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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Eternity Investment Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
Revenue	4	108,156	90,278
Cost of sales		<u>(50,216)</u>	<u>(46,547)</u>
Gross profit		57,940	43,731
Investment and other income	5	9,090	11,217
Other gains and losses	6	(87,599)	(3,971)
Selling and distribution expenses		(2,448)	(2,182)
Allowance for expected credit losses on financial assets	7	(1,127)	(1,662)
Administrative expenses		(57,876)	(57,780)
Share of results of associates		<u>(842)</u>	<u>(7,342)</u>
Loss from operations		(82,862)	(17,989)
Finance costs	8	<u>(44,036)</u>	<u>(34,361)</u>
Loss before taxation		(126,898)	(52,350)
Income tax (expense)/credit	9	<u>(1,085)</u>	<u>1,325</u>
Loss for the period	10	<u><u>(127,983)</u></u>	<u><u>(51,025)</u></u>

		For the six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited) (Restated)
Loss for the period attributable to:			
Owners of the Company		(127,983)	(51,025)
Non-controlling interests		—	—
		<u>(127,983)</u>	<u>(51,025)</u>
Interim dividend	<i>11</i>	<u>—</u>	<u>—</u>
Loss per share			
Basic (<i>Hong Kong cents</i>)	<i>12</i>	<u>(3.46)</u>	<u>(1.38)</u>
Diluted (<i>Hong Kong cents</i>)		<u>(3.46)</u>	<u>(1.38)</u>

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Loss for the period	(127,983)	(51,025)
Other comprehensive (expense)/income for the period, net of income tax,		
<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	<u>(1,720)</u>	<u>(2,880)</u>
	<u>(1,720)</u>	<u>(2,880)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations	(9,182)	(37,077)
Share of other comprehensive income of associates, net of related income tax	<u>–</u>	<u>65</u>
	<u>(9,182)</u>	<u>(37,012)</u>
Other comprehensive expense for the period, net of income tax	<u>(10,902)</u>	<u>(39,892)</u>
Total comprehensive expense for the period	<u>(138,885)</u>	<u>(90,917)</u>
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	(138,925)	(91,096)
Non-controlling interests	<u>40</u>	<u>179</u>
	<u>(138,885)</u>	<u>(90,917)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 <i>Notes</i> HK\$'000 (Unaudited)	At 31 December 2023 <i>Notes</i> HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		930,284	928,529
Right-of-use assets		201,373	207,324
Investment properties		236,099	261,698
Intangible assets		626,189	639,189
Goodwill		143,533	190,277
Interests in associates		3,426	4,268
Deferred tax assets		69,941	69,892
Equity instruments at fair value through other comprehensive income		6,925	8,645
Financial assets at fair value through profit or loss		10,018	9,846
Finance lease receivables		147,345	159,224
Prepayments		–	344
		2,375,133	2,479,236
Current assets			
Inventories		33,264	34,484
Loan receivables	13	229,316	248,614
Trade receivables	14	35,007	37,902
Deposits, prepayments and other receivables		95,781	91,124
Finance lease receivables		25,010	22,664
Financial assets at fair value through profit or loss		66,264	97,316
Pledged bank deposits		427	23
Restricted bank deposits		–	18,035
Cash and cash equivalents		54,052	18,359
		539,121	568,521
Assets classified as held for sale		26,626	26,816
		565,747	595,337
Total assets		2,940,880	3,074,573

		At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
EQUITY			
Share capital		38,196	38,196
Share held for share award plan		(24,455)	(24,455)
Reserves		<u>1,354,580</u>	<u>1,493,505</u>
Equity attributable to owners of the Company		1,368,321	1,507,246
Non-controlling interests		<u>(5,635)</u>	<u>(5,675)</u>
Total equity		<u>1,362,686</u>	<u>1,501,571</u>
LIABILITIES			
Current liabilities			
Trade payables	15	58,061	55,253
Deposits received, accruals and other payables		183,407	178,676
Receipts in advance		66,045	56,611
Tax payables		83,074	80,723
Bank borrowings		140,939	144,196
Other borrowings		250,871	254,748
Lease liabilities		6,168	6,106
Guaranteed secured notes		18,489	24,125
Amounts due to associates		6,848	11,169
Amounts due to directors and related party		<u>94,684</u>	<u>89,715</u>
		<u>908,586</u>	<u>901,322</u>
Non-current liabilities			
Deposit received and other payables		70,005	68,525
Lease liabilities		268,903	275,008
Deferred tax liabilities		183,852	187,027
Guaranteed secured notes		<u>146,848</u>	<u>141,120</u>
		<u>669,608</u>	<u>671,680</u>
Total liabilities		<u>1,578,194</u>	<u>1,573,002</u>
Total equity and liabilities		<u>2,940,880</u>	<u>3,074,573</u>
Net current liabilities		<u>(342,839)</u>	<u>(305,985)</u>
Total assets less current liabilities		<u>2,032,294</u>	<u>2,173,251</u>

Notes:

1. Basis of preparation

The condensed consolidated financial statements 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 D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2023. 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 2023.

Going concern

During the six months ended 30 June 2024, the Group incurred a loss for the period attributable to owners of the Company of HK\$127,983,000, and, as of that date, the Group’s current liabilities exceeded its current assets by HK\$342,839,000.

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 and certain appropriate financing activities of the Group will be able 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 People’s Republic of China (the “**PRC**”);
- negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;
- reviewing its investments and actively considering to realise 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;
- implementing an 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 operations.

The directors of the Company have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period up to 31 August 2025. 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. They are of the opinion that, taking into account the above-mentioned measures, 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 2024 on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which 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.

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 2024 are the same as those presented in the Group's audited consolidated financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group's condensed consolidated financial statements:

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

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, 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 five 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 |
| (e) Golf club operation | Golf club operation |

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the periods ended 30 June 2024 and 2023, and for the year ended 31 December 2023 by operating segments are as follows:

Segment revenue and results

For the six months ended 30 June 2024

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Golf club operation <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>5,235</u>	<u>(4,621)</u>	<u>11,133</u>	<u>31,796</u>	<u>64,613</u>	<u>108,156</u>
Segment (loss)/profit	<u>(88,890)</u>	<u>(24,109)</u>	<u>9,489</u>	<u>(1,803)</u>	<u>24,860</u>	(80,453)
Interest income on bank deposits						105
Unallocated corporate income						228
Unallocated corporate expenses						(1,900)
Finance costs						(44,036)
Share of results of associates						<u>(842)</u>
Loss before taxation						(126,898)
Income tax expense						<u>(1,085)</u>
Loss for the period						<u><u>(127,983)</u></u>

For the six months ended 30 June 2023

	Property investment <i>HK\$'000</i> (Unaudited) (Restated)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Golf club operation <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited) (Restated)
Segment revenue	<u>29,398</u>	<u>529</u>	<u>16,383</u>	<u>43,968</u>	<u>–</u>	<u>90,278</u>
Segment profit/(loss)	<u>1,992</u>	<u>(4,823)</u>	<u>2,771</u>	<u>1,074</u>	<u>–</u>	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						<u>(7,342)</u>
Loss before taxation						(52,350)
Income tax credit						<u>1,325</u>
Loss for the period						<u>(51,025)</u>

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

Segment results represent (loss incurred)/profit earned 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 (expense)/credit. This is the measure reported to the Chairman of the Board for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 30 June 2024

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Golf club operation <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment assets						
– Hong Kong	344,119	73,203	280,733	67,323	–	765,378
– The PRC	1,786,494	–	–	–	364,638	2,151,132
	<u>2,130,613</u>	<u>73,203</u>	<u>280,733</u>	<u>67,323</u>	<u>364,638</u>	<u>2,916,510</u>
Unallocated corporate assets						<u>24,370</u>
Consolidated total assets						<u><u>2,940,880</u></u>
Segment liabilities						
– Hong Kong	(95,737)	(98,042)	(10,891)	(19,503)	–	(224,173)
– The PRC	(554,099)	–	–	–	(322,644)	(876,743)
	<u>(649,836)</u>	<u>(98,042)</u>	<u>(10,891)</u>	<u>(19,503)</u>	<u>(322,644)</u>	<u>(1,100,916)</u>
Unallocated corporate liabilities						<u>(477,278)</u>
Consolidated total liabilities						<u><u>(1,578,194)</u></u>

At 31 December 2023

	Property investment <i>HK\$'000</i> (Audited)	Sale of financial assets <i>HK\$'000</i> (Audited)	Money lending <i>HK\$'000</i> (Audited)	Sale of jewelry products <i>HK\$'000</i> (Audited)	Golf club operation <i>HK\$'000</i> (Audited)	Consolidated <i>HK\$'000</i> (Audited)
Segment assets						
– Hong Kong	370,232	105,993	300,334	71,645	–	848,204
– The PRC	1,835,368	–	–	–	366,702	2,202,070
	<u>2,205,600</u>	<u>105,993</u>	<u>300,334</u>	<u>71,645</u>	<u>366,702</u>	<u>3,050,274</u>
Unallocated corporate assets						<u>24,299</u>
Consolidated total assets						<u><u>3,074,573</u></u>
Segment liabilities						
– Hong Kong	(98,210)	(103,707)	(8,552)	(20,153)	–	(230,622)
– The PRC	(556,328)	–	–	–	(310,279)	(866,607)
	<u>(654,538)</u>	<u>(103,707)</u>	<u>(8,552)</u>	<u>(20,153)</u>	<u>(310,279)</u>	<u>(1,097,229)</u>
Unallocated corporate liabilities						<u>(475,773)</u>
Consolidated total liabilities						<u><u>(1,573,002)</u></u>

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 and related party that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the six months ended 30 June 2024

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Golf club operation <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Amount included in the measure of segment (loss)/profit and segment assets						
Additions to property, plant and equipment	28,650	-	-	-	22	28,672
Allowance for expected credit loss ("ECL") ECL on trade receivables	-	-	-	(2,120)	-	(2,120)
Amortisation of intangible assets	(7,806)	-	-	-	(706)	(8,512)
Depreciation of property, plant and equipment	(6,721)	-	-	(6)	(6,717)	(13,444)
Depreciation of right-of-use assets	-	-	-	(152)	(2,889)	(3,041)
Imputed interest income on finance lease receivables	8,540	-	-	-	-	8,540
Loss arising on change in fair value of financial assets at FVTPL	-	(19,418)	-	-	-	(19,418)
Loss arising on change in fair value of investment properties	(22,444)	-	-	-	-	(22,444)
Loss on disposals of niches	(146)	-	-	-	-	(146)
Reversal of allowance for ECL on loan receivables	-	-	993	-	-	993
	<u>-</u>	<u>-</u>	<u>993</u>	<u>-</u>	<u>-</u>	<u>993</u>

For the six months ended 30 June 2023

	Property investment <i>HK\$'000</i> (Unaudited) (Restated)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Golf club operation <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited) (Restated)
Amount included in the measure of segment profit/(loss) and segment assets						
Additions to property, plant and equipment	24,580	–	–	23	–	24,603
Allowance for 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
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
Imputed interest income on finance lease receivables	9,432	–	–	–	–	9,432
Interest income on other receivables	414	–	–	–	–	414
Loss arising on change in fair value of financial assets at FVTPL	–	(6,008)	–	–	–	(6,008)
Reversal of allowance for ECL on other receivables	368	–	–	–	–	368
Written-off of property, plant and equipment	(50)	–	–	–	–	(50)

Geographical information

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customer		Non-current assets	
	For the six months ended 30 June		At 30 June	At 31 December
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Audited)
Australia	586	415	–	–
Europe	3,696	4,292	–	–
Hong Kong	36,082	58,411	342,587	369,566
North America	–	36	–	–
The PRC	67,792	27,124	1,798,317	1,862,063
	<u>108,156</u>	<u>90,278</u>	<u>2,140,904</u>	<u>2,231,629</u>

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.

Information about major customers

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer 1 ¹	N/A*	18,896
Customer 2 ²	–	15,268
Customer 3 ¹	N/A*	9,429
Customer 4 ³	N/A*	9,058

¹ Revenue from sale of jewelry products.

² Revenue from property investment.

³ Revenue from money lending.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of goods and services		
Sale of jewelry products	31,796	43,968
Golf club operation		
– club activities	35,012	–
– food and beverage	5,398	–
– membership fees	15,257	–
Property investment		
– membership fees	–	8,613
– property management income	729	738
	<u>88,192</u>	<u>53,319</u>
Revenue from other sources		
Sale of financial assets		
– sale of financial assets at FVTPL, net	(4,621)	529
Golf club operation		
– rental income	8,946	–
Money lending		
– interest income on loans	11,133	16,383
Property investment		
– rental income	4,506	20,047
	<u>108,156</u>	<u>90,278</u>
Total revenue	<u>108,156</u>	<u>90,278</u>
Timing of revenue recognition		
– a point in time	72,206	43,968
– over time	15,986	9,351
	<u>88,192</u>	<u>53,319</u>
Revenue from contracts with customers	<u>88,192</u>	<u>53,319</u>

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Proceeds from sale of financial assets at FVTPL	9,838	19,339
Carrying amounts of financial assets at FVTPL sold plus transaction costs	<u>(14,459)</u>	<u>(18,810)</u>
	<u>(4,621)</u>	<u>529</u>

5. Investment and other income

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Dividend income	228	935
Imputed interest income on finance lease receivables	8,540	9,432
Interest income on bank deposits	105	59
Interest income on other receivables	–	414
Sundry income	<u>217</u>	<u>377</u>
	<u>9,090</u>	<u>11,217</u>

6. Other gains and losses

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposals of residential serviced apartments	–	7,993
Impairment loss on goodwill	(45,591)	–
Impairment loss on interests in associates	–	(9,606)
Loss arising on change in fair value of financial assets at FVTPL	(19,418)	(6,008)
(Loss)/gain arising on change in fair value of investment properties	(22,444)	3,700
Loss on disposals of niches	(146)	–
Written-off of property, plant and equipment	–	(50)
	<u>–</u>	<u>(50)</u>
	<u>(87,599)</u>	<u>(3,971)</u>

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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)
	<u>–</u>	<u>(16,881)</u>
	<u>–</u>	<u>7,993</u>

7. Allowance for expected credit losses on financial assets

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Allowance/(reversal of allowance) for ECL on loan receivables:		
– 12 months ECL	156	(109)
– lifetime ECL not credit-impaired	8,038	(482)
– lifetime ECL credit-impaired	(9,187)	2,609
	<u>(993)</u>	<u>2,018</u>
Reversal of allowance for ECL on other receivables:		
– 12 months ECL	–	(368)
Allowance for ECL on trade receivables	2,120	12
	<u>2,120</u>	<u>12</u>
	<u>1,127</u>	<u>1,662</u>

8. Finance costs

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on amount due to an associate	330	140
Interest on amount due to directors and related party	2,457	–
Interest on bank borrowings	3,373	4,255
Interest on lease liabilities	6,920	7,134
Interest on other borrowings	10,984	10,596
Interest on others	6	–
Imputed interest on guaranteed secured notes	24,260	16,607
	<u>48,330</u>	<u>38,732</u>
Less: interest on lease liabilities capitalised in the cost of qualifying assets	(4,294)	(4,371)
	<u>44,036</u>	<u>34,361</u>

9. Income tax (expense)/credit

	For the six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– current tax	–	–
PRC Enterprise Income Tax		
– current tax	(3,126)	(2,049)
Deferred taxation credit	<u>2,041</u>	<u>3,374</u>
	<u>(1,085)</u>	<u>1,325</u>

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.

10. Loss for the period

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets (included in administrative expenses)	8,512	8,762
Cost of inventories sold	26,313	37,728
Depreciation of property, plant and equipment	13,444	12,927
Depreciation of right-of-use assets	3,041	3,110
Net foreign exchange loss	38	7
Staff costs (including directors' emoluments):		
– salaries and allowances	38,677	31,461
– contributions to retirement benefits scheme	191	201
	38,868	31,662
Gross rental income from investment properties and operating rights	(13,452)	(20,047)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	–	8,819
	(13,452)	(11,228)

11. Interim dividend

No interim dividend was paid, declared or proposed during the six months ended 30 June 2024 (2023: Nil). The Board has determined that no interim dividend will be paid in respect of the six months ended 30 June 2024 (2023: Nil).

12. Loss per share

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Loss for the purpose of basic and diluted loss per share</u>		
Loss for the period attributable to owners of the Company	<u>(127,983)</u>	<u>(51,025)</u>
	For the six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(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	<u>3,695,296</u>	<u>3,695,296</u>

No diluted earnings per share for the six months ended 30 June 2024 was presented as there were no potential ordinary shares in issue.

The computation of diluted loss per share did not assume the exercise of the Company's share options for the six months ended 30 June 2023 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.

13. Loan receivables

	At 30 June 2024	At 31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Loans to customers	928,300	948,192
Accrued interest receivables	<u>54,929</u>	<u>55,328</u>
	983,229	1,003,520
<i>Less: accumulated allowance for ECL</i>	<u>(753,913)</u>	<u>(754,906)</u>
	<u>229,316</u>	<u>248,614</u>

All loans are denominated in Hong Kong dollars. The loan receivables carry effective interest ranging from 8% to 20% per annum (31 December 2023: 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:

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Within one year	<u>229,316</u>	<u>248,614</u>

During the six months ended 30 June 2024, a reversal of allowance for ECL on loan receivables of HK\$993,000 (2023: an allowance for ECL of HK\$2,018,000) was recognised.

At 30 June 2024, seven loans in the aggregate outstanding principal amount of HK\$553,619,000 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\$9,535,000 is secured by a share charge.

Included in the carrying amount of loan receivables at 30 June 2024 is an accumulated allowance for ECL of HK\$753,913,000 (31 December 2023: HK\$754,906,000).

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 2023	1,850	14,712	605,372	621,934
Transfer to lifetime ECL credit-impaired	–	(14,712)	14,712	–
Allowance for ECL recognised	<u>3,802</u>	<u>–</u>	<u>129,170</u>	<u>132,972</u>
At 31 December 2023 (audited) and 1 January 2024	5,652	–	749,254	754,906
Transfer to lifetime ECL not credit-impaired	(493)	493	–	–
Allowance for ECL recognised/ (reversed)	<u>156</u>	<u>8,038</u>	<u>(9,187)</u>	<u>(993)</u>
At 30 June 2024	<u>5,315</u>	<u>8,531</u>	<u>740,067</u>	<u>753,913</u>

14. Trade receivables

	At 30 June 2024 HK\$'000 (Unaudited)	At 31 December 2023 HK\$'000 (Audited)
Trade receivables	38,115	38,890
Less: accumulated allowance for ECL	<u>(3,108)</u>	<u>(988)</u>
	<u>35,007</u>	<u>37,902</u>

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:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	4,587	6,616
31 – 60 days	4,235	6,558
61 – 90 days	6,842	4,957
91 – 120 days	6,344	3,544
121 – 180 days	6,784	11,514
Over 180 days	6,215	4,713
	<u>35,007</u>	<u>37,902</u>

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 2024, an allowance for ECL on trade receivables of HK\$2,120,000 (2023: HK\$12,000) was recognised.

Included in the carrying amount of trade receivables at 30 June 2024 is an accumulated allowance for ECL of HK\$3,108,000 (31 December 2023: HK\$988,000).

15. Trade payables

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables	<u>58,061</u>	<u>55,253</u>

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 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	878	2,367
31 – 60 days	597	369
61 – 90 days	1,099	38
91 – 120 days	1,054	397
Over 120 days	54,433	52,082
	58,061	55,253

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.

16. Comparative figures

On 5 October 2023, the Group commenced a business by engaging in golf club operation in the PRC. To conform with the current period's presentation, the Group has determined that the membership fees of HK\$8,613,000 (previously presented in and classified as "Investment and other income") should now be presented in and classified as "Revenue" (the "**Reclassification**") for the six months ended 30 June 2023. The Reclassification has no effect on the loss for the period presented in the condensed consolidated statement of profit or loss and other comprehensive income.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the six months ended 30 June 2024, the Group recorded a revenue of HK\$108,156,000, a 20% increase from HK\$90,278,000 for the previous period. The increase in revenue was mainly attributable to a HK\$56,000,000 increase from the newly expanded golf club operation. This increase was partly offset by (i) the recognition of a trading loss of HK\$4,621,000 for the sale of financial assets, in contrast with a trading gain of HK\$529,000 for the six months ended 30 June 2023, (ii) a HK\$12,172,000 decrease in the sales of jewelry products, (iii) the absence of rental income in property investment of HK\$15,268,000 generated from the assets of the Club and (iv) a HK\$5,250,000 decrease in interest income on loans due to the non-recognition of interest income for loans classified under stage 3 (credit-impaired). Of the total revenue, HK\$11,133,000 was generated from money lending, HK\$31,796,000 was generated from the sale of jewelry products, HK\$5,235,000 was generated from property investment, HK\$64,613,000 was generated from golf club operation, and the trading loss of HK\$4,621,000 was generated from the sale of financial assets.

Loss for the period ended 30 June 2024 attributable to owners of the Company amounted to HK\$127,983,000, a 151% increase from HK\$51,025,000 in the six months ended 30 June 2023. This increase was mainly attributable to (i) the absence of a gain on disposals of residential serviced apartments under long-term lease agreements treated as finance leases, (ii) a HK\$45,591,000 increase in impairment loss in respect of goodwill, (iii) a HK\$13,410,000 increase in the loss arising on a change in the fair value of financial assets at fair value through profit or loss (“FVTPL”), (iv) a HK\$26,144,000 increase in the loss arising on a change in the fair value of investment properties and (v) a HK\$9,675,000 increase in finance costs, which were partly offset by (i) the absence of an impairment loss on interests in associates and (ii) a HK\$14,209,000 increase in gross profit.

The gross profit of the sale of jewelry products business decreased by 12% from HK\$6,240,000 in the six months ended 30 June 2023 to HK\$5,483,000 in the six months ended 30 June 2024. In addition, the gross profit margin for the sale of jewelry products business increased from 14% in the six months ended 30 June 2023 to 17% in the six months ended 30 June 2024. The decrease in gross profit and the improvement of gross profit margin are discussed in the “*Sale of jewelry products business*” section under “Operations Review” below.

The gross profit for the property investment business decreased by 75% from HK\$20,579,000 in the six months ended 30 June 2023 to HK\$5,235,000 in the six months ended 30 June 2024. This decrease in gross profit is discussed in the “*Property investment business*” section under “Operations Review” below.

The newly expanded golf club operation business since 6 October 2023 generated a gross profit of HK\$40,710,000 and recorded a gross profit margin of 63% in the six months ended 30 June 2024. The gross profit and gross profit margin of the newly expanded golf course business are discussed in the “*Golf club operation business*” section under “Operations Review” 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 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 a loss of HK\$19,418,000 arising on change in fair value of financial assets at FVTPL.
- (b) At the end of the reporting period, the directors performed an impairment test for the goodwill arising from the acquisition of the entire issued shares in and the shareholder’s loan due by Smart Title Limited and recognised an impairment loss in respect of goodwill of HK\$45,591,000. Please refer to the “*Property investment business*” section under “Operations Review” below for information on the recognition of the impairment loss in respect of goodwill.
- (c) At the end of the reporting period, the Group measured the investment properties located in Hong Kong and Beijing, Mainland China at fair value based on valuations prepared by two independent professional valuers and recognised a loss of HK\$22,444,000.

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 12% from HK\$2,182,000 in the six months ended 30 June 2023 to HK\$2,448,000 in the six months ended 30 June 2024. This increase was mainly attributable to increased overseas travelling and exhibition expenses for business development.

Allowance for ECL on financial assets decreased by 32% from HK\$1,662,000 in the six months ended 30 June 2023 to HK\$1,127,000 in the six months ended 30 June 2024. Of the total allowance for ECL on financial assets for the period ended 30 June 2024, a reversal of allowance for ECL of HK\$993,000 was recognised for loan receivables, which is discussed in the “*Money lending business*” section under “Operations Review” below, and HK\$2,120,000 was recognised for trade receivables, which is discussed in the “*Sale of jewelry products*” section under “Operations Review”.

Administrative expenses increased slightly from HK\$57,780,000 in the six months ended 30 June 2023 to HK\$57,876,000 in the six months ended 30 June 2024. This increase was mainly attributable to an increase in general administration expenses resulting from the commencement of the Group’s golf club operation business since the fourth quarter of 2023, which were partly offset by a decrease in salaries and allowances mainly resulting from two executive directors waived their emoluments.

Share of losses of associates amounted to HK\$842,000 for the six months ended 30 June 2024, representing (i) the share of profit of HK\$123,000 from Elite Prosperous Investment Limited (“**Elite Prosperous**”), a 49% owned associate of the Company, (ii) the share of loss of HK\$965,000 from China Healthwise Holdings Limited (“**China Healthwise**”), a 21.94% owned associate of the Company.

Finance costs increased by 28% from HK\$34,361,000 in the six months ended 30 June 2023 to HK\$44,036,000 in the six months ended 30 June 2024. This increase was mainly due to the delay in settlement of partial redeem principal and semi-annual interest for the guaranteed secured notes due 2025 from the period 23 March 2024 to 3 April 2024 and the increase in the amounts due to directors and related party in 2024.

The Group recorded an income tax expense of HK\$1,085,000 for the six months ended 30 June 2024. The income tax expense mainly derived from (i) the recognition of deferred tax expense of HK\$259,000 resulting from the movements in deferred tax assets related to lease contracts and (ii) the current year's tax expense of HK\$3,126,000, which were partly offset by the recognition of deferred tax credit of HK\$2,300,000 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.

Liquidity and financial resources

During the six months ended 30 June 2024, 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\$1,507,246,000 at 31 December 2023 to HK\$1,368,321,000 at 30 June 2024. This decrease was due to the loss incurred by the Group for the six months ended 30 June 2024.

At 30 June 2024, the cash and cash equivalents of the Group amounted to HK\$54,052,000 (31 December 2023: HK\$18,359,000).

At 30 June 2024, the Group had outstanding borrowings of HK\$651,831,000 (31 December 2023: HK\$653,904,000) representing:

- (a) the carrying principal amount of the guaranteed secured notes due 2025 issued by the Company on 29 December 2022 (the “**Guaranteed Secured Notes due 2025**”) of HK\$165,337,000, which is interest-bearing at 17% per annum for the period from 24 September 2022 to 22 January 2024 and 10% per annum from 23 January 2024, 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 (iii) repayable by 18 partial redemptions during the period from 23 September 2023 to 23 March 2025 and a final redemption on 23 September 2025;

- (b) the banking facilities granted by a bank in the aggregate principal amount of HK\$140,939,000, comprising (i) an installment loan of HK\$94,293,000, which is interest-bearing at 1% per annum over one-month HIBOR quoted by the bank from time to time from 28 March 2024, 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 165 equal monthly installments ending on 18 March 2038, (ii) a term loan in the principal amount of HK\$36,986,000, 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 213 equal monthly installments ending on 10 March 2042, and (iii) a term loan in the principal amount of US\$1,233,000 (equivalent to HK\$9,660,000), 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 218 equal monthly installments ending on 25 August 2042;
- (c) a loan of HK\$200,000,000 granted by a finance company, which is interest-bearing at 8% per annum for the period from the date of the first drawdown to 31 March 2024 and 10% per annum from 1 April 2024, 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 1 April 2025;
- (d) a loan of HK\$17,000 granted by a finance company, which is unsecured, interest-bearing at the prime rate plus 3% per annum, and maturing on 21 March 2025;
- (e) the securities margin financing facilities of HK\$33,050,000 granted by a securities brokerage firm, which is interest-bearing at 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 given by Mr. Lei Hong Wai;
- (f) the securities margin financing facility of HK\$15,788,000 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 given by Mr. Lei Hong Wai;
- (g) the cash advance of HK\$1,421,000 made by Mr. Lei Hong Wai, which is non-interest bearing, unsecured, and repayable on demand;

- (h) the cash advance of HK\$18,043,000 made by Mr. Lei Hong Wai, which is interest-bearing at 21.60% per annum quoted by a finance company, unsecured, and repayable on demand;
- (i) the cash advance of HK\$2,800,000 made by Mr. Cheung Kwok Fan, an executive director, which is non-interest bearing, unsecured, and repayable on demand;
- (j) the cash advance of HK\$19,240,000 made by Mr. Cheung Kwok Wai Elton, which is interest-bearing at the one-month HIBOR quoted by Bank of China (Hong Kong) Limited plus 1.3% per annum or 2.25% per annum below the prime rate for Hong Kong dollars quoted by Bank of China (Hong Kong) Limited, whichever is lower, unsecured, and repayable on demand;
- (k) the cash advance of HK\$53,180,000 made by Ms. Chan Mei Sau Teresina, the spouse of Mr. Cheung Kwok Wai Elton, which is interest-bearing at the one-month HIBOR quoted by Bank of East Asia Limited plus 1.3% per annum or 2.50% per annum below the prime rate for Hong Kong dollars quoted by Bank of East Asia Limited, whichever is lower, unsecured, and repayable on demand; and
- (l) the cash advance of HK\$2,016,000 made by a person which is interest-bearing at 4% per annum and maturing on 21 October 2024.

Gearing ratio

At 30 June 2024, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 48% (31 December 2023: 43%).

Net current liabilities and current ratio

At 30 June 2024, the Group's net current liabilities and current ratio were HK\$342,839,000 (31 December 2023: HK\$305,985,000) and 0.62 (31 December 2023: 0.66), respectively.

Capital structure

During the six months ended 30 June 2024, 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 2024, 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 2024, the Group did not have any material disposals of subsidiaries, associates and joint ventures.

Pledge of assets

At 30 June 2024, the following Group's assets were pledged:

- (a) the Shun Tak Property with a carrying amount of HK\$304,857,000 (31 December 2023: HK\$328,455,000), of which HK\$161,257,000 (31 December 2023: HK\$164,755,000) was classified under "property, plant and equipment" and HK\$143,600,000 (31 December 2023: HK\$163,700,000) was 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\$1,274,390,000 (31 December 2023: HK\$1,335,463,000) after adjusting for purchase price allocation for securing the Guaranteed Secured Notes due 2025;
- (c) the Group's Hong Kong-listed equity securities with a fair value of HK\$76,718,000 (31 December 2023: HK\$104,012,000), of which HK\$66,264,000 (31 December 2023: HK\$97,315,000) was related to the Group's financial assets at FVTPL and HK\$10,454,000 (31 December 2023: HK\$6,697,000) was related to a part of the Group's listed investment in an associate, for securing the margin financing facilities and banking facilities granted to the Group;
- (d) the bank deposits of HK\$427,000 (31 December 2023: HK\$23,000) for securing the banking facilities granted to the Group; and
- (e) the key management personnel life insurance of HK\$10,018,000 (31 December 2023: HK\$9,846,000) to secure the banking facilities granted to the Group.

Material commitments

At 30 June 2024, the Group had a total commitment of HK\$255,432,000 (31 December 2023: HK\$255,967,000) 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 2024, 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\$33,967,000) (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’s Mainland Chinese legal adviser has advised that the possibility of Bayhood No. 9 Co. being required to pay the unsettled legal fee is remote. Accordingly, no provision for liability has been made with respect to the civil claim.

- (b) On 13 January 2023, certain bank accounts of Bayhood No. 9 Co. were 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\$48,211,000) 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 had been entered into before the Acquisition and (ii) they had not repaid the Alleged Liability in relation to the Settlement Agreement.

None of the directors 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..

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 indemnify the other defendants in full in the event that they incur losses due to the claim.

On 24 April 2024, the Plaintiff, Bayhood No. 9 Co., together with the other three defendants to the Civil Ruling reached an agreement during the mediation process (the “**Mediation**”) led by the Court to resolve the relevant litigation. Pursuant to the Mediation, one of the other three defendants has agreed to settle the litigation at an agreed amount. Bayhood No. 9 Co. shall bear no responsibility in the case and has not suffered any damage or loss as a result of the Mediation. Moreover, the certain bank accounts have been unfrozen on 13 May 2024. In general, as a result of the Mediation, the litigation has come to an end and the settled litigation did not have any impact on the financial position and business performance of the Group. The details were disclosed in the Company’s announcement dated 13 May 2024.

Employees and remuneration policy

At 30 June 2024, the headcount of the Group was 357 (2023: 103). Staff costs (including directors’ emoluments) amounted to HK\$38,868,000 in the six months ended 30 June 2024 (2023: HK\$31,662,000). The increase in staff costs was mainly attributable to the commencement of the Group’s golf club operation business since fourth quarter of 2023, which were partly offset by two executive directors waived their emoluments. 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.

Operations Review

Sale of financial assets business

During the six months ended 30 June 2024, the Group’s sale of financial assets business reported a segment loss (before taxation) of HK\$24,109,000, a 400% increase as compared to HK\$4,823,000 for the previous period. The increase in segment loss (before taxation) was mainly due to the recognition of the trading loss of HK\$4,621,000 in the six months ended 30 June 2024, in contrast to the trading gain of HK\$529,000 in the six months ended 30 June 2023, and a HK\$13,410,000 increase in the loss arising on change in fair value of financial assets at FVTPL.

During the six months ended 30 June 2024, the Group acquired one Hong Kong-listed equity security at the aggregate acquisition costs of HK\$2,790,000 and made a trading loss of HK\$4,621,000 from selling two Hong Kong-listed equity securities with the aggregate carrying amounts of HK\$14,424,000 at the aggregate net sale proceeds of HK\$9,803,000. 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 Exchange and recognised the loss of HK\$19,418,000 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 2024 and 2023 are as follows:

	2024	2023
	HK\$'000	HK\$'000
Carrying amount at 1 January	97,316	125,910
<i>Add:</i> acquisitions	2,790	7,958
<i>Less:</i> disposals	(14,424)	(18,743)
loss arising on change in fair value recognised	(19,418)	(6,008)
	<u>66,264</u>	<u>109,117</u>
Carrying amount at 30 June	<u>66,264</u>	<u>109,117</u>

Details of the Hong Kong-listed equity securities held by the Group recorded as “financial assets at FVTPL” at 30 June 2024 are as follows:

Name of Hong Kong-listed equity securities	Number of shares held at 30 June 2024	Fair value at 30 June 2024 HK\$'000	Fair value as compared to the consolidated total assets of the Group at 30 June 2024	Dividend received/receivable in the six months ended 30 June 2024 HK\$'000	Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2024 HK\$'000
Brockman Mining Ltd. (stock code: 159)	78,223,000	8,057	0.27%	–	(2,894)
Frontier Services Group Ltd. (stock code: 500)	47,807,000	8,605	0.29%	–	(2,151)
Global Mastermind Holdings Ltd. (stock code: 8063)	94,497,000	3,969	0.14%	–	(1,039)
Huanxi Media Group Ltd. (stock code: 1003)	27,100,000	15,447	0.53%	–	(2,710)
KuangChi Science Ltd. (stock code: 439)	110,000	54	0%	–	(58)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	32,640,000	1,501	0.05%	–	(392)
Nimble Holdings Company Ltd. (stock code: 186)	83,673,268	15,061	0.51%	–	(9,204)
Ocean Line Port Development Ltd. (stock code: 8502)	12,096,000	3,447	0.12%	–	(726)
SuperRobotics Holdings Ltd. (stock code: 8176)	8,925,000	2,767	0.09%	–	535
WellCell Holdings Co., Ltd. (stock code: 2477)	884,000	2,546	0.09%	–	(244)
Yunfeng Financial Group Ltd. (stock code: 376)	5,344,000	4,810	0.16%	–	(535)
		<u>66,264</u>		<u>–</u>	<u>(19,418)</u>

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 equity securities portfolio, proactively adjust the Group's equity securities 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 2024, the Group's money lending business generated interest income on loans amounting to HK\$11,133,000, a 32% decrease from HK\$16,383,000 for the previous period and reported a segment profit (before taxation) was HK\$9,489,000, a 242% increase from HK\$2,771,000 in the six month ended 30 June 2023.

The 32% decrease in interest income on loans was mainly due to no further interest income being recognised for loan receivables that were classified under stage 3 (credit-impaired) and fully impaired.

The 242% increase in segment profit (before taxation) was mainly attributable to a HK\$9,187,000 reversal of allowance for ECL on loan receivables that were classified under stage 3 (credit-impaired) and a HK\$8,901,000 decrease in salaries and allowances mainly resulting from two executive directors waived their emoluments, which were partly offset by a HK\$8,194,000 allowance for ECL on loan receivables that were classified under stage 1 (initial recognition) and stage 2 (not credit-impaired) and HK\$5,250,000 decrease in interest income on loans.

During the six months ended 30 June 2024, no new loan was granted. In addition, no customers made drawings from the existing loans, and four customers repaid HK\$19,892,000 to the Group.

At 30 June 2024, 12 loans granted by the Group's money lending business remained outstanding. Three loan receivables with an aggregate gross balance of HK\$220,230,000 were classified under stage 1 (initial recognition), one loan receivable with an aggregate gross balance of HK\$22,933,000 was classified under stage 2 (not credit-impaired), and eight loan receivables with an aggregate gross balance of HK\$740,066,000 were classified under stage 3 (credit-impaired). During the six months ended 30 June 2024, one loan receivable with an aggregate gross balance of HK\$22,933,000 were reclassified from stage 1 (initial recognition) to stage 2 (not credit impaired) as the interest payment pattern was considered unsatisfactory.

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. The valuation measured impairment on loan receivables using the general approach, which is often referred to as the "three-stage model" under HKFRS 9 *Financial Instruments*. Based on the valuation, a reversal of allowance for ECL on loan receivables of HK\$993,000 was made, in contrast with an allowance for ECL on loan receivables of HK\$2,018,000 for the six months ended 30 June 2023. Of the total reversal of allowance for ECL, HK\$156,000 was recognised for the loan receivables classified under stage 1 (initial recognition), HK\$8,038,000 was recognised for the loan receivable classified under stage 2 (not credit-impaired), and the reversal of allowance for ECL of HK\$9,187,000 was recognised for the loan receivables classified under stage 3 (credit-impaired).

The reversal of allowance for ECL of HK\$9,187,000 recognised for the loan receivables under stage 3 (credit-impaired) was resulting from the recovering of unpaid principal and interest on 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 364 to 373 of the Company's annual report for the year ended 31 December 2023. Set out below is the latest development of the recovery of these loan receivables:

(a) Customer D

Since December 2023, the Group has been negotiating the terms of the settlement with Customer D. However, no terms have been finalized yet, and the negotiation is still ongoing.

(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. In October 2022, the Group commenced civil proceedings against Customer I and the guarantors for recovering 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 has instructed its legal adviser to apply 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

On 22 September 2023, the court handed down the judgement of the civil appeal in which the court dismissed the civil appeal lodged by Customer J and upheld the first instance judgment.

In October 2023, the Group was approached by an independent third party purchaser proposing to acquire the loan receivable due from Customer J and the accrued and unpaid interest thereon by transferring the ownership of a number of properties located in Guangzhou, Mainland China, legally and beneficially owned by the independent third party to the Group. The Group is currently discussing the terms and conditions of such a proposal with the purchaser.

(d) Customer H

In October 2023, the Group applied for compulsory enforcement of the asset preservation order over Customer H's assets in Mainland China. In November 2023, the Group received RMB383,000 (equivalent to HK\$419,000) from enforcing Customer H's bank accounts under the compulsory enforcement of the asset preservation order. The Group's legal adviser is still in the process of enforcing Customer H's other assets in Mainland China under the asset preservation order.

The Group's legal adviser is still in the process of enforcing Customer H's other assets in Mainland China under the assets in Mainland China under the asset preservation order.

(e) Customer F

In August 2023, Customer F paid the Group HK\$9,106,000 to settle part of the unpaid interest on the loan.

In November 2023, the Group took legal action against Customer F in Hong Kong by issuing the writ of summons and the statement of claim to Customer F. Customer F has put her residential property in Hong Kong on the market for sale and has made arrangements for the Group to share the proceeds of the property sale (after the payment of two outstanding mortgage loans) with other lenders.

(f) Customer L

The Group has been negotiation with Customer L on the repayment of the loan receivables with a view to entering into a binding settlement agreement. During the negotiation period from January 2024 to June 2024, Customer L repaid USD300,000 (equivalent to HK\$2,337,000) to the Group to settle part of the unpaid interest and principal on the loan. The negotiation is still ongoing.

(g) Customer N

The Group has been negotiating with Customer N on the repayment of the loan receivables with a view to entering into a binding settlement agreement since default in March 2023. During the negotiation period from January 2024 to April 2024, Customer N repaid HK\$850,000 to the Group. In May 2024, the Group and Customer N entered into a settlement agreement, in which Customer N repaid HK\$6,000,000 on 28 May 2024 and shall repay the remaining outstanding balance on or before 29 August 2024. During the six months ended 30 June 2024, the Customer N repaid HK\$6,850,000 to the Group to settle part of the unpaid interest and principal on the loan.

At 30 June 2024, the Group's loan and interest receivables (after accumulated allowance for ECL) amounted to HK\$229,316,000 (31 December 2023: HK\$248,614,000).

Information on the Group's money lending business, including (i) business model, (ii) internal control system, (iii) basis of determining the allowance for ECL on loan receivables, (iv) major terms of each outstanding loan receivables, and (v) actions being taken for recovering the loan receivables classified under stage 3 (credit-impaired) are disclosed in the Company's annual report for the year ended 31 December 2023.

Sale of jewelry products business

During the six months ended 30 June 2024, the Group's sale of jewelry products business generated revenue of HK\$31,796,000, a 28% decrease from HK\$43,968,000 for the previous period, and reported a segment loss (before taxation) of HK\$1,803,000, in contrast to the segment profit of HK\$1,074,000 in the previous period.

Due to the significant increase in gold price since the second half of 2023, the sales orders for jewelry accessories, which generally have a high volume with a slim profit margin, has dropped significantly resulting an increase in gross profit margin. However, the gross profit in the six months ended 30 June 2024 was slightly deteriorated from the previous period due to the decrease of sales revenue.

At the end of the reporting period, the directors performed an impairment assessment on the Group's trade receivables based on a valuation prepared by the independent professional valuer. Based on the valuation, an allowance for ECL on trade receivables of HK\$2,120,000 was made, a HK\$2,108,000 increase compared to the previous period.

To cope with the sluggish market condition and the surge in gold price, the Group is expanding its product categories by developing budgeted jewelry products to meet the shrinking budget of the consumer public. Starting from the fourth quarter of 2023, the Group launched its other stone-type jewelry products and received sales inquiries from several customers with order of small quantities. It was expected that customers would not place any quantity orders for the other stone-type jewelry products until the second half of 2024. In addition, the Group would continue to cultivate new markets for its jewelry products, such as Japan and other Asian Pacific countries in the second half of 2024 by attending trade shows and organizing sales trips.

At 30 June 2024, the Group's inventories of jewelry products, including raw materials, work-in-progress, and finished goods, amounted to HK\$30,068,000 (31 December 2023: HK\$31,235,000). The Group's sale of jewelry products business had undelivered sales orders amounting to HK\$1,327,000 (31 December 2023: HK\$1,200,000).

Property investment business

During the six months ended 30 June 2024, the Group's property investment business generated a turnover of HK\$5,235,000, a 82% decrease from HK\$29,398,000 for the previous period, and recorded a segment loss (before taxation) of HK\$88,890,000. In contrast, a segment profit (before taxation) of HK\$1,992,000 was recorded in the previous period.

Of the total turnover, HK\$2,056,000 was rental income generated from the investment property portion of the Shun Tak Property, HK\$2,450,000 was rental income generated from the residential serviced apartments under short-term lease agreements, and HK\$729,000 was derived from property and car parks management fees. Following the delivery of the vacant possession of the residential serviced apartments to lessees upon completion of three blocks of residential serviced apartments erected on the Subject Land 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. The decrease in turnover mainly resulted from the absence of rental income generated from the assets of the Club as the club lease agreement relating to the assets of the Club was terminated by the lessee on 5 October 2023.

The deterioration in segment results was mainly attributable to (i) the absence of the gain on disposals of residential serviced apartments, (ii) the HK\$45,591,000 increase in impairment loss in respect of goodwill in the six months ended 30 June 2024, (iii) the HK\$26,144,000 increase in the loss arising on a change in the fair value of investment properties and (iv) the absence of rental income of HK\$15,268,000 generated from the assets of the Club.

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 38 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 are constructed and leased out 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 RMB726,000,000 (equivalent to HK\$795,478,000). The residential serviced apartments and the office buildings are offered for lease by Bayhood No. 9 Co..

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 Property recorded in “property, plant and equipment”, “intangible assets”, and “right-of-use assets” are transferred to “investment properties”. At the end of the reporting period, such investment properties are measured at fair value based on a valuation prepared by an independent professional valuer.

During the six months ended 30 June 2024, no long-term lease agreement for a residential serviced apartment and lease agreement for office premises was signed, and none of vacant possession of residential serviced apartments was delivered under long-term lease agreements. As a result, the Group did not recognise any gain on disposals of residential serviced apartments in the six months ended 30 June 2024.

At 30 June 2024, there were three signed long-term lease agreements for residential serviced apartments remaining undelivered.

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 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 rights to manage the properties erected on the Subject Land with reference to the discounted cash flow projections to assess the value in use of the property investment business and the golf club operation business in Beijing, Mainland China. As the carrying amount of the cash-generating units of the Group’s property investment business and golf club operation business exceeded their recoverable amounts, an impairment loss of HK\$45,591,000 in respect of the goodwill was recognised for the six months ended 30 June 2024. The impairment loss arose from the change in key assumption and input for longer delivery dates of residential serviced apartments and office premises used in the discounted cash flow projection of the property investment business to reflect the prevailing market conditions and the management’s latest estimation.

At the end of the reporting period, the directors measured the investment properties of the residential serviced apartments under short-term lease agreements at fair value. Based on a valuation prepared by an independent professional valuer, the Group recognised a loss of HK\$3,301,000 arising on change in fair value of investment properties.

At the end of the reporting period, the directors measured the investment properties of 23 niches at Po Fook Hill, Hong Kong at fair value. Based on a valuation prepared by an independent professional valuer, the Group recognised a gain of HK\$957,000 arising on the change in fair value of investment properties.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on a property valuation prepared by the independent professional valuer, the fair value of the investment property portion of the Shun Tak Property decreased from HK\$163,700,000 at 31 December 2023 to HK\$143,600,000 at 30 June 2024. Accordingly, the Group recognised a loss of HK\$20,100,000 arising on change in fair value of investment properties.

Golf club operation business

On 3 April 2023, the Group received an advance notice from the lessee of the assets of the Club for the termination of the club lease agreement by 5 October 2023. Upon such termination by 5 October 2023, the Group expanded into the golf club operation business by operating and managing the Club on its own.

With a proximity location, the Club is only about a 10-minute drive from the Beijing Capital International Airport and a 25-minute drive from the urban center of Beijing. The Club is one of Beijing's largest high-end leisure complexes operating under membership plans for corporations and individuals. With an area of 1,150 Chinese acres, the Club was designed jointly by several world-renowned design firms with a comprehensive range of facilities, including an 18-hole golf course, a golf academy, restaurants, lakeside VIP private rooms, conference facilities, and a retail shop. The Group's golf club operation business mainly derives income from membership, golf club operation, and food and beverage operation.

Given that the Subject Land is located next to the Club, the directors consider that the operation and management of the Club by the Group itself will provide great flexibility to the Group in formulating marketing plans for leasing the residential serviced apartments erected on the Subject Land, such as allowing admission by lessees to use the facilities of the Club.

During the six months ended 30 June 2024, the Group's newly expanded golf club operation business generated a turnover of HK\$64,613,000 and recorded a segment profit (before taxation) of HK\$24,860,000. As such, the Club can generate a steady revenue and segment profit. The directors are cautiously monitor the revenue and the operation costs of the Club from time to time in order to create a continuous income stream.

Investments in associates

Elite Prosperous is an investment holding company whose principal asset is 47,643 ordinary shares in an 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 prepared by an independent professional valuer, the fair value of the investment increased from HK\$5,535,000 at 31 December 2023 to HK\$5,786,000 at 30 June 2024. Accordingly, Elite Prosperous recognised a gain of HK\$251,000 arising on change in fair value of its investment in the unlisted investment holding company. During the six months ended 30 June 2024, Elite Prosperous reported a profit of HK\$251,000, and accordingly, the Group shared a profit of HK\$123,000 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 2024, China Healthwise reported a loss of HK\$28,663,000, a HK\$3,199,000 decrease from HK\$31,862,000 in the previous period, and the Group should entitle to share a loss of HK\$6,289,000 from China Healthwise. At 30 June 2024, the carrying amount of interests in associates from China Healthwise before sharing a loss from China Healthwise during the six months ended 30 June 2024 was HK\$965,000. According to HKAS 28 *Investments In Associates and Joint Ventures*, the entity's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, no further losses is recognised. As a result, the Group shared a loss of HK\$965,000 from China Healthwise during the six months ended 30 June 2024.

Future Prospects

The recovery of global economy in first half of 2024 is under the expectation in 2024. The Federal Reserve is expected to maintain the high interest rate policy until in the end of 2024. Moreover, the Russia-Ukraine conflict continues, the Israel-Palestine conflict continues, the Red Sea shipping crisis, tensions between the United States and Mainland China remain significant, and patterns of trade and cross-border investment are shifting. With this backdrop, the directors expect uncertainty in the global macroeconomic environment for the second half of 2024.

The directors expect the global macroeconomic environment to remain uncertain in 2024. As such, the directors will cautiously monitor the equity market, adjust the Group's equity securities portfolio from time to time, and realise the Group's equity securities into cash as and when appropriate in 2024.

Given the global macroeconomic environment is expected to be uncertain, the directors intend to maintain or reduce the size of the Group's loan portfolio in 2024. As a result, the interest income on loans generated from the Group's money lending business in 2024 is expected to be less than 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.

Due to the sluggish market condition, the Group has been developing new product lines, such as other stone-type and budgeted jewelry products, to meet the shrinking budget of the consumer public. In addition, the Group has planned to broaden its sales territories by cultivating new overseas markets, such as Japan and Asian Pacific countries. Although measures have been taken to improve the performance of the Group's sale of jewelry products business in gross profit margin, the directors expect the performance of the Group's sale of jewelry products business in 2024 will be more or less the same as in 2023 due to soliciting more sales orders through the adjustment of gross profit margin and the uncertainty casting on the global macroeconomic environment.

Although there is a sign showing that the Mainland Chinese economy is slowing down in the first half of 2024, the Chinese Government has implemented several measures to boost the Mainland Chinese economy, such as issuing an additional 1 trillion yuan in special treasury bond, adopting the proactive fiscal policy and emphasis on economic stability in property sector, advanced manufacturing industries and domestic demand. Therefore, 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 club lease agreement relating to the assets of the Club was terminated on 5 October 2023, the directors expect that the rental income of the Group's property investment business will decrease significantly in 2024 compared to 2023.

In October 2023, the Group expanded into the golf club operation business following the termination of the club lease agreement relating to the assets of the Club by the lessee. The directors expect the performance of the Group's golf club operation business will be improved in 2024 as compared to 2023 due to the full-year effect of the Group's golf club operation business in 2024.

Due to the global macroeconomic environment remaining uncertain in 2024, the directors remain cautious and watchful over the key risks for 2024 and their impact. The directors commit to leading the Group to weather the challenges, 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 results announcement.

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 C1 of the Listing Rules throughout the six months ended 30 June 2024, 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 2024, 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 C3 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 2024.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee of the Board has reviewed the 2024 interim report and the condensed consolidated financial statements for the six months ended 30 June 2024 and agreed to the accounting policies and practices adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE EXCHANGE AND THE COMPANY

This interim results announcement is published on the Company’s and the Exchange’s websites. The Company’s interim report for the six months ended 30 June 2024 in accordance with the relevant requirements as set out in Appendix D2 of the Listing Rules will be dispatched to the shareholders and published on the Company’s and the Exchange’s websites in due course.

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

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai Elton, and Mr. Cheung Kwok Fan; and four independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan, Ms. Leung Man Yee Fanny and Mr. Law Kwok Ho Kenward.