under current assets. A maturity profile of the loan receivables (net of accumulated allowance for ECL) at the end of the reporting period, based on the maturity date is as follows:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Within one year	<b>156,396</b>	154,684
More than one year but not exceeding two years	<b>257,471</b>	257,385
	<b>413,867</b>	412,069

During the six months ended 30 June 2023, an allowance for ECL on loan receivables of HK\$2,018,000 (2022: HK\$2,573,000) was recognised.

At 30 June 2023, seven loans in the aggregate outstanding principal amount of HK\$554,340,000 are secured by corporate guarantees, one loan in the outstanding principal amount of HK\$165,000,000 is secured by a corporate guarantee, a share charge of a private company, and a share pledge over certain participating shares of a closed-end private fund, and one loan in the outstanding principal amount of HK\$15,132,000 is secured by a share charge.

Included in the carrying amount of loan receivables at 30 June 2023 is an accumulated allowance for ECL of HK\$623,952,000 (31 December 2022: HK\$621,934,000).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 19. Loan receivables (Continued)

Movements in the accumulated allowance for ECL are as follows:

	12 months ECL HK\$'000 (Unaudited)	Lifetime ECL not credit- impaired HK\$'000 (Unaudited)	Lifetime ECL credit- impaired HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2022	8,238	—	446,442	454,680
Transfer to lifetime ECL not credit-impaired	(1,577)	1,577	—	—
Allowance for ECL (reversed)/recognised	(4,811)	13,135	158,930	167,254
At 31 December 2022 (audited) and 1 January 2023	1,850	14,712	605,372	621,934
Transfer to lifetime ECL credit-impaired	—	(758)	758	—
Allowance for ECL (reversed)/recognised	(109)	(482)	2,609	2,018
<b>At 30 June 2023</b>	<b>1,741</b>	<b>13,472</b>	<b>608,739</b>	<b>623,952</b>

The accumulated allowance for ECL was valued by an independent firm of professional valuers, Grant Sherman Appraisal Limited (“**Grant Sherman**”), using the same valuation techniques as used by it when carrying out the valuation of 31 December 2022.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 20. Trade receivables

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Trade receivables	<b>33,544</b>	33,709
Less: accumulated allowance for ECL	<b>(880)</b>	(868)
	<b>32,664</b>	32,841

The following is an aging analysis of trade receivables (net of accumulated allowance for ECL) at the end of the reporting period presented based on the invoice dates:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
0 – 30 days	<b>6,040</b>	6,928
31 – 60 days	<b>8,426</b>	7,707
61 – 90 days	<b>6,466</b>	5,453
91 – 120 days	<b>3,375</b>	3,469
121 – 180 days	<b>2,314</b>	2,286
Over 180 days	<b>6,043</b>	6,998
	<b>32,664</b>	32,841

The Group allows credit period ranging from 0 to 270 days to its customers. The directors assess the credit status and impose credit limits for customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the six months ended 30 June 2023, an allowance for ECL on trade receivables of HK\$12,000 (2022: HK\$16,000) was recognised.

Included in the carrying amount of trade receivables at 30 June 2023 is an accumulated allowance for ECL of HK\$880,000 (31 December 2022: HK\$868,000).

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 20. Trade receivables (Continued)

Movements in the accumulated allowance for ECL are as follows:

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
At the beginning of the reporting period	<b>868</b>	276
Allowance for ECL recognised during the period	<b>12</b>	592
At the end of the reporting period	<b>880</b>	868

The accumulated allowance for ECL was valued by Grant Sherman using the same valuation techniques as used by it when carrying out the valuation of 31 December 2022.

### 21. Movements in assets classified as held for sale

During the six months ended 30 June 2023, one long-term lease relating to leasing a residential serviced apartment commenced. The related property, plant and equipment, right-of-use assets in respect of the Subject Land, and operating rights in respect of the Subject Land of the residential serviced apartment were accounted for assets classified as held for sale at 31 December 2022. Accordingly, the related assets classified as held for sale of HK\$4,616,000 were derecognised upon the commencement of the long-term lease.

The net proceeds of disposals (net of value-added tax) are expected to exceed the net carrying amount of the assets classified as held for sale and accordingly, no impairment loss was recognised.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 22. Share capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each (2022: HK\$0.01 each)		
<b>Authorised:</b>		
At 1 January 2022, 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	<b>10,000,000</b>	<b>100,000</b>
<b>Issued and fully paid:</b>		
At 1 January 2022, 31 December 2022 (audited), 1 January 2023 and 30 June 2023 (unaudited)	<b>3,819,606</b>	<b>38,196</b>

### 23. Trade payables

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
0 – 30 days	2,019	10,506
31 – 60 days	471	4,358
61 – 90 days	335	2,196
91 – 120 days	70	179
Over 120 days	24,362	15,709
	<b>27,257</b>	32,948

The average credit period on purchase of goods and services is 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 24. Bank borrowings

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Secured bank borrowings	<b>196,319</b>	200,020
Carrying amounts that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	<b>55,658</b>	55,824
More than one year, but not exceeding two years	<b>7,164</b>	6,995
More than two years, but not exceeding five years	<b>28,715</b>	22,588
Over five years	<b>104,782</b>	114,613
	<b>196,319</b>	200,020
Less: amounts shown under current liabilities	<b>(196,319)</b>	(200,020)
Amounts shown under non-current liabilities	<b>—</b>	—

At 30 June 2023, the Group had the following bank borrowings:

- (a) a secured installment loan of HK\$99,515,000 (31 December 2022: HK\$102,210,000), which is interest-bearing at 1% per annum over one-month Hong Kong Interbank Offered Rate (“HIBOR”) or 3% per annum below the prime rate quoted by the bank from time to time, whichever is lower, secured by (i) a first legal charge over the Group’s buildings and investment properties located in Hong Kong with an aggregate carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000), (ii) a charge over a bank deposit of HK\$149,000 (31 December 2022: HK\$779,000) of the Group, (iii) a charge/mortgage over the structured investment products, stocks, and other securities with a fair value of HK\$21,421,000 (31 December 2022: HK\$24,232,000) held by the Group, and (iv) a charge/mortgage over the key management personnel life insurance policy with a fair value of HK\$9,716,000 (31 December 2022: HK\$9,527,000) held by the Group, guaranteed by the Company and two wholly-owned subsidiaries, and repayable by 177 equal monthly installments ending on 18 March 2038;

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 24. Bank borrowings (Continued)

At 30 June 2023, the Group had the following bank borrowings: (Continued)

- (b) a secured term loan of HK\$38,152,000 (31 December 2022: HK\$38,791,000), which is interest-bearing at 1% per annum over one-month HIBOR, secured by (i) the first legal charge over the Group's buildings and investment properties located in Hong Kong with an aggregate carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000), (ii) the charge over a bank deposit of HK\$149,000 (31 December 2022: HK\$779,000) of the Group, (iii) the charge/mortgage over the structured investment products, stocks, and other securities with a fair value of HK\$21,421,000 (31 December 2022: HK\$24,232,000) held by the Group, and (iv) a charge/mortgage over the key management personnel life insurance policy with a fair value of HK\$9,716,000 (31 December 2022: HK\$9,527,000) held by the Group, guaranteed by the Company and two wholly-owned subsidiaries, and repayable by 225 equal monthly installments ending on 10 March 2042;
  
- (c) a secured term loan of US\$1,261,000 (31 December 2022: US\$1,275,000) (equivalent to HK\$9,899,000 (31 December 2022: HK\$9,969,000)), which is interest-bearing at 1% per annum over one month DBS Bank (Hong Kong) Limited's cost of funds on the outstanding amount, secured by (i) the first legal charge over the Group's buildings and investment properties located in Hong Kong with an aggregate carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000), (ii) the charge over a bank deposit of HK\$149,000 (31 December 2022: HK\$779,000) of the Group, (iii) the charge/mortgage over the structured investment products, stocks, and other securities with a fair value of HK\$21,421,000 (31 December 2022: HK\$24,232,000) held by the Group, and (iv) a charge/mortgage over the key management personnel life insurance policy with a fair value of HK\$9,716,000 (31 December 2022: HK\$9,527,000) held by the Group, guaranteed by the Company and two wholly-owned subsidiaries, and repayable by 230 equal monthly installments ending on 25 August 2042;

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 24. Bank borrowings (Continued)

At 30 June 2023, the Group had the following bank borrowings: (Continued)

- (d) two secured revolving term loans of HK\$5,000,000 and HK\$20,000,000 (31 December 2022: HK\$5,000,000 and HK\$20,000,000), which are interest bearing at HIBOR plus 2% per annum, secured by (i) the first legal charge over the Group's buildings and investment properties located in Hong Kong with an aggregate carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000) and (ii) a charge/mortgage over the key management personnel life insurance policy with a fair value of HK\$9,716,000 (31 December 2022: HK\$9,527,000) held by the Group, guaranteed by the Company and a wholly-owned subsidiary, and maturing on 9 September 2023 and 30 September 2023 respectively; and
- (e) the secured account payable financing facilities of HK\$23,753,000 (31 December 2022: HK\$24,050,000), which are interest-bearing at 2% per annum over HIBOR, secured by (i) the first legal charge over the Group's buildings and investment properties located in Hong Kong with an aggregate carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000) and (ii) and a charge/mortgage over the key management personnel life insurance policy with a fair value of HK\$9,716,000 (31 December 2022: HK\$9,527,000) held by the Group, guaranteed by the Company and a wholly-owned subsidiary, and maturing within three months commencing from July 2023.

As the secured installment loan and the secured term loans contain a repayable on demand clause, the entire outstanding balance of the secured mortgage loan were classified under current liabilities.

### 25. Other borrowings

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Secured other borrowings – securities margin financing facilities	62,185	66,789
Unsecured other borrowings	201,593	200,000
	<b>263,778</b>	266,789

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 25. Other borrowings (Continued)

At 30 June 2023, the securities margin financing facility granted by a securities brokerage firm amounted to HK\$47,316,000 (31 December 2022: HK\$52,355,000), which is interest-bearing at prime rate plus 3% per annum and secured by (i) the Group's Hong Kong-listed equity securities held in the margin securities trading account with a fair value of HK\$56,138,000 (31 December 2022: HK\$83,657,000), of which HK\$42,907,000 (31 December 2022: HK\$52,786,000) is related to the Group's financial assets at FVTPL and HK\$13,231,000 (31 December 2022: HK\$30,871,000) is related to part of the Group's listed investments in associate, and (ii) a personal guarantee given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director.

At 30 June 2023, the securities margin financing facility granted by a securities brokerage firm amounted to HK\$14,869,000 (31 December 2022: HK\$14,434,000), which is interest-bearing at a fixed rate of 6% per annum and secured by (i) the Group's Hong Kong-listed equity securities held in the margin securities trading account with a fair value of HK\$24,463,000 (31 December 2022: HK\$25,031,000) and (ii) a personal guarantee given by Mr. Lei Hong Wai.

In August 2023, the finance company that granted a fixed loan to the Company agreed to extend the repayment date of the fixed loan from 25 May 2023 to 24 May 2024. Save and except for the extension of the repayment date, all terms and conditions of the loan agreement remain unchanged and continue in full force and effect. At 30 June 2023, the fixed loan amounted to HK\$200,000,000, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of a finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Lei Hong Wai, and maturing on 24 May 2024. The fixed loan contains a repayable on demand clause.

At 30 June 2023, the revolving loan facilities granted by a company listed on GEM of the Exchange amounted to HK\$1,593,000, which is interest-bearing at prime rate plus 3% per annum, unsecured and maturing on 21 March 2024.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 26. Guaranteed secured notes

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Guaranteed secured notes	<b>197,000</b>	197,000
		<i>HK\$'000</i> (Unaudited)
At 1 January 2022		200,000
Imputed interest on guaranteed secured notes		29,460
Interest paid and payable		(29,460)
Issue of guaranteed secured notes		197,000
Set off of guaranteed secured notes		(197,000)
Redemption		(3,000)
At 31 December 2022 (audited) and 1 January 2023		197,000
Imputed interest on guaranteed secured notes		16,607
Interest paid and payable		(16,607)
<b>At 30 June 2023</b>		<b>197,000</b>

On 29 December 2022, the Company as issuer, Mr. Lei Hong Wai, the Chairman of the Board and an executive director, and Mr. Cheung Kwok Wai Elton, an executive director, as guarantors entered into a subscription and note instrument agreement with the subscriber, pursuant to which the Company issues and the subscriber subscribed for the guaranteed secured notes due 2023 in the aggregate principal amount of HK\$197,000,000 (the "**Guaranteed Secured Notes due 2023**"). Pursuant to the terms and conditions of the subscription and note instrument agreement, the proceeds of the Guaranteed Secured Notes due 2023 were fully set off against the outstanding principal amount of the guaranteed secured notes due 2022. On 29 December 2022, the Company issued the Guaranteed Secured Notes due 2023 in the aggregate principal amount of HK\$197,000,000 to the subscriber.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 26. Guaranteed secured notes (Continued)

The Guaranteed Secured Notes due 2023 are interest-bearing at 17% per annum and payable semi-annually in arrears, secured by a share charge over 100% of the issued share capital in Eternity Investment (China) Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (i) the rights to construct and operate the Club in Beijing, Mainland China and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land, guaranteed by Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton, and maturing on 23 September 2023.

The effective interest rate of the Guaranteed Secured Notes due 2023 is 17.85% per annum.

Under the Guaranteed Secured Notes due 2023, the Company covenants with the noteholders that from the issue date and for so long as any Guaranteed Secured Notes due 2023 are outstanding, (i) the Group will not create any encumbrance upon the whole or any part of its present or future undertaking, assets or revenue of the Group to secure any present or future indebtedness incurred or to secure any guarantee or indemnity in respect of any guarantee or indemnity in respect of (subject to the exceptions as set out in the Guaranteed Secured Notes due 2023), and (ii) the Company will ensure the consolidated tangible net worth of the Group will not be less than HK\$850,000,000. The Company complied with the covenant throughout the period from 29 December 2022 to 30 June 2023.

### 27. Amounts due to directors

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
Mr. Lei Hong Wai	<b>31,199</b>	—
Mr. Cheung Kwok Fan	<b>1,500</b>	1,000
Mr. Cheung Kwok Wai Elton	<b>14,800</b>	—
	<b>47,499</b>	1,000

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 27. Amounts due to directors (Continued)

During the six months ended 30 June 2023, Mr. Lei Hong Wai, the Chairman of the Board and an executive director, made cash advances of HK\$33,399,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand. In April 2023, the Group repaid HK\$2,200,000 to Mr. Lei Hong Wai.

During the six months ended 30 June 2023, Mr. Cheung Kwok Fan, an executive director, made cash advances of HK\$1,000,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand. In May 2023, the Group repaid HK\$500,000 to Mr. Cheung Kwok Fan.

During the six months ended 30 June 2023, Mr. Cheung Kwok Wai Elton, an executive director, made cash advances of HK\$14,800,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand.

### 28. Amounts due to associates

	<b>At 30 June 2023 HK\$'000 (Unaudited)</b>	At 31 December 2022 HK\$'000 (Audited)
China Hong Kong Money	1,961	1,961
China Healthwise	4,705	—
	<b>6,666</b>	1,961

Amount due to China Hong Kong Money is unsecured, non-interest bearing and repayable on demand.

On 22 February 2023, the Company entered into a loan agreement for revolving loan facilities of HK\$3,000,000 with a subsidiary of China Healthwise, which is interest-bearing at prime rate plus 3% per annum and repayable within one month from the drawdown date. On 22 March 2023, the Company entered into a new loan agreement for revolving loan facilities of HK\$9,000,000 with the subsidiary of China Healthwise to supersede the loan agreement dated on 22 February 2023. The loan is interest-bearing at prime rate plus 3% per annum and repayable on 21 March 2024. At 30 June 2023, the outstanding balance of the loan was HK\$4,705,000.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 29. Capital commitments

At the end of the reporting period, the Group had the following capital commitments which were contracted but not provided for.

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Capital expenditures for the Subject Land	184,937	234,191

### 30. Equity-settled share-based payment transaction

#### a. Share option scheme adopted on 12 December 2011

Pursuant to an ordinary resolution passed by the shareholders on 12 December 2011, the Company adopted a new share option scheme (the "2011 Share Option Scheme") to replace the share option scheme adopted on 21 January 2002. Details of the 2011 Share Option Scheme were set out in the Company's circular dated 18 November 2011. A summary of the 2011 Share Option Scheme was disclosed in the Company's 2022 annual report.

As the 2011 Share Option Scheme expired on 11 December 2021, no further share options can be granted under the 2011 Share Option Scheme, but the provisions of the 2011 Share Option Scheme remain in full force and effect in respect of the outstanding share options granted before its expiry.

Details of specific categories of share options are as follows:

Share option type	Date of grant	Vesting schedule	Performance target	Exercise period	Exercise price	Closing price of shares prior to the date of grant
2021	4 June 2021	100% of the share options were vested on 4 June 2021	Nil	4 June 2021 to 3 June 2024	HK\$0.298	HK\$0.290

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 30. Equity-settled share-based payment transaction (Continued)

#### a. Share option scheme adopted on 12 December 2011 (Continued)

The following table discloses the movements of the 2011 Share Option Scheme during the six months ended 30 June 2023:

Share option type	Outstanding at 1 January 2023	Number of share options				Lapsed during the period	Outstanding at 30 June 2023
		Granted during the period	Exercised during the period	Cancelled during the period			
2021	171,760,000	–	–	–	–	171,760,000	
Exercisable at the end of the reporting period						171,760,000	
Weighted average exercise price						HK\$0.298	

The following table discloses the movements of the 2011 Share Option Scheme during the six months ended 30 June 2022:

Share option type	Outstanding at 1 January 2022	Number of share options				Lapsed during the period	Outstanding at 30 June 2022
		Granted during the period	Exercised during the period	Cancelled during the period			
2021	171,760,000	–	–	–	–	171,760,000	
Exercisable at the end of the reporting period						171,760,000	
Weighted average exercise price						HK\$0.298	

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

### 30. Equity-settled share-based payment transaction *(Continued)*

#### **b. Share option scheme adopted on 16 December 2021**

As the 2011 Share Option Scheme expired on 11 December 2021, the Company adopted a new share option scheme (the "**2021 Share Option Scheme**") pursuant to an ordinary resolution passed by the shareholders at the special general meeting held on 15 December 2021. Details of the 2021 Share Option Scheme were set out in the Company's circular dated 25 November 2021. A summary of the 2021 Share Option Scheme was disclosed in the Company's 2022 annual report.

No share option was granted under the 2021 Share Option Scheme since its adoption.

#### **c. Share award plan**

The Company has adopted the share award plan to recognise the contributions of certain employees and help in retaining them for the Company's operations and further development. The share award plan was adopted by the Board on 16 September 2021. A summary of the share award plan was disclosed in the Company's 2022 annual report.

No share was awarded under the share award plan since its adoption.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 30. Equity-settled share-based payment transaction (Continued)

#### c. Share award plan (Continued)

Details of movements in the Company's shares held for the share award plan are as follows:

	Number of shares held for share award plan		Shares held for share award plan	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
At 1 January	124,310	83,000	24,455	17,381
Shares purchased for share award plan	–	24,190	–	4,053
At 30 June	124,310	107,190	24,455	21,434

During the six months ended 30 June 2023, no shares of the Company were acquired by the trustee of the share award plan.

During the six months ended 30 June 2022, the trustee of the share award plan acquired 24,190,000 shares of the Company through purchases on the open market. The aggregate consideration paid to acquire the shares was HK\$4,053,000.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 31. Material related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material related party transactions during the six months ended 30 June 2023 and 2022:

#### (a) Transactions with associates

Amounts due from/(to) associates

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Amount due from Elite Prosperous (Note)	38,437	38,437
Amount due to China Hong Kong Money	(1,961)	(1,961)
Amount due to China Healthwise	(4,705)	—

Note: The amount due from an associate of HK\$38,437,000 is considered as long-term interests and forms part of the Group's net investment in Elite Prosperous.

The amounts from/(to) associates do not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

Expenses paid/payable to and income received/receivable from an associate

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental income received/receivable from an associate	828	817
Interest expense paid/payable to an associate	140	—

The above transactions do not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 31. Material related party transactions (Continued)

#### (b) Compensation of key management personnel

The remuneration of executive directors and the chief executive officer, who are key management, during the period was as follows:

	For the six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term benefits	11,372	11,316
Post-employment benefits	36	36
	<b>11,408</b>	11,352

Total remuneration is included in "Staff costs" (see note 10 to the condensed consolidated financial statements).

The remuneration of executive directors and the chief executive officer is approved by the Board on the recommendation of the Remuneration Committee of the Board having regard to the duties and responsibilities of individuals and market trends.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 31. Material related party transactions (Continued)

#### (c) Transactions with the directors and substantial shareholders of the Company

- (i) On 29 November 2018, Mr. Lei Hong Wai, the Chairman of the Board and an executive director, provided a personal guarantee to secure the Company's repayment obligations under the loan of HK\$200,000,000 granted by the finance company to the Company. No consideration was paid by the Company to Mr. Lei Hong Wai for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Lei Hong Wai.

At 30 June 2023 and 2022, the provision of the personal guarantee by Mr. Lei Hong Wai remained in full force and effect.

- (ii) On 9 March 2020, Mr. Lei Hong Wai provided a personal guarantee to secure the Group's repayment obligations under the securities margin financing facility HK\$35,000,000 granted by a securities brokerage firm to the Group. No consideration was paid by the Group to Mr. Lei Hong Wai for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Lei Hong Wai.

At 30 June 2023 and 2022, the provision of the personal guarantee by Mr. Lei Hong Wai remained in full force and effect.

- (iii) On 22 October 2020, Mr. Lei Hong Wai provided a personal guarantee to secure the Group's repayment obligations under the securities margin financing facility of HK\$14,000,000 granted by a securities brokerage firm to the Group. No consideration was paid by the Group to Mr. Lei Hong Wai for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Lei Hong Wai.

At 30 June 2023 and 2022, the provision of the personal guarantee by Mr. Lei Hong Wai remained in full force and effect.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 31. Material related party transactions (Continued)

#### (c) Transactions with the directors and substantial shareholders of the Company (Continued)

- (iv) On 29 December 2022, each of Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton, an executive director, provided a personal guarantee to guarantee the punctual performance by the Company's obligations under the Guaranteed Secured Notes due 2023 of HK\$197,000,000 issued by the Company on 29 December 2022 pursuant to the subscription and note instrument agreement dated 29 December 2022. No consideration was paid by the Company to Mr. Lei Hong Wai and/or Mr. Cheung Kwok Wai Elton for providing the personal guarantees. No security over the assets of the Group was provided for the personal guarantees given by Mr. Lei Hong Wai and/or Mr. Cheung Kwok Wai Elton.

At 30 June 2023, the provision of the personal guarantees by Mr. Lei Hong Wai and Mr. Cheung Kwok Wai Elton remained in full force and effect.

- (v) At 31 December 2022, the outstanding balance of the cash advance from Mr. Cheung Kwok Fan, an executive director, was HK\$1,000,000. During the six months ended 30 June 2023, Mr. Cheung Kwok Fan made additional cash advances of HK\$1,000,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand. In May 2023, the Group repaid HK\$500,000 to Mr. Cheung Kwok Fan.

At 30 June 2023, the outstanding balance of the cash advances from Mr. Cheung Kwok Fan was HK\$1,500,000, which is presented in the "Amounts due to directors" line item in the condensed consolidated statement of financial position.

- (vi) During the six months ended 30 June 2023, Mr. Cheung Kwok Wai Elton made cash advances of HK\$14,800,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand.

At 30 June 2023, the outstanding balance of the cash advances from Mr. Cheung Kwok Wai Elton was HK\$14,800,000, which is presented in the "Amounts due to directors" line item in the condensed consolidated statement of financial position.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 31. Material related party transactions (Continued)

#### (c) Transactions with the directors and substantial shareholders of the Company (Continued)

- (vii) During the six months ended 30 June 2023, Mr. Lei Hong Wai made cash advances of HK\$33,399,000 to the Group for financing its short-term funding needs. The cash advances are non-interest bearing, unsecured, and repayable on demand. In April 2023, the Group repaid HK\$2,200,000 to Mr. Lei Hong Wai.

At 30 June 2023, the outstanding balance of the cash advances from Mr. Lei Hong Wai was HK\$31,199,000, which is presented in the "Amounts due to directors" line item in the condensed consolidated statement of financial position.

All of the above transactions also constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from the connected transaction requirements in Chapter 14A of the Listing Rules under Rule 14A.90.

### 32. Fair value measurements of financial instruments

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

##### Fair value hierarchy

The following table presents 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; and
- Level 3 valuations: Fair value measured using significant unobservable inputs.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 32. Fair value measurements of financial instruments (Continued)

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

Fair value hierarchy (Continued)

The Board has appointed the Finance and Accounting Department, which is headed up by an executive director, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent third party qualified valuers to perform valuation. The Finance and Accounting Department works closely with the independent third party qualified valuers to establish the appropriate valuation techniques and inputs to the model. The executive director who is responsible for the Group's finance and accounting function reports the Finance and Accounting Department's findings to the Board twice a year to explain the cause of fluctuations in the fair value of the assets and liabilities.

	Fair value measurements categorised into									
	Level 1		Level 2		Level 3		Total			
	At	At	At	At	At	At	At	At	At	At
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
<b>Financial assets</b>										
Financial assets at FVTPL										
– key management personnel life insurance policy	–	–	9,716	9,527	–	–	9,716	9,527		
– listed equity securities in Hong Kong	109,117	125,910	–	–	–	–	109,117	125,910		
Equity instruments at fair value through other comprehensive income ("FVTOCI")										
– unlisted equity securities	–	–	–	–	9,335	12,215	9,335	12,215		
	109,117	125,910	9,716	9,527	9,335	12,215	128,168	147,662		

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 32. Fair value measurements of financial instruments (Continued)

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

Fair value hierarchy (Continued)

	Fair value at 30 June 2023 HK\$'000 (Unaudited)	Fair value at 31 December 2022 HK\$'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs
<b>Financial assets</b>				
Financial assets at FVTPL				
– key management personnel life insurance policy	9,716	9,527	Level 2	Account value quoted by the insurance company
– listed equity securities in Hong Kong	109,117	125,910	Level 1	Quoted closing prices in active markets
Equity instruments at FVTOCI				
– unlisted equity securities	9,335	12,215	Level 3	Significant unobservable inputs

During the six months ended 30 June 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 32. Fair value measurements of financial instruments (Continued)

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

##### Fair value hierarchy (Continued)

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the events or change in circumstances that cause the transfer.

##### Information about Level 3 fair value measurement

	Valuation technique	Significant unobservable inputs	Relation of significant unobservable inputs to fair value
<b>At 30 June 2023</b>			
<b>Financial assets</b>			
Equity instruments at FVTOCI	Income approach	Discount rate of 18.17% (31 December 2022: 20.03%)	The discount rate is negatively correlated to the fair value measurement
– unlisted equity securities		Discount for lack of measurement of 15.70% (31 December 2022: 15.70%)	The discount for lack of marketability is negatively correlated to the fair value

The movements during the six months ended 30 June 2023 in the balance of the Level 3 fair value measurement are as follows:

#### Financial assets

##### Equity instruments at FVTOCI – unlisted equity securities

	HK\$'000 (Unaudited)
At 1 January 2023	12,215
Loss arising on change in fair value of equity instruments at FVTOCI	(2,880)
<b>At 30 June 2023</b>	<b>9,335</b>

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 32. Fair value measurements of financial instruments (Continued)

#### (b) Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values at 30 June 2023 and 31 December 2022, except for the Guaranteed Secured Notes due 2023, which had a carrying amount and fair value of HK\$197,000,000 (31 December 2022: HK\$197,000,000) and HK\$206,929,000 (31 December 2022: HK\$209,157,000) at 30 June 2023 respectively.

The fair value measurement of the Guaranteed Secured Notes due 2023 was categorised under Level 3 of the fair value hierarchy. The fair value of the Guaranteed Secured Notes due 2023 was determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the return required by the noteholders for investing in similar financial instruments.

### 33. Contingent liabilities

- (a) On 6 May 2021, a Beijing law firm as plaintiff filed a civil claim to the People's Court in Chaoyang District, Beijing, the PRC against four defendants, one of the four defendants is 北京北湖九號商務酒店有限公司 (Beijing Bayhood No. 9 Business Hotel Company Limited, "**Bayhood No. 9 Co.**"), a wholly-owned subsidiary of the Company, for an unsettled legal fee of RMB31,000,000 (equivalent to HK\$33,623,000) (excluding overdue interest) regarding an engagement of such law firm by the four defendants to resolve a civil dispute brought against them by an independent third party in relation to a property transaction in 2010. Details of the civil claim are disclosed in the Company's announcement dated 6 August 2021. The Group has been advised by a PRC legal adviser that the possibility of Bayhood No. 9 Co. being required to pay the unsettled legal fee is remote. Accordingly, no provision for any liability has been made in respect of the civil claim.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

### 33. Contingent liabilities (Continued)

- (b) On 13 January 2023, certain bank accounts of Bayhood No. 9 Co. have been frozen by a civil ruling (the “**Civil Ruling**”) (民事裁定書) dated 13 January 2023 issued by 北京市海澱區人民法院 (Haidian District People’s Court of Beijing Municipality) (the “**Court**”) against Bayhood No. 9 Co. in relation to an alleged unsettled liability before the acquisition of the entire issued share capital of Smart Title Limited on 6 October 2015 (the “**Acquisition**”), the principal and the interest of which amounted to approximately RMB44,000,000 (equivalent to HK\$47,722,000) as at 1 January 2023 (the “**Alleged Liability**”).

Based on the findings, the directors noted that the Civil Ruling is related to a civil filing (the “**Civil Filing**”) filed by a plaintiff (the “**Plaintiff**”) to the Court on 9 January 2023. Pursuant to the Civil Filing, Bayhood No. 9 Co., together with the other three defendants to the Civil Filing, were alleged that (i) they had entered into an agreement in 2019 (the “**Settlement Agreement**”) with the Plaintiff in relation to the settlement of the property pre-sale agreements (the “**Pre-Acquisition Agreements**”) which were entered into before the Acquisition; and (ii) they did not repay the Alleged Liability in relation to the Settlement Agreement.

None of the directors of the Company and the directors of Bayhood No. 9 Co. has any knowledge or was aware of any information in relation to the Pre-Acquisition Agreements and the Settlement Agreement before the Civil Filing came to their attention, nor had they authorized the entering into of the Settlement Agreement. There has been no relevant information regarding Pre-Acquisition Agreements and the Settlement Agreement shown in the books and records of Bayhood No. 9 Co. since the consolidation of its accounts into that of the Group upon completion of the Acquisition. In view of the above matters, on 4 February 2023, the Company reported to 北京市公安局朝陽分局 (Chaoyang Branch Bureau of Beijing Municipal Public Security Bureau) regarding the forgery of the relevant documents and the company seal of Bayhood No. 9 Co..

On 28 March 2023, one of the defendants (the “**Responsible Defendant**”) entered into an undertaking agreement with the other defendants, including Bayhood No. 9 Co., pursuant to which the Responsible Defendant has agreed to undertake the repayment obligation to the Plaintiff and in the case that the other defendants incur losses due to the claim, the Responsible Defendant will indemnify them in full.

## Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 30 June 2023

### 33. **Contingent liabilities** *(Continued)*

(b) *(Continued)*

The Group's PRC legal adviser is of the view that on the basis of the relevant documents and the company chop of Bayhood No. 9 Co. are fraudulent, the Plaintiff's statute of limitations for applying to the Court for the protection of civil rights has expired, i.e. over three years, and the Court would reject the claim of the Plaintiff by virtue of the law. Based on the view of the PRC legal adviser and the indemnity given by the Responsible Defendant on 28 March 2023, the directors of the Company are of the view that the possibility of Bayhood No. 9 Co. being required to pay the Alleged Liability is remote. Accordingly, no provision was made in respect of the claims on the Alleged Liability.

### 34. **Events after the end of the reporting period**

The Group did not have any material events after the reporting period and up to the date of approval of the condensed consolidated financial statements.

### 35. **Approval of condensed consolidated financial statements**

The condensed consolidated financial statements were approved and authorised for issue by the Board on 29 August 2023.

## Management Discussion and Analysis

### Financial Review

#### Results of operations

During the six months ended 30 June 2023, the Group recorded a revenue of HK\$81,665,000, a 0.2% increase from HK\$81,529,000 for the previous period. Of the total revenue, HK\$16,383,000 was generated from money lending, HK\$43,968,000 was generated from the sale of jewelry products, HK\$20,785,000 was generated from property investment, and a trading gain of HK\$529,000 was generated from the sale of financial assets.

Loss for the period attributable to owners of the Company amounted to HK\$51,025,000, a 23% improvement from HK\$66,229,000 in the six months ended 30 June 2022. This improvement was mainly attributable to (i) a HK\$20,953,000 decrease in loss arising on change in fair value of financial assets at fair value through profit or loss (“**FVTPL**”), (ii) the recognition of finance income on finance lease receivables of HK\$9,432,000, and (iii) the recognition of gain on disposals of residential serviced apartments of HK\$7,993,000, which were partially offset by (i) the recognition of an impairment loss of HK\$9,606,000 on interests in associates, (ii) a HK\$2,315,000 increase in administrative expenses, (iii) a HK\$3,406,000 increase in share of losses of associates, and (iv) a HK\$5,702,000 increase in finance costs.

The gross profit for the sale of jewelry products increased by 43% from HK\$4,372,000 in the six months ended 30 June 2022 to HK\$6,240,000 in the six months ended 30 June 2023. The gross profit margin for the sale of jewelry products also increased from 11% in the six months ended 30 June 2022 to 14% in the six months ended 30 June 2023. These increases in gross profit and gross profit margin are discussed in the “*Sale of jewelry products business*” section under “Operations Review” below.

The gross profit for property investment increased by 22% from HK\$9,209,000 in the six months ended 30 June 2022 to HK\$11,228,000 in the six months ended 30 June 2023. In addition, the gross profit margin for property investment increased from 49% in the six months ended 30 June 2022 to 56% in the six months ended 30 June 2023. These increases in gross profit and gross profit margin are discussed in the “*Property investment business*” section under “Operations Review” below.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Results of operations (Continued)

Investment and other income increased by 214% from HK\$6,322,000 in the six months ended 30 June 2022 to HK\$19,830,000 in the six months ended 30 June 2023. This increase was mainly due to (i) the recognition of finance income on finance lease receivables of HK\$9,432,000 resulting from the delivery of the vacant possession of the properties erected on the Subject Land (as defined below) under long-term lease agreements in the third quarter of 2022 and (ii) a HK\$3,559,000 increase in membership income from the initiation fees for joining the Club (as defined below).

Significant items of other gains and losses recorded by the Group are as follows:

- (a) At the end of the reporting period, the Group measured the investment property portion of the Shun Tak Property (as defined below) at fair value based on a valuation prepared by an independent qualified valuer and recognised a gain of HK\$3,700,000 arising on change in fair value of investment properties.
- (b) During the six months ended 30 June 2023, the vacant possession of two residential serviced apartments was delivered to lessees under long-term lease agreements. In accordance with the applicable accounting standards, the residential serviced apartments delivered under the long-term lease agreement were treated as disposals instead of recognising their rental income over the lease term. As a result, the Group recognised a gain on disposals of residential serviced apartments of HK\$7,993,000. Please refer to the “*Property investment business*” section under “Operations Review” below for accounting treatment for leasing of the properties erected on the Subject Land (as defined below) under long-term lease agreements.
- (c) At the end of the reporting period, the carrying amount of the Group’s investment in China Healthwise Holdings Limited (“**China Healthwise**”), a 21.50% owned associate of the Company, was tested for impairment. As the carrying amount of the Group’s investment in China Healthwise exceeded its fair value, the impairment loss of HK\$9,606,000 was recognised against the carrying amount of China Healthwise.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Results of operations (Continued)

- (d) At the end of the reporting period, the Group measured its Hong Kong listed-equity securities at fair value and recognised a loss of HK\$6,008,000 arising on change in fair value of financial assets at FVTPL.

Selling and distribution expenses mainly represent staff costs and commission of the sales team, overseas travelling expenses, freight charges, and exhibition expenses incurred by the Group's sale of jewelry products business. Selling and distribution expenses increased by 33% from HK\$1,635,000 in the six months ended 30 June 2022 to HK\$2,182,000 in the six months ended 30 June 2023. This increase was mainly attributable to the increase in overseas travelling expenses for business development.

Allowance for expected credit losses ("**ECL**") on financial assets decreased by 32% from HK\$2,436,000 in the six months ended 30 June 2022 to HK\$1,662,000 in the six months ended 30 June 2023. This decrease is discussed in the "*Money lending business*" section under "Operations Review" below.

Administrative expenses increased by 4% from HK\$55,465,000 in the six months ended 30 June 2022 to HK\$57,780,000 in the six months ended 30 June 2023. This increase was mainly attributable to (i) a HK\$4,665,000 increase in salaries and allowances mainly resulting from the bonuses paid to the Group's marketing team for leasing activities and two directors of a subsidiary and (ii) a HK\$2,599,000 increase in general administration expenses resulting from the commencement of property investment operations on the Subject Land (as defined below) in the third quarter of 2022, which were partially offset by a HK\$4,736,000 decrease in legal and professional fees.

Share of losses of associates amounted to HK\$7,342,000 for the six months ended 30 June 2023, representing (i) the share of loss of HK\$492,000 from Elite Prosperous Investment Limited ("**Elite Prosperous**"), a 49% owned associate of the Company, and (ii) the share of loss of HK\$6,850,000 from China Healthwise.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Results of operations (Continued)

Finance costs increased by 20% from HK\$28,659,000 in the six months ended 30 June 2022 to HK\$34,361,000 in the six months ended 30 June 2023. This increase was due to the rise in the interest rate from 13% per annum to 17% per annum in extending the Guaranteed Secured Notes due 2023 (as defined below) in September 2022 and the increase in the Hong Kong Interbank Offered Rate (“**HIBOR**”) since the third quarter of 2022.

The Group recorded a tax credit of HK\$1,325,000 for the six months ended 30 June 2023. The tax credit derived from the recognition of (i) deferred tax credit of HK\$3,708,000 resulting from the movements in the deferred tax liabilities recognised for the fair value adjustments on the acquisition of Smart Title Limited in October 2015, (ii) the reversal of deferred tax credit of HK\$92,000 arising from the allowance of ECL made on the Group’s other receivables, and (iii) the reversal of deferred tax credit of HK\$242,000 resulting from movement in deferred tax assets related to lease contracts. The deferred tax credit was partially offset by the current period’s tax expense of HK\$2,049,000.

#### Liquidity and financial resources

During the six months ended 30 June 2023, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK\$1,799,173,000 at 31 December 2022 to HK\$1,708,077,000 at 30 June 2023. This decrease was due to the loss incurred by the Group for the six months ended 30 June 2023 and a decrease in exchange reserve arising from the translation of the Group’s foreign operations.

At 30 June 2023, the cash and cash equivalents of the Group amounted to HK\$52,217,000 (31 December 2022: HK\$34,765,000).

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Liquidity and financial resources (Continued)

At 30 June 2023, the Group had outstanding borrowings of HK\$704,596,000 (31 December 2022: HK\$664,809,000) representing:

- (a) the outstanding principal amount of the 17% guaranteed secured notes due 2023 issued by the Company on 29 December 2022 (the “**Guaranteed Secured Notes due 2023**”) of HK\$197,000,000, which is interest-bearing at 17% per annum, secured by (i) a share charge over 100% issued shares in Eternity Investment (China) Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (1) the rights to construct and operate the club facilities of a membership golf club and resort (the “**Club**”) in Beijing, Mainland China and (2) the rights to develop and operate a piece of 580 Chinese acre land adjacent to the Club (the “**Subject Land**”) and the rights to manage the properties erected on the Subject Land, and (ii) the personal guarantees given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director, and Mr. Cheung Kwok Wai Elton, an executive director, and maturing on 23 September 2023;

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Liquidity and financial resources (Continued)

- (b) the banking facilities in the aggregate principal amount of HK\$196,319,000, comprising (i) an instalment loan of HK\$99,515,000, which is interest-bearing at 1% per annum over one-month HIBOR or 3% per annum below the prime rate quoted by the bank from time to time, whichever is lower, secured by (1) a first legal charge over the Group's properties located at Unit Nos. 1201, 1202, 1203, 1209, 1210, 1211 & 1212 and the corridor on the 12th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the **"Shun Tak Property"**) and (2) a charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance policy, and other securities held by a wholly-owned subsidiary of the Company, guaranteed by the Company and two wholly-owned subsidiaries of the Company, and repayable by 177 equal monthly instalments ending on 18 March 2038, (ii) a term loan in the principal amount of HK\$38,152,000, which is interest-bearing at 1% per annum over one-month HIBOR, secured by (1) the first legal charge over the Shun Tak Property and (2) a charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance, and other securities held by the wholly-owned subsidiary of the Company, guaranteed by the Company and two wholly-owned subsidiaries of the Company, and repayable by 225 equal monthly instalments ending on 10 March 2042, (iii) a term loan in the principal amount of US\$1,261,000 (equivalent to HK\$9,899,000), which is interest-bearing at 1% per annum over one month bank's cost of funds on the outstanding amount, secured by (1) the first legal charge over Shun Tak Property and (2) the charge/mortgage over the cash deposit, structured investment products, stocks, the key management personnel life insurance policy, and other securities held by a wholly-owned subsidiary of the Company, guaranteed by the Company, and two wholly-owned subsidiaries of the Company, and repayable by 230 equal monthly instalments ending on 25 August 2042, (iv) two advances of HK\$5,000,000 and HK\$20,000,000 under a revolving term loan, which is interest-bearing at HIBOR plus 2% per annum, secured by (1) the first legal charge over the Shun Tak Property and (2) the charge/mortgage over the key management personnel life insurance policy, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing on 9 September 2023 and 30 September 2023 respectively, and (v) various advances in the aggregate principal amount of HK\$23,753,000 under the account payable financing facilities, which are interest-bearing at 2% per annum over HIBOR, secured by (1) the first legal charge over the Shun Tak Property and (2) the charge/mortgage over the key management personnel life insurance policy, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing within three months commencing from July 2023;

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Liquidity and financial resources (Continued)

- (c) a loan of HK\$200,000,000 granted by a finance company, which is interest-bearing at 8% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement and (ii) a personal guarantee given by Mr. Lei Hong Wai, and maturing on 24 May 2024;
- (d) a loan of HK\$1,593,000 granted by a company, which is interest-bearing at the prime rate plus 3% per annum, unsecured, and maturing on 21 March 2024;
- (e) the securities margin financing facilities of HK\$47,316,000 granted by a securities brokerage firm, which is interest-bearing at the prime rate plus 3% per annum and secured by the Group's Hong Kong-listed equity securities held in the margin securities trading account and a personal guarantee provided by Mr. Lei Hong Wai;
- (f) the securities margin financing facilities of HK\$14,869,000 granted by a securities brokerage firm, which is interest-bearing at a fixed rate of 6% per annum and secured by the Group's Hong Kong-listed equity securities held in the margin securities trading account and a personal guarantee provided by Mr. Lei Hong Wai;
- (g) a cash advance of HK\$31,199,000 made by Mr. Lei Hong Wai to the Group for financing its short-term funding needs. The cash advance is non-interest bearing, unsecured, and repayable on demand;
- (h) a cash advance of HK\$14,800,000 made by Mr. Cheung Kwok Wai Elton to the Group for financing its short-term funding needs. The cash advance is non-interest bearing, unsecured, and repayable on demand; and
- (i) a cash advance of HK\$1,500,000 made by Mr. Cheung Kwok Fan, an executive director, to the Group for financing its short-term funding needs. The cash advance is non-interest bearing, unsecured, and repayable on demand.

## **Management Discussion and Analysis** *(Continued)*

### **Financial Review** *(Continued)*

#### **Gearing ratio**

At 30 June 2023, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 41% (31 December 2022: 37%).

#### **Net current liabilities and current ratio**

At 30 June 2023, the Group's net current liabilities and current ratio were HK\$249,147,000 (31 December 2022: HK\$241,897,000) and 0.77 (31 December 2022: 0.78) respectively.

#### **Capital structure**

During the six months ended 30 June 2023, there was no change in the Company's capital structure.

#### **Material acquisitions of subsidiaries, associates, and joint ventures**

During the six months ended 30 June 2023, the Group did not have any material acquisitions of subsidiaries, associates, and joint ventures.

#### **Material disposals of subsidiaries, associates, and joint ventures**

During the six months ended 30 June 2023, the Group did not have any material disposals of subsidiaries, associates, and joint ventures.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### **Pledge of assets**

At 30 June 2023, the following Group's assets were pledged:

- (a) the Shun Tak Property with a carrying amount of HK\$334,153,000 (31 December 2022: HK\$333,951,000), of which HK\$166,653,000 (31 December 2022: HK\$170,151,000) classified under “property, plant and equipment” and HK\$167,500,000 (31 December 2022: HK\$163,800,000) classified under “investment properties”, for securing the banking facilities granted to the Group;
- (b) the 100% issued shares in Eternity Investment (China) Limited with the unaudited combined net assets of HK\$1,361,192,000 (31 December 2022: HK\$1,361,847,000) after adjusting for purchase price allocation for securing the Guaranteed Secured Notes due 2023;
- (c) the Group's Hong Kong-listed equity securities with a fair value of HK\$102,022,000 (31 December 2022: HK\$132,920,000), of which HK\$88,791,000 (31 December 2022: HK\$102,049,000) is related to the Group's financial assets at FVTPL and HK\$13,231,000 (31 December 2022: HK\$30,871,000) is related to a part of the Group's listed investment in an associate, for securing the margin financing facilities and the banking facilities granted to the Group;
- (d) a bank deposit of HK\$149,000 (31 December 2022: HK\$779,000) for securing the banking facilities granted to the Group; and
- (e) the key management personnel life insurance of HK\$9,716,000 (31 December 2022: HK\$9,527,000) for securing the banking facilities granted to the Group.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Material commitments

At 30 June 2023, the Group had a total commitment of HK\$184,937,000 (31 December 2022: HK\$234,191,000) relating to the development costs for the Subject Land, which were contracted but not provided for.

#### Exchange risk and hedging

The majority of the Group's transactions, assets, and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statements of financial position and cash flow exchange risk exposures and, where considered appropriate, use financial instruments, such as forward exchange contracts, foreign currency options, and forward rate agreements, to hedge this exchange risk. During the six months ended 30 June 2023, no financial instruments for hedging purposes were used by the Group.

#### Contingent liabilities

(a) On 6 May 2021, a Beijing law firm as plaintiff filed a civil claim to the People's Court in Chaoyang District, Beijing, Mainland China against four defendants, one of the four defendants is 北京北湖九號商務酒店有限公司 (Beijing Bayhood No. 9 Business Hotel Company Limited, "**Bayhood No. 9 Co.**"), a wholly-owned subsidiary of the Company, for an unsettled legal fee of RMB31,000,000 (equivalent to HK\$33,623,000) (excluding overdue interest) regarding an engagement of such law firm by the four defendants to resolve a civil dispute brought against them by an independent third party in relation to a property transaction in 2010. Details of the civil claim are disclosed in the Company's announcement dated 6 August 2021.

The Group has been advised by a Mainland Chinese legal adviser that the possibility of Bayhood No. 9 Co. being required to pay the unsettled legal fee is remote. Accordingly, no provision for any liability has been made in respect of the civil claim.

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Contingent liabilities (Continued)

- (b) On 13 January 2023, certain bank accounts of Bayhood No. 9 Co. have been frozen by a civil ruling (the “**Civil Ruling**”) (民事裁定書) dated 13 January 2023 issued by 北京市海澱區人民法院 (Haidian District People’s Court of Beijing Municipality) (the “**Court**”) against Bayhood No. 9 Co. in relation to an alleged unsettled liability before the acquisition of the entire issued share capital of Smart Title Limited on 6 October 2015 (the “**Acquisition**”), the principal and the interest of which amounted to approximately RMB44,000,000 (equivalent to HK\$47,722,000) as at 1 January 2023 (the “**Alleged Liability**”).

Based on the findings, the directors noted that the Civil Ruling is related to a civil filing (the “**Civil Filing**”) filed by a plaintiff (the “**Plaintiff**”) to the Court on 9 January 2023. Pursuant to the Civil Filing, Bayhood No. 9 Co., together with other three defendants to the Civil Filing, were alleged that (i) they had entered into an agreement in 2019 (the “**Settlement Agreement**”) with the Plaintiff in relation to the settlement of the property pre-sale agreements (the “**Pre-Acquisition Agreements**”) which were entered into before the Acquisition; and (ii) they did not repay the Alleged Liability in relation to the Settlement Agreement.

None of the directors of the Company and the directors of Bayhood No. 9 Co. has any knowledge or was aware of any information in relation to the Pre-Acquisition Agreements and the Settlement Agreement before the Civil Filing came to their attention, nor had they authorised the entering into of the Settlement Agreement. There has been no relevant information regarding Pre-Acquisition Agreements and the Settlement Agreement shown in the books and records of Bayhood No. 9 Co. since the consolidation of its accounts into that of the Group upon completion of the Acquisition. In view of the above matters, on 4 February 2023, the Company reported to 北京市公安局朝陽分局 (Chaoyang Branch Bureau of Beijing Municipal Public Security Bureau) regarding the forgery of the relevant documents and the company seal of Bayhood No. 9 Co..

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Contingent liabilities (Continued)

(b) (Continued)

On 28 March 2023, one of the defendants (the “**Responsible Defendant**”) entered into an undertaking agreement with the other defendants, including Bayhood No. 9 Co., pursuant to which the Responsible Defendant has agreed to undertake the repayment obligation to the Plaintiff and in the case that the other defendants incur losses due to the claim, the Responsible Defendant will indemnify them in full.

The Group’s Mainland Chinese legal adviser is of the view that on the basis of the relevant documents and the company chop of Bayhood No. 9 Co. are fraudulent, the Plaintiff’s statute of limitations for applying to the Court for the protection of civil rights has expired, i.e. over three years, and the Court would reject the claim of the Plaintiff by virtue of the law. Based on the view of the Mainland Chinese legal adviser and the indemnity given by the Responsible Defendant on 28 March 2023, the directors of the Company are of the view that the possibility of Bayhood No. 9 Co. being required to pay the Alleged Liability is remote. Accordingly, no provision was made in respect of the claims on the Alleged Liability.

#### Employees and remuneration policy

At 30 June 2023, the headcount of the Group was 103 (2022: 100). Staff costs (including directors’ emoluments) amounted to HK\$31,662,000 in the six months ended 30 June 2023 (2022: HK\$26,941,000). The increase in staff costs was mainly attributable to the payment of bonuses to the Group’s marketing team for leasing activities and two directors of a subsidiary. In addition to basic salaries, contributions to the retirement benefits scheme, and discretionary bonuses, staff benefits include a medical scheme, share options, and share awards.

## Management Discussion and Analysis (Continued)

### Operations Review

#### Sale of financial assets business

During the six months ended 30 June 2023, the Group's sale of financial assets business reported a segment loss (before taxation) of HK\$4,823,000, an 80% improvement compared to HK\$24,454,000 for the previous period. This improvement in segment loss (before taxation) was mainly due to the HK\$20,953,000 decrease in loss arising on change in fair value of financial assets at FVTPL.

During the six months ended 30 June 2023, the Group acquired two Hong Kong-listed equity securities with an aggregate acquisition cost of HK\$7,958,000 and made the trading gain of HK\$529,000 by selling three Hong Kong-listed equity securities in the aggregate carrying amounts of HK\$18,743,000 at the aggregate net sale proceeds of HK\$19,272,000. At the end of the reporting period, the Group measured its Hong Kong-listed equity securities at fair value based on the closing prices quoted on The Stock Exchange of Hong Kong Limited (the "Exchange") and recognised the loss of HK\$6,008,000 arising on change in fair value of financial assets at FVTPL.

Movements in the carrying amount of the Hong Kong-listed equity securities held by the Group recorded as "financial assets at FVTPL" during the six months ended 30 June 2023 and 2022 are as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Carrying amount at 1 January	<b>125,910</b>	255,954
Add: acquisitions	<b>7,958</b>	16,798
Less: disposals	<b>(18,743)</b>	(44,737)
loss arising on change in fair value recognised	<b>(6,008)</b>	(26,961)
Carrying amount at 30 June	<b>109,117</b>	201,054

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Sale of financial assets business (Continued)

Details of the Hong Kong-listed equity securities held by the Group recorded as “financial assets at FVTPL” at 30 June 2023 are as follows:

Name of Hong Kong-listed equity securities	Number of shares held at 30 June 2023	Fair value at 30 June 2023 HK\$'000	Fair value as compared to the consolidated total assets of the Group at 30 June 2023	Dividend received/receivable in the six months ended 30 June 2023 HK\$'000	Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2023 HK\$'000
Brockman Mining Ltd. (stock code: 159)	78,223,000	11,890	0.36%	–	(469)
China Treasures New Materials Group Ltd. (stock code: 2439)	11,000,000	6,380	0.19%	–	(1,390)
Frontier Services Group Ltd. (stock code: 500)	47,807,000	10,039	0.30%	–	(5,737)
Global Mastermind Holdings Ltd. (stock code: 8063)	94,497,000	5,292	0.16%	–	(1,323)
Huanxi Media Group Ltd. (stock code: 1003)	27,100,000	31,165	0.93%	–	1,355
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	16,122,649	2,193	0.07%	–	(145)
KuangChi Science Ltd. (stock code 439)	1,100,000	174	0.01%	–	(13)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	32,640,000	1,795	0.04%	–	(2,546)
Nimble Holdings Company Ltd. (stock code: 186)	83,673,268	25,102	0.75%	–	2,510
Ocean Line Port Development Ltd. (stock code: 8502)	12,096,000	3,689	0.11%	726	786
SuperRobotics Holdings Ltd. (stock code: 8176)	8,925,000	2,678	0.08%	–	714
Town Health International Medical Group Ltd. (stock code: 3886)	7,100,000	2,307	0.07%	8	(391)
Yunfeng Financial Group Ltd. (stock code: 376)	5,344,000	6,413	0.19%	–	641
		109,117		734	(6,008)

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### **Sale of financial assets business** (Continued)

The directors believe that the future performance of the Hong Kong-listed equity securities held by the Group is primarily affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares, and fundamentals of an investee company, such as the investee company's news, business fundamentals and development, financial performance, and prospects. Accordingly, the directors closely monitor the above factors, particularly the fundamentals of each investee company in the Group's portfolio, proactively adjust the Group's portfolio mix from time to time, and realise the Hong Kong-listed equity securities into cash as and when appropriate.

#### **Money lending business**

During the six months ended 30 June 2023, the Group's money lending business generated interest income on loans amounting to HK\$16,383,000, a 32% decrease from HK\$23,959,000 in the previous period, and reported a segment profit (before taxation) of HK\$2,771,000, a 61% decrease from HK\$7,096,000 in the six months ended 30 June 2022.

The 32% decrease in the interest income on loans was mainly due to the non-recognition of further interest income on two loan receivables in the aggregate outstanding principal amount of HK\$265,000,000 classified under stage 3 (credit-impaired) as a result of the customers' failure to repay the loans on the final repayment date.

The 61% decrease in segment profit (before taxation) was mainly attributable to a HK\$7,576,000 decrease in interest income on loans, which was partially offset by a HK\$2,708,000 decrease in legal and professional fees and a HK\$555,000 decrease in allowance for ECL on loan receivables.

During the six months ended 30 June 2023, no new loan was granted, and the final repayment dates of two loans in the aggregate outstanding principal amount of HK\$25,000,000 were extended. In addition, no customer made drawings from the existing loans, and three customers repaid HK\$5,081,000 to the Group.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

At 30 June 2023, 14 loans granted by the Group's money lending business remained outstanding. Six loan and interest receivables with an aggregate gross balance of HK\$281,275,000 were classified under stage 1 (initial recognition), one loan and interest receivable with a gross balance of HK\$42,140,000 was classified under stage 2 (significant increase in credit risk), and seven loan and interest receivables with an aggregate gross balance of HK\$714,404,000 were classified under stage 3 (credit-impaired). During the six months ended 30 June 2023, there was a loan and interest receivable with a gross balance of HK\$15,132,000 reclassified from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired) due to the failure by Customer N (as referred to on pages 360 and 366 of the Company's annual report for the year ended 31 December 2022) in repaying the outstanding principal amount of the loan and the accrued and unpaid interest thereon on the final repayment date. The loan owed by Customer N was secured by a share charge over 100% issued shares in a Hong Kong company engaged in investment holdings and the provision of security services business. The Group is currently negotiating with Customer N with a view to entering into a binding settlement agreement. As at the date of this interim report, the negotiation was still ongoing.

At the end of the reporting period, the directors performed an ECL assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured allowance for ECL on loan receivables using the general approach, which is often referred to "three-stage model" under Hong Kong Financial Reporting Standard 9 *Financial Instruments*. Based on the valuation, an allowance for ECL on loan receivables of HK\$2,018,000 was made in the six months ended 30 June 2023, representing a HK\$555,000 decrease compared to the six months ended 30 June 2022.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

Of the total allowance for ECL, HK\$109,000 was reversed for the loan receivables classified under stage 1 (initial recognition), HK\$482,000 was reversed for the loan receivable classified under stage 2 (significant increase in credit risk), and HK\$2,609,000 was recognised for the loan receivables classified under stage 3 (credit-impaired). The reversals of allowance for ECL for stage 1 (initial recognition) and stage 2 (significant increase in credit risk) resulted from improved market data used in the regression models to develop the probability of default. Of the allowance for ECL recognised for the loan receivables under stage 3 (credit-impaired), HK\$1,179,000 was made for the loan receivable with a gross balance of HK\$15,132,000 reclassified from stage 2 (significant increase in credit risk) to stage 3 (credit-impaired), and an additional allowance of HK\$1,430,000 was made for two existing loan receivables classified under stage 3 (credit-impaired).

Reference is made to the loan receivables classified under stage 3 (credit-impaired) as referred to on pages 360 to 366 of the Company's annual report for the year ended 31 December 2022. Set out below is the latest development of the recovery of these loan receivables:

(a) Customer D

The Group has been in negotiation with Customer D on the repayment of the two loan receivables in the aggregate outstanding principal amount of HK\$234,293,000 with a view to entering into a binding settlement agreement.

In July 2023, the Group received a reply from Customer D proposing to repay the outstanding principal amount of the two loans and the accrued interest in installments. In response to the reply, the Group is trying to contact Customer D to counter-propose a shorter repayment schedule and requesting Customer D to finalise the settlement proposal in accordance with its proposed terms.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

(b) Customer I

In September 2021, Customer I procured one of the guarantors to enter into an agreement (the “**Debt Assignment Agreement**”) to assign a debt in the face value of HK\$117,000,000 owned by the guarantor (the “**Assigned Debt**”) to the Group to enable the Group to demand payment and liquidate the Assigned Debt and to apply the proceeds, if any, from the recovery of the Assigned Debt to offset the loan due by Customer I.

After establishing dialogues with the representative of the debtor of the Assigned Debt, the Group decided to abort the recovery action on the Assigned Debt and revert to pursuing Customer I and the guarantors on the original loan due by Customer I. In August 2022, the Group terminated the Debt Assignment Agreement. On 31 October 2022, the Group issued the writ of summons and the statement of claim against Customer I and the guarantors seek to recover the outstanding principal amount of the original loan together with the accrued and unpaid interest thereon.

Subsequently, the Group was notified by its legal adviser that the writ of summons and the statement of claim delivered to Customer I and the guarantors were returned to the Group’s legal adviser and could not be served personally on them. The Group’s legal adviser is currently applying to the High Court for an order for substituted service for serving the writ of summons and the statement of claim against Customer I and the guarantors.

(c) Customer J

The Group has commenced civil proceedings in Mainland China against Customer J, the guarantor, and the shareholders of the guarantor for recovering the outstanding principal amount of HK\$25,000,000 together with the accrued and unpaid interest thereon. The first hearing of the civil proceedings took place on 17 March 2022. On 21 March 2022, the court handed down the first instance judgement ordering, among others, Customer J to repay the outstanding principal amount of the loan of HK\$25,000,000, the unpaid interest of HK\$748,000, and the default interest to the Group within ten days from the effective date of the first instance judgement and ordering the guarantor to guarantee the above payment obligations of Customer J.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

(c) Customer J (Continued)

On 15 June 2022, the Group received a notice from the court that a civil appeal was lodged by Customer J in respect of the first instance judgment. As advised by the Group's legal adviser, the case had been transferred from the first instance court to the appellate court, and the hearing of the civil appeal lodged by Customer J was scheduled to be held on 12 September 2023.

(d) Customer H

In March 2021, the Group engaged a legal adviser to commence civil proceedings in Mainland China against Customer H for recovering the loan in the outstanding principal amount of HK\$137,617,000 together with the accrued and unpaid interest thereon. In November 2021, the Group obtained an asset preservation order from the court to freeze certain assets of Customer H in Mainland China with an aggregate value of RMB126,180,000 (equivalent to HK\$136,855,000). The first court hearing was held on 16 May 2022, when Customer H raised a defense regarding the authenticity of his signature on the loan agreement. The Group was informed by its legal adviser that the court engaged an expert to verify Customer H's signature, and the next court hearing would be fixed after the court's expert opinion was ready. In October 2022, the court retrieved 14 sets of documents previously signed and submitted by Customer H to various administrative departments in Mainland China to verify the authenticity of his signatures.

On 13 March 2023, the second court hearing was held. On 24 July 2023, the court handed down the first instance judgement ordering Customer H to repay the outstanding principal amount of the loan and the accrued and unpaid interest thereon to the Group within 30 days from the effective date of the first instance judgement. If Customer H does not repay the outstanding principal amount of the loan and the accrued and unpaid interest to the Company in accordance with the first instance judgment, the Company intends to seek advice from its legal adviser to explore the prospect of applying for compulsory enforcement on the asset preservation order over certain of Customer H's assets in Mainland China.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

(e) Customer F

On 7 September 2021, the Group obtained a corporate guarantee provided by a private company owned by Customer F and her spouse (the “**Customer F Guarantor**”) to secure all of Customer F’s obligations of the loan of HK\$165,000,000 under the loan agreement. The major assets of Customer F Guarantor include 150,000 participating shares in a closed-end private fund (the “**Fund Interests**”) and a commercial property located in Mainland China (the “**Property of Customer F Guarantor**”). On the same date, the Group also obtained a share charge over the entire issued share capital of Customer F Guarantor and a share pledge over the Fund Interests as collateral for the loan. On 16 September 2021, Customer F Guarantor entered into another guarantee contract in favour of the Group, pursuant to which Customer F Guarantor, on top of the corporate guarantee already given, further designated the Property of Customer F Guarantor as collateral to fortify the repayment obligations of Customer F in respect of the loan of HK\$165,000,000. In October 2021, the Group engaged a legal adviser to commence civil proceedings in Mainland China with the view to enforcing the guarantee given by Customer F Guarantor and demanding Customer F Guarantor repay the loan owed by Customer F.

In February 2023, the court handed down the arbitral award ordering Customer F Guarantor to pay the Group the loan of HK\$165,000,000 together with the outstanding interest plus the accrued interest up to and until the payment date.

In June 2023, the Group instructed its legal adviser to make an application for compulsory enforcement to the court in Mainland China for enforcing directly on the Property of Customer F Guarantor. The application for compulsory enforcement is pending review by the court. In the meantime, the Group is seeking advice from its legal adviser to seek to commence concurrent legal proceedings against Customer F in Hong Kong to recover the outstanding principal amount of the loan receivable and the accrued and unpaid interest.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Money lending business (Continued)

At 30 June 2023, the Group's loan receivables, together with accrued interest receivables (after accumulated allowance for ECL), amounted to HK\$413,867,000 (31 December 2022: HK\$412,069,000).

Information on the Group's money lending business, including business model, internal control system, and the basis of determination of the allowance for ECL on loan receivables, was already disclosed in the Company's annual report for the year ended 31 December 2022.

#### Sale of jewelry products business

During the six months ended 30 June 2023, the Group's sale of jewelry products business generated revenue of HK\$43,968,000, a 12% increase from HK\$39,422,000 for the previous period, and reported a segment profit (before taxation) of HK\$1,074,000. In contrast, a segment loss (before taxation) of HK\$1,321,000 was reported in the previous period. The improvement in the segment results was due to a HK\$1,868,000 increase in gross profit and the non-recurrence of the one-off loss of inventories of HK\$1,534,000 in the previous period.

Since the second half of 2022, the Group has seen a slowdown in sales orders for its jewelry products due to the erosion of buying intention of jewelry products resulting from the depreciation of the Euro and a surge in inflation. The significant increase in diamond prices has also further worsened the buying intention of jewelry products. In response to the slowdown in sales orders for its jewelry products, the Group put more effort into obtaining sales orders for jewelry accessories. Due to the significant increase in diamond prices, the Group has increased the selling prices of its jewelry products in line with other jewelry producers in the market. Such an increase resulted in the 12% increase in revenue in the six months ended 30 June 2023. In addition, there was a HK\$1,152,000 decrease in moulding costs for jewelry products contributing to the improvements in gross profit and gross profit margin in the six months ended 30 June 2023.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### **Sale of jewelry products business** (Continued)

To cope with the sluggish market condition and the surge in diamond prices, the Group is planning to expand its product category by developing other stone-type jewelry products, which are of a lower price range than diamond jewelry products, to solicit more sales orders. The Group intends to launch its other stone-type jewelry products in the fourth quarter of 2023. Jewellery & Gem World Hong Kong, one of the industry's signature trade shows, is set to return for the first time since 2019 and is scheduled to take place in September 2023. The Group will participate in the trade show to market and exhibit its jewelry products to attract new businesses.

At the end of the reporting period, the directors performed an ECL assessment on the Group's trade receivables with reference to a valuation prepared by the independent professional valuer. Based on the valuation, an allowance for ECL on trade receivables of HK\$12,000 was made.

At 30 June 2023, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK\$33,242,000 (31 December 2022: HK\$32,153,000), and the Group's sale of jewelry products business had undelivered sales orders amounting to HK\$1,498,000 (31 December 2022: HK\$587,000).

#### **Property investment business**

During the six months ended 30 June 2023, the Group's property investment business generated a turnover of HK\$20,785,000, a 12% increase from HK\$18,641,000 for the six months ended 30 June 2022, and recorded a segment profit (before taxation) of HK\$1,992,000, whereas a segment loss (before taxation) of HK\$12,027,000 was recorded for the six months ended 30 June 2022.

Of the total turnover, HK\$15,268,000 was rental income generated from the assets of the Club, HK\$2,274,000 was rental income generated from the investment property portion of the Shun Tak Property, HK\$2,505,000 was rental income generated from the residential serviced apartments under short-term lease agreements, and HK\$738,000 was derived from property management. Following the delivery of the vacant possession of the residential serviced apartments to lessees upon completion of three blocks of residential serviced apartments in the third quarter of 2022, rental income is generated from the residential serviced apartments under short-term lease agreements and property management fees are charged to the delivered residential serviced apartments, which contributed to the increase in turnover and the improvement in gross profit and gross profit margin.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Property investment business (Continued)

The turnaround in segment results was mainly attributable to (i) the recognition of the gain on disposals of residential serviced apartments of HK\$7,993,000 and (ii) the recognition of finance income on finance lease receivables of HK\$9,432,000, which were partially offset by the increase in general administrative expenses and the payment of bonuses to the Group's marketing team for leasing activities and two directors of a subsidiary.

The Company's indirect wholly-owned subsidiary, Bayhood No. 9 Co., owns (i) the rights to construct and operate the club facilities of the Club, and (ii) the rights to develop and operate the Subject Land and the rights to construct and manage properties (each a "**Property**" and collectively, the "**Properties**") erected on the Subject Land (the "**Management Rights**") for around 39 years until 30 January 2062. As disclosed previously in the Company's annual report for the year ended 31 December 2020, due to the unprecedented impact of the COVID-19 pandemic on the hotel industry, the Company modified its business strategy for the second and third phases of the Subject Land such that the Properties were constructed for leasing on a long-term or short-term lease basis.

The second and third phases of the Subject Land have been developed into seven blocks of three-storey residential serviced apartments comprising 279 residential serviced apartments with an aggregate gross floor area of 45,165 square meters (with individual apartments of sizes ranging from approximately 88 to 459 square meters), together with two blocks of three-storey office buildings each having a gross floor area of approximately 6,300 square meters with total construction costs of RMB730,000,000 (equivalent to HK\$791,758,000). The residential serviced apartments and the office premises are offered for lease by Bayhood No. 9 Co..

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Property investment business (Continued)

While all the lease agreements entered into with the lessees of the Properties are negotiated by the marketing staff of Bayhood No. 9 Co. in Mainland China on arm's length basis in the Group's ordinary course of business with each lessee separately at different times by way of genuine standalone transactions, Bayhood No. 9 Co. endeavours to include the following key terms in the lease agreements: (i) the lease term may be long-term or short-term depending on the lessee's preference, but in any event shall not exceed the remaining tenure of the Management Rights; (ii) the payment terms (the "**Payment Terms**") of the total rental income for the entire lease term (the "**Total Rental Income**") may range from one-off payment or payment by instalments; (iii) the title of the Properties remains to be owned by Bayhood No. 9 Co., and the lessees are required to surrender the Properties back to Bayhood No. 9 Co. unconditionally and without receiving any compensation at the end of the lease term; and (iv) the lessees are liable to pay a break fee on default of the lease agreements, which is equivalent to 15% of the Total Rental Income. The Company will comply with Chapters 14 and 14A of the Rules Governing the Listing of Securities on the Exchange (the "**Listing Rules**") if the applicable ratios for any of these lease agreements exceed the relevant percentage thresholds or any of the lessees (and the ultimate beneficial owners of the corporate lessees) is a connected person of the Company (as defined in the Listing Rules).

Under the applicable accounting standards, long-term lease agreements are treated as finance leases as the lease term substantially covers the remaining period of the Management Rights. On the delivery of vacant possession of a Property to a lessee under a long-term lease agreement, the Total Rental Income discounted at the interest rate implicit in the long-term lease agreement is recognised as "finance lease receivables", the relevant value-added tax ("**VAT**") based on the discounted Total Rental Income at the current applicable tax rate is recognised as "VAT payable", and the related assets of the Property recorded in "property, plant and equipment", "intangible assets", and "right-of-use assets" are derecognised. A gain or loss calculated at the discounted Total Rental Income minus the VAT payable and the derecognised related assets of the relevant Property is recognised as "gain or loss on disposal" in the "Other gains and losses" line item in the statement of profit or loss. For a signed long-term lease agreement that a Property is expected to deliver within 12 months, the related assets of the Property are classified as "assets classified as held for sale" under current assets in the statement of financial position until the vacant possession of the Property is delivered.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Property investment business (Continued)

On the other hand, short-term lease agreements are treated as operating leases. The Group recognises the Total Rental Income (net of VAT) as rental income on a straight-line basis over the term of a short-term lease agreement commencing on the delivery of vacant possession of a Property to a lessee. Upon commencement of a short-term lease agreement, the related assets of the relevant Property recorded in “property, plant and equipment”, “intangible assets”, and “right-of-use assets” are transferred to “investment properties”. At the end of each reporting period, such investment properties are measured at fair value.

During the six months ended 30 June 2023, one long-term lease agreement for residential serviced apartments was signed, no lease agreement for office premises was signed, and the vacant possession of two residential serviced apartments was delivered under long-term lease agreements. As a result, the Group recognised the gain on disposals of residential serviced apartments of HK\$7,993,000 in the six months ended 30 June 2023.

At 30 June 2023, there were eight signed long-term lease agreements for residential serviced apartments remaining undelivered.

Despite a sign showing that the Mainland Chinese economy is slowing down, the Group’s Mainland Chinese marketing team for leasing activities will strive to achieve a high level of occupancy rate through a competitive pricing policy compared to similar properties in adjacent areas and flexible Payment Terms to provide incentives to interested lessees. The Group has also established a performance-linked remuneration system to incentivise its Mainland Chinese marketing team. Through the efforts of its staff, the Group is hopeful of benefiting from the continuous income stream derived from the annual rental income of the Properties for the remaining period of the Management Rights.

The applicable ratios calculated in respect of each of the lease agreements entered into by Bayhood No. 9 Co. were under 5%, and none of them constituted a notifiable transaction to the Company under Chapter 14 of the Listing Rules. To the best of the directors’ knowledge, information, and belief, having made all reasonable enquiries, all the lessees (and the ultimate beneficial owners of the corporate lessees) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### Property investment business (Continued)

At the end of the reporting period, the directors performed an impairment test for the goodwill arising from the acquisition of Smart Title Limited, the property investment cash-generating unit (“CGU”) in Beijing, Mainland China. In addition to the goodwill, the property, plant and equipment, the intangible assets, and the right-of-use assets relating to (i) the rights to construct and operate the club facilities of the Club and (ii) the rights to develop and operate the Subject Land and the Management Rights that generates cash flow were also included in the property investment CGU for impairment testing. The recoverable amount of the property investment CGU was determined based on a value-in-use calculation. As the recoverable amount of the property investment CGU exceeded its carrying amount, no impairment loss was required.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on the property valuation report prepared by an independent qualified valuer, the fair value of the investment property portion of the Shun Tak Property increased from HK\$163,800,000 at 31 December 2022 to HK\$167,500,000 at 30 June 2023. Accordingly, the Group recognised the gain of HK\$3,700,000 arising on change in fair value of investment properties.

On 3 April 2023, Bayhood No. 9 Co. received an advance notice from the lessee to terminate the lease agreement relating to the assets of the Club by 5 October 2023. Upon the termination, the Group will operate and manage the Club on its own. The directors consider that the termination of the lease agreement has no material adverse impact on the financial position and the existing business operations of the Group.

## Management Discussion and Analysis (Continued)

### Operations Review (Continued)

#### **Investments in associates**

Elite Prosperous is an investment holding company whose principal asset was 47,643 ordinary shares in the unlisted investment holding company, representing 2.65% of the entire issued share capital of the unlisted investment holding company. The principal subsidiaries of the unlisted investment holding company are engaged in (i) agency payment services, (ii) currency exchange services, and (iii) provision of online, mobile, and cross-border payment services. At the end of the reporting period, Elite Prosperous measured its investment in the unlisted investment holding company at fair value. Based on a valuation report prepared by an independent professional valuer, the fair value of the investment decreased from HK\$11,259,000 at 31 December 2022 to HK\$10,255,000 at 30 June 2023. Accordingly, Elite Prosperous recognised a loss of HK\$1,004,000 arising on change in fair value of its investment in the unlisted investment holding company. During the six months ended 30 June 2023, Elite Prosperous reported a loss of HK\$1,004,000, and accordingly, the Group shared a loss of HK\$492,000 from Elite Prosperous.

China Healthwise is an investment holding company, and its subsidiaries are principally engaged in sales of Chinese health products, money lending business, and investment in financial instruments. During the six months ended 30 June 2023, China Healthwise reported a loss of HK\$31,862,000, a 110% increase from HK\$15,176,000 for the previous period, and the Group shared a loss of HK\$6,850,000 from China Healthwise. The deterioration in China Healthwise's results for the six months ended 30 June 2023 was due to a significant increase in impairment loss on its loan receivables. At the end of the reporting period, the carrying amount of the Group's investment in China Healthwise was tested for impairment. As the carrying amount of the Group's investment in China Healthwise exceeded its fair value, the impairment loss of HK\$9,606,000 was recognised against the carrying amount of China Healthwise in the six months ended 30 June 2023.

## Management Discussion and Analysis *(Continued)*

### **Future Prospects**

The global economy performed well at the start of the year, supported by factors such as falling energy prices, strong consumer balance sheets, and the reopening of the Mainland Chinese economy. However, the leading economic and financial market indicators are continuing to signal a probability of a slowdown in the global economy in the coming quarters. In addition, some key risks remain, including core inflation persistently above central banks' target, a slowdown of the Mainland Chinese economy, a further deterioration in the United States and Mainland China relations, and a further escalation of the ongoing war in Ukraine. With this backdrop, the directors expect uncertainty in the global macroeconomic environment for the remainder of 2023.

The directors will closely monitor the Hong Kong equity market, particularly the fundamentals of each investee company in the Group's portfolio, proactively adjust the Group's portfolio mix from time to time, and realise the Hong Kong-listed equity securities into cash as and when appropriate.

Given the global macroeconomic environment is expected to be uncertain, the directors intend to maintain the size of the Group's loan portfolio in the second half of 2023. As a result, the interest income on loans generated from the Group's money lending business in the second half of 2023 is expected to be more or less the same as in the first half of 2023. Nevertheless, the directors will closely monitor the performance of the Group's loan portfolio, especially in each customer's repayment and financial condition, and make every effort to recover the overdue loan receivables.

Owing to the slowdown in sales orders for its jewelry products, the Group has planned to broaden its overseas customer base by allocating more resources to overseas sales trips and promoting its products through its online business-to-business sales portal. The Group has also been developing a new product line, other stone-type jewelry products, with a view to soliciting more sales orders. The directors expect the performance of the Group's sale of jewelry product business may underperform in the second half of 2023 compared to the first half of 2023 due to the sluggish market condition.



## Management Discussion and Analysis *(Continued)*

### **Future Prospects** *(Continued)*

Although there is a sign showing that the Mainland Chinese economy is slowing down, the directors will put more effort and resources into marketing and leasing activities to achieve a high level of occupancy rate in order to build up the continuous income stream derived from rental income of the properties erected on the Subject Land. In addition, the directors will put more effort and resources into completing the remaining four blocks of residential serviced apartments and two blocks of office buildings as planned. As the lease agreement relating to the assets of the Club is terminated by the lessee on 5 October 2023, the directors expect that the rental income of the Group's property investment business will decrease in the second half of 2023 compared to the first half of 2023. However, the Group will operate and manage the Club on its own upon the termination, and a new operating segment for operating golf club and resort will be commenced in the fourth quarter of 2023.

Due to the global macroeconomic environment expected to be uncertain in the remaining 2023, the directors remain cautious and watchful over the key risks and their impact and commit to leading the Group to weather the challenges and continue to monitor the business environment cautiously and strengthen the Group's business foundation by focusing on its existing businesses.

### **Events after the End of the Reporting Period**

The Group did not have any material events after the reporting period and up to the date of this interim report.

## Additional Information Required by the Listing Rules

### Interim Dividend

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

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

At 30 June 2023, the interests of the directors and the chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

#### Long positions

a. Ordinary shares of HK\$0.01 each of the Company

Name of director	Notes	Number of ordinary shares held and capacity			Percentage of the issued share capital of the Company
		Beneficial owner	Held by controlled corporations	Total	
Mr. Lei Hong Wai	1 and 2	408,740,000	583,832,803	992,572,803	25.99%
Mr. Cheung Kwok Wai Elton	1 and 2	—	583,832,803	583,832,803	15.29%
Mr. Chan Kin Wah Billy		6,319,500	—	6,319,500	0.17%

Notes:

1. Twin Success International Limited ("**Twin Success**") beneficially owns 583,832,803 ordinary shares of the Company.

Twin Success is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton and as to 50% by Mr. Guan Jian.

## Additional Information Required by the Listing Rules (Continued)

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

#### Long positions (Continued)

a. Ordinary shares of HK\$0.01 each of the Company (Continued)

Notes: (Continued)

2. On 5 June 2018, Twin Success pledged its 583,832,803 ordinary shares of the Company in favour of Kingston Finance Limited as security for a loan facility.

b. Share options

Name of director	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	3,800,000	3,800,000
Mr. Cheung Kwok Wai Elton	Beneficial owner	3,800,000	3,800,000
Mr. Chan Kin Wah Billy	Beneficial owner	3,800,000	3,800,000
Mr. Cheung Kwok Fan	Beneficial owner	3,800,000	3,800,000

c. Ordinary shares of HK\$0.01 each of China Healthwise Holdings Limited, a 21.50% owned associate of the Company

Name of director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of China Healthwise Holdings Limited
Mr. Lei Hong Wai	Beneficial owner	56,663,636	7.35%

Other than as disclosed above, none of the directors, chief executive nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2023.

## Additional Information Required by the Listing Rules (Continued)

### Share Schemes

Particulars of the Company's share schemes are set out in note 30 to the condensed consolidated financial statements.

#### a. Share option scheme adopted on 12 December 2011

The following table discloses movements in the share option scheme adopted on 12 December 2011 (the "2011 Share Option Scheme") during the six months ended 30 June 2023:

Share option type	Date of grant	Vesting schedule	Number of share options					Outstanding at 30 June 2023	Exercise price	Exercise period	
			Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
<b>Directors, chief executive or substantial shareholders or their respective associates</b>											
Mr. Lei Hong Wai	2021	4 June 2021	100% of the share options were vested on 4 June 2021	3,800,000	-	-	-	-	3,800,000	HK\$0.298	4 June 2021 to 3 June 2024
Mr. Cheung Kwok Wai Elton	2021	4 June 2021	100% of the share options were vested on 4 June 2021	3,800,000	-	-	-	-	3,800,000	HK\$0.298	4 June 2021 to 3 June 2024
Mr. Chan Kin Wah Billy	2021	4 June 2021	100% of the share options were vested on 4 June 2021	3,800,000	-	-	-	-	3,800,000	HK\$0.298	4 June 2021 to 3 June 2024
Mr. Cheung Kwok Fan	2021	4 June 2021	100% of the share options were vested on 4 June 2021	3,800,000	-	-	-	-	3,800,000	HK\$0.298	4 June 2021 to 3 June 2024
<b>Employees</b>	2021	4 June 2021	100% of the share options were vested on 4 June 2021	156,560,000	-	-	-	-	156,560,000	HK\$0.298	4 June 2021 to 3 June 2024
<b>Total</b>				171,760,000	-	-	-	-	171,760,000		

The closing price of the Company's shares immediately before 4 June 2021, the date of grant of the 2021 share options, was HK\$0.29.

As the 2011 Share Option Scheme expired on 11 December 2021, no share options were available for grant under the 2011 Share Option Scheme on 1 January 2023 and 30 June 2023.

## Additional Information Required by the Listing Rules (Continued)

### Share Schemes (Continued)

#### **b. Share option scheme adopted on 16 December 2021**

During the six months ended 30 June 2023, no share options were granted, exercised, cancelled or lapsed, and there were no outstanding share options under the share option scheme adopted on 16 December 2021 (the “**2021 Share Option Scheme**”) at 1 January 2023 and 30 June 2023.

The number of share options available for grant under the existing scheme mandate of the 2021 Share Option Scheme on 1 January 2023 and 30 June 2023 was 381,960,648 share options.

#### **c. Share award plan**

During the six months ended 30 June 2023, no share was awarded, vested, cancelled or lapsed, and there were no unvested share awards under the Company’s share award plan at 1 January 2023 and 30 June 2023.

The number of shares available for award under the existing scheme mandate of the share award plan on 1 January 2023 and 30 June 2023 was 381,960,648 shares.

For the six months ended 30 June 2023, the number of shares that may be issued in respect of share options and shares awarded under all share schemes of the Company is 171,760,000 shares, representing 4.50% of the weighted average number of issued shares of the Company.

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

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

#### Long positions

a. Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Notes	Number of ordinary shares held and capacity				Percentage of the issued share capital of the Company
		Beneficial owner	Person having a security interest in shares	Held by controlled corporation(s)	Total	
Twin Success Silver Pacific	1 and 4	583,832,803	—	—	583,832,803	15.29%
International Limited Silver Pacific Development Limited	1, 2 and 4	—	—	583,832,803	583,832,803	15.29%
Mr. Lei Hong Wai	1, 3 and 4	—	—	583,832,803	583,832,803	15.29%
Mr. Cheung Kwok Wai Elton	1, 2 and 4	408,740,000	—	583,832,803	992,572,803	25.99%
Mr. Guan Jian	1, 3 and 4	—	—	583,832,803	583,832,803	15.29%
Kingston Finance Limited	4 and 5	—	583,832,803	—	583,832,803	15.28%
Ample Cheer Limited	4 and 5	—	—	583,832,803	583,832,803	15.28%
Ms. Chu Yuet Wah	4, 5 and 6	—	—	583,832,815	583,832,815	15.28%

## Additional Information Required by the Listing Rules (Continued)

### Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

#### Long positions (Continued)

a. Ordinary shares of HK\$0.01 each of the Company (Continued)

Notes:

1. Twin Success is owned as to 50% by Silver Pacific International Limited and as to 50% by Silver Pacific Development Limited.
2. Silver Pacific International Limited is wholly owned by Mr. Lei Hong Wai.
3. Silver Pacific Development Limited is owned as to 50% by Mr. Cheung Kwok Wai Elton and as to 50% by Mr. Guan Jian.
4. On 5 June 2018, Twin Success pledged its 583,832,803 ordinary shares of the Company in favour of Kingston Finance Limited as security for a loan facility.
5. Kingston Finance Limited is a wholly-owned subsidiary of Ample Cheer Limited, which is wholly owned by Ms. Chu Yuet Wah.
6. Out of the 583,832,815 ordinary shares of the Company, 12 ordinary shares are held by Kingston Securities Limited. Kingston Securities Limited is a wholly-owned subsidiary of Galaxy Sky Investments Limited. Galaxy Sky Investments Limited is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Kingston Financial Group Limited is 74.60% owned by Active Dynamic Limited. Active Dynamic Limited is wholly owned by Ms. Chu Yuet Wah.

b. Share options

Name of shareholder	Capacity	Number of share options held	Number of underlying shares
Mr. Lei Hong Wai	Beneficial owner	3,800,000	3,800,000
Mr. Cheung Kwok Wai Elton	Beneficial owner	3,800,000	3,800,000

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 30 June 2023.

## Additional Information Required by the Listing Rules *(Continued)*

### **Purchase, Redemption and Sale of the Company's Listed Securities**

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

### **Compliance with Corporate Governance Code**

In the opinion of the Board, the Company complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix 14 of the Listing Rules throughout the six months ended 30 June 2023, except for code provision C.2.1.

Code provision C.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2023, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquiry, all directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.



## **Additional Information Required by the Listing Rules** *(Continued)*

### **Review of Financial Information**

The Audit Committee of the Board has reviewed the 2023 interim report and the condensed consolidated financial statements for the six months ended 30 June 2023 and agreed to the accounting policies and practices adopted by the Company.

### **Acknowledgement**

On behalf of the Board, I would like to express my gratitude and appreciation to my fellow directors, the management, and staff for their dedication, loyalty, and contribution. In addition, I would like to thank our shareholders for their continuous support.

By Order of the Board  
**Eternity Investment Limited**  
**Lei Hong Wai**  
*Chairman*

Hong Kong, 29 August 2023