



GLOBAL MASTERMIND  
環球大通

# GLOBAL MASTERMIND HOLDINGS LIMITED 環球大通集團有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8063

FIRST QUARTERLY REPORT

# 2022

\*For identification purposes only

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

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

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

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

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

For the three months ended 31 March 2022

		<b>Three months ended 31 March</b>	
	<i>Notes</i>	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>			
Interest income from money lending business		<b>3,884</b>	7,313
Commission income from securities brokerage		<b>667</b>	880
Interest income from margin financing		<b>1,716</b>	1,500
Interest income from initial public offering financing		–	35
Handling and settlement income arising from securities brokerage		<b>1,421</b>	1,660
Asset management fee income		<b>2</b>	30
Advisory fee income from corporate finance		–	180
Net realised gain on securities investment	3	–	1,357
Net unrealised (loss)/gain on securities investment	3	<b>(3,125)</b>	38,119
Other income, other gains and losses	4	<b>945</b>	1,493
Staff costs		<b>(3,872)</b>	(5,564)
Depreciation and amortisation expenses		<b>(85)</b>	(1,427)
Allowance for expected credit loss on loan receivables		<b>(410)</b>	(716)
Other expenses	5	<b>(4,241)</b>	(5,994)
Finance costs	6	<b>(1,973)</b>	(3,176)
(Loss)/profit before tax		<b>(5,071)</b>	35,690
Income tax (expense)/credit	7	<b>(5)</b>	92
<b>(Loss)/profit for the period from continuing operations</b>		<b>(5,076)</b>	35,782

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

(Continued)

For the three months ended 31 March 2022

		<b>Three months ended 31 March</b>	
	<i>Note</i>	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	—	(1,681)
(Loss)/profit for the period		<b>(5,076)</b>	34,101
<b>Other comprehensive income for the period</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		—	138
<b>Other comprehensive income for the period</b>		—	138
<b>Total comprehensive (expense)/income for the period</b>		<b>(5,076)</b>	34,239
<b>(Loss)/profit for the period attributable to owners of the Company:</b>			
– From continuing operations		<b>(5,075)</b>	35,782
– From discontinued operation		—	(1,681)
		<b>(5,075)</b>	34,101

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

(Continued)

For the three months ended 31 March 2022

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
<b>(Loss)/profit for the period attributable to non-controlling interests:</b>		
– From continuing operations	(1)	–
– From discontinued operation	–	–
	<u>(1)</u>	<u>–</u>
	<b>(5,076)</b>	<b>34,101</b>
	<u><b>(5,076)</b></u>	<u><b>34,101</b></u>
<b>Total comprehensive (expense)/ income for the period attributable to:</b>		
– Owners of the Company	(5,075)	34,239
– Non-controlling interests	(1)	–
	<u>(5,076)</u>	<u>34,239</u>
	<b>(5,076)</b>	<b>34,239</b>
	<u><b>(5,076)</b></u>	<u><b>34,239</b></u>
<b>Total comprehensive (expense)/ income for the period attributable to owners of the Company:</b>		
– From continuing operations	(5,075)	35,782
– From discontinued operation	–	(1,543)
	<u>(5,075)</u>	<u>34,239</u>
	<b>(5,075)</b>	<b>34,239</b>
	<u><b>(5,075)</b></u>	<u><b>34,239</b></u>

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

(Continued)

For the three months ended 31 March 2022

		<b>Three months ended 31 March</b>	
	<i>Note</i>	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>(Loss)/earning per share attributable to owners of the Company:</b>			
	<i>9</i>		
<b>From continuing and discontinued operations:</b>			
Basic (HK cents)		<b>(0.99)</b>	8.00
Diluted (HK cents)		<b>(0.99)</b>	8.03
<b>From continuing operations:</b>			
Basic (HK cents)		<b>(0.99)</b>	8.39
Diluted (HK cents)		<b>(0.99)</b>	8.42

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the three months ended 31 March 2022*

### 1. Basis of preparation

The unaudited condensed consolidated financial information for the three months ended 31 March 2022 has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”). The unaudited condensed consolidated financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021 (the “**2021 Financial Statements**”).

The principal accounting policies applied in preparing the unaudited condensed consolidated financial information are set out in note 3 to the 2021 Financial Statements, except for the adoption of the amendments to HKFRSs set out in note 2 below.

### 2. Principal accounting policies

The amounts included in the unaudited condensed consolidated financial information have been computed based on the accounting policies adopted by the Group which are in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The unaudited condensed consolidated financial information has been prepared under the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as appropriate.

The accounting policies used in the unaudited condensed consolidated financial information for the three months ended 31 March 2022 are consistent with those followed in the preparation of the 2021 Financial Statements, except as described below.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

*For the three months ended 31 March 2022*

### 2. Principal accounting policies *(Continued)*

In the current period for the three months ended 31 March 2022, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the financial year beginning on or after 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The application of the amendments to HKFRSs in the current period has had no material impact on the financial performance for the current and prior periods and/ or on the disclosures set out in the unaudited condensed consolidated financial information.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

For the three months ended 31 March 2022

### 3. Net (loss)/gain on securities investment

Net realised gain or (loss) on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss (“FVTPL”) less the carrying amounts of respective financial assets measured at fair value at the end of last financial period, and the dividend income is recognised when the Group’s right to receive the dividend is established. Net unrealised gain or (loss) represents the remaining fair value changes on the financial assets at FVTPL.

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net realised gain on financial assets at FVTPL:		
Proceeds from sale of financial assets at FVTPL	–	7,039
Carrying amount of financial assets at FVTPL	–	(5,682)
	–	1,357
Net unrealised (loss)/gain on financial assets at FVTPL	<b>(3,125)</b>	38,119
	<b>(3,125)</b>	39,476

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 4. Other income, other gains and losses

	<b>Three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>		
Rental income from related parties (note 13(b))	879	1,256
Others	66	237
	<b>945</b>	<b>1,493</b>

### 5. Other expenses

	<b>Three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>		
Handling fee and commission arising from brokerage business	1,692	1,783
Legal and professional fees	1,010	2,787
Expense relating to short-term leases	729	–
Telecommunication expenses	139	184
Others	671	1,240
	<b>4,241</b>	<b>5,994</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 6. Finance costs

	<b>Three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>		
Interest on other borrowing	1,973	1,972
Interest on convertible bonds	–	1,184
Interest on lease liabilities	–	20
	<u>1,973</u>	<u>3,176</u>

### 7. Income tax (expense)/credit

	<b>Three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
<b>Continuing operations</b>		
The income tax (expense)/credit comprises:		
Hong Kong Profits Tax – current period	(5)	(26)
Deferred tax – current period	–	118
	<u>(5)</u>	<u>92</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 of the qualifying group entity 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

*For the three months ended 31 March 2022*

### 8. Discontinued operation

The Group disposed of its equity interests in Safe2Travel Pte Ltd (“**Safe2Travel**”) and Harvest Well International Limited (“**Harvest Well**”) during the year ended 31 December 2021. Harvest Well and its subsidiaries, including Safe2Travel, carried out travel business in Singapore. The disposal of Harvest Well was effected in order to reduce the Group’s continual exposure to further loss and capital requirements of, and further financial commitments to the Group’s travel business in Singapore.

The comparative figures in the unaudited condensed consolidated financial information have been restated to re-present the travel business in Singapore as a discontinued operation.

The results of the travel business in Singapore for the period from 1 January 2021 to 31 March 2021, which had been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the three months ended 31 March 2021, were as follows:

	Three months ended 31 March 2021 HK\$'000 (Unaudited)
Service income from provision of travel-related services	309
Other income, other gains and losses	1,558
Staff costs	(2,170)
Depreciation expenses	(508)
Other expenses	(542)
Finance costs	(328)
Loss for the period	(1,681)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

For the three months ended 31 March 2022

### 9. (Loss)/earnings per share

- (i) From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	<b>Three months ended 31 March</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<b>(5,075)</b>	35,782
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	—	210
	<hr/>	<hr/>
(Loss)/earnings for the period attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	<b>(5,075)</b>	35,992
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 9. (Loss)/earnings per share (Continued)

- (i) From continuing operations (Continued)

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited) (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>510,794</b>	426,287
Effect of dilutive potential ordinary shares arising from assumed conversion of convertible bonds	—	1,067
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b>510,794</b>	427,354

On 14 April 2021, the Company implemented the share consolidation by consolidating every ten issued and unissued existing ordinary shares of HK\$0.01 each of the Company into one ordinary share of HK\$0.10 each. The weighted average number of ordinary shares used in the basic and diluted earnings per share calculation for the three months ended 31 March 2021 was adjusted retrospectively.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 9. (Loss)/earnings per share (Continued)

- (ii) From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<b>(5,075)</b>	34,101
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	—	210
	<hr/>	<hr/>
(Loss)/earnings for the period attributable to owners of the Company for the purpose of diluted (loss)/earnings per share	<b>(5,075)</b>	34,311
	<hr/> <hr/>	<hr/> <hr/>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

- (iii) From discontinued operation

For the three months ended 31 March 2021, basic and diluted loss per share for the discontinued operation is HK0.39 cents per share, based on the loss for the period from the discontinued operation of HK\$1,681,000 and the denominators detailed above for both basic and diluted loss per share.

- (iv) For the three months ended 31 March 2022, diluted loss per share was the same as the basic loss per share as there was no potential dilutive ordinary shares.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 10. Interim dividend

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the three months ended 31 March 2022 and 2021 nor has any dividend been proposed since the end of both reporting periods.

### 11. Share capital, share premium and reserves

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note i)	Exchange reserve HK\$'000	Property revaluation reserve HK\$'000 (Note ii)	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2022 (audited)	51,079	1,068,425	32,589	-	65,547	(875,662)	341,978	(7)	341,971
Loss and total comprehensive expense for the period	-	-	-	-	-	(5,075)	(5,075)	(1)	(5,076)
At 31 March 2022 (unaudited)	51,079	1,068,425	32,589	-	65,547	(880,737)	336,903	(8)	336,895
At 1 January 2021 (audited)	42,629	920,537	32,589	(19,111)	65,547	(692,571)	349,620	-	349,620
Profit for the period	-	-	-	-	-	34,101	34,101	-	34,101
Other comprehensive income for the period	-	-	-	138	-	-	138	-	138
Total comprehensive income for the period	-	-	-	138	-	34,101	34,239	-	34,239
At 31 March 2021 (unaudited)	42,629	920,537	32,589	(18,973)	65,547	(658,470)	383,859	-	383,859

#### Notes:

- (i) The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.
- (ii) The property revaluation reserve represented cumulative gains and losses arising from the revaluation of the corresponding properties during the year ended 31 December 2018 upon transfer of self-owned properties to investment properties that had been recognised in other comprehensive income. Such item would not be reclassified to profit or loss in subsequent periods.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION *(Continued)*

*For the three months ended 31 March 2022*

### 12. Share-based payment transactions

The Company adopted a new share option scheme to replace the share option scheme adopted on 19 May 2011 pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 24 June 2021. The purpose of the share option scheme is to enable the Company to grant options to selected eligible participants who include employees and directors of the Company and its subsidiaries as incentives or rewards for their contribution or potential contribution to the Group. Under the share option scheme, the option period during which a share option may be exercised shall be determined and notified by the directors to the grantee and in any event shall not exceed ten years from the date of grant. The maximum number of shares which may be issued upon exercise of all options may be granted at any time under the share option scheme together with options which may be granted under any other share option schemes for the time being of the Company shall not exceed such number of shares as equals 10% of the issued share capital of the Company as at the date of the approval of the share option scheme (the “**Scheme Mandate Limit**”), without prior approval from the Company’s shareholders. The Company may seek approval by the shareholders of the Company in general meeting to refresh the Scheme Mandate Limit under the share option scheme.

The exercise price is determined by the directors, and is not less than the highest of (i) the closing price of the Company’s shares on the date of grant; (ii) the average closing price of the Company’s shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share on the date of grant.

No share options were granted during the three months ended 31 March 2022 and 2021. No share options were outstanding as at 31 March 2022 and 2021.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 13. Related party transactions

- (a) Compensation of key management personnel

The remuneration of directors, who are the key management personnel of the Group, during the period was as follows:

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term employee benefits	<b>510</b>	2,828
Post-employment benefits	<b>5</b>	14
	<b>515</b>	2,842

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

For the three months ended 31 March 2022

### 13. Related party transactions (Continued)

- (b) During the period, the Group entered into the following transactions with related parties:

Relationship	Nature of transaction	Three months ended 31 March	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Related companies (Note 1)	Rental income	879	1,256
	Brokerage commission income and other service charge income	-	23
Subsidiaries of a substantial shareholder of the Company (Note 2)	Lease payments	-	746
	Advisory fee income from corporate finance	-	100
	Brokerage commission income and other service charge income	-	13
		<u>          </u>	<u>          </u>

Notes:

- Mr. Mung Hon Ting, Jackie (“**Mr. Jackie Mung**”), is a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan (“**Mr. Alan Mung**”), both of them are directors of the Company.

For the three months ended 31 March 2022 and 2021, Mr. Alan Mung and Mr. Jackie Mung have the beneficial interests in the related companies.

- These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company. Eternity Investment Limited had significant influence over the Company up to 24 May 2021.

### 14. Events after the reporting period

The Group had no material events for disclosure subsequent to 31 March 2022 and up to the date of this report.

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Review

Given that the travel business in Singapore suffered sustained losses in recent years due to severe market competition and the outbreak of the COVID-19 pandemic, Global Mastermind Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) ceased its travel business in Singapore by disposing of its entire issued share capital of Harvest Well International Limited on 30 August 2021. The principal subsidiary of Harvest Well International Limited was Safe2Travel Pte Ltd (“**Safe2Travel**”), which was engaged in the travel business in Singapore. Accordingly, the results of Safe2Travel for the three months ended 31 March 2021 have been restated to re-present as discontinued operation for financial reporting purposes.

### Results of Continuing Operations

The Group recorded a loss attributable to owners of the Company of HK\$5,075,000 for the three months ended 31 March 2022 (2021: profit attributable to owners of the Company of HK\$35,782,000). The deterioration was due to the recognition of a HK\$3,125,000 net unrealised loss on securities investment in the three months ended 31 March 2022, in contrast to a HK\$38,119,000 net unrealised gain on securities investment in the corresponding period last year.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Financial Review *(Continued)*

#### Results of Continuing Operations *(Continued)*

##### **Revenue and profitability**

An analysis of the Group's revenue for the three months ended 31 March 2022 and 2021 was as follows:

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income from money lending business	<b>3,884</b>	7,313
Net realised gain on securities investment	–	1,357
Revenue derived from financial services business	<b>3,806</b>	4,285
	<b>7,690</b>	12,955

For the three months ended 31 March 2022, the revenue of the Group amounted to HK\$7,690,000 (2021: HK\$12,955,000), which was comprised of interest income from money lending business of HK\$3,884,000 (2021: HK\$7,313,000), and revenue derived from financial services business of HK\$3,806,000 (2021: HK\$4,285,000). There was no net realised gain or loss on securities investment (2021: a net realised gain of HK\$1,357,000) as the Group did not dispose of any securities investment during the three months ended 31 March 2022. Revenue derived from financial services business includes commission income from securities brokerage, interest income from margin financing and initial public offering (“IPO”) financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance.

The Group reported a decrease of 41% in its revenue for the three months ended 31 March 2022 compared to HK\$12,955,000 for the three months ended 31 March 2021. The decrease was mainly attributable to a HK\$3,429,000 decrease in interest income from the money lending business and no recognition of realised gain on securities investment in the three months ended 31 March 2022.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Financial Review *(Continued)*

### Results of Continuing Operations *(Continued)*

#### ***Other income, other gains and losses***

Other income, other gains and losses for the three months ended 31 March 2022 amounted to a net income of HK\$945,000, representing a decrease of 37% compared to the net income of HK\$1,493,000 for the three months ended 31 March 2021. The decrease was mainly due to (i) the decrease in rental income from related parties of HK\$377,000 resulted from the decrease in monthly rental, which was determined after taking into consideration the prevailing market rentals for comparable premises in the vicinity; and (ii) the absence of the previous year's reversal of over-provision for restoration expenses of HK\$188,000.

#### ***Staff costs, depreciation and amortisation expenses, and other expenses***

For the three months ended 31 March 2022, staff costs amounted to HK\$3,872,000 (2021: HK\$5,564,000). Depreciation and amortisation expenses amounted to HK\$85,000 (2021: HK\$1,427,000). Other expenses amounted to HK\$4,241,000 (2021: HK\$5,994,000).

The decrease in staff costs was mainly due to two executive directors of the Company not taking any directors' emoluments since 1 June 2021.

The decrease in depreciation and amortisation expenses was mainly attributable to the Group's right-of-use assets being fully depreciated upon the expiry of the related lease contracts.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Financial Review *(Continued)*

#### Results of Continuing Operations *(Continued)*

##### ***Finance costs***

For the three months ended 31 March 2022, finance costs amounted to HK\$1,973,000 (2021: HK\$3,176,000), which represented the interest expense on other borrowing (2021: HK\$1,972,000). There were no interest expenses related to convertible bonds (2021: HK\$1,184,000) and lease liabilities (2021: HK\$20,000) for the three months ended 31 March 2022. The decrease in finance costs was due to the conversion of the entire convertible bonds with the principal amount of HK\$60,000,000 issued in 2020 into ordinary shares of the Company on 12 May 2021.

#### Results of Discontinued Operation

Loss from discontinued operation for the three months ended 31 March 2021 amounted to HK\$1,681,000, which represented the results of Safe2Travel for the period from 1 January 2021 to 31 March 2021.

### Business Review

#### ***Money lending business***

During the three months ended 31 March 2022, the Group's money lending business generated interest income on loans of HK\$3,884,000, representing a 47% decrease from HK\$7,313,000 for the corresponding period last year.

The decrease in interest income was contributed by (i) no further interest income from three loans classified under stage 3 (credit-impaired) being recognised as these customers failed to settle the principal and accrued interest on the maturity of the loans and the Group cast doubt on the customers' ability and intention to repay, and (ii) the change in interest income recognition method of two loans classified as stage 3 (credit-impaired) in September and December 2021. Interest income for these two loans is calculated based on the effective interest rate on their net carrying amounts (after deducting their respective accumulated allowance for expected credit losses (the "ECL")), rather than the gross balance of the loan receivables.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Business Review *(Continued)*

#### **Money lending business** *(Continued)*

During the three months ended 31 March 2022, the Group did not grant any new loan. The Group's customers did not make any drawing from the existing loans and repayment to the Group.

As at the end of the reporting period, eight loans remained outstanding, in which (i) two loan receivables with the aggregate gross balance of HK\$90,238,000 were classified under stage 1 (initial recognition), (ii) a loan receivable with the gross balance of HK\$35,300,000 was classified under stage 2 (significant increase in credit risk), and (iii) five loan receivables with the aggregate gross balance of HK\$196,598,000 were classified under stage 3 (credit-impaired). During the three months ended 31 March 2022, there were no transfers among stages 1, 2 and 3.

During the three months ended 31 March 2022, an allowance for ECL on loan receivables of HK\$410,000 (2021: HK\$716,000) was recognised for the interest income on one of the loans classified under stage 3 (credit-impaired). As at 31 March 2022, the accumulated allowance for ECL was HK\$162,110,000 (31 December 2021: HK\$161,700,000).

A customer failed to pay the accrued interest to the Group as they fell due since May 2021. In January 2022, the Group obtained a corporate guarantee provided by a company incorporated in the People's Republic of China (the "PRC") to secure all of her repayment obligations of the loan in the principal amount of HK\$58,000,000 under the loan agreement.

A customer failed to repay the outstanding principal amount of the revolving loan facilities of HK\$55,000,000 and the accrued interest thereon in April 2020. The Group commenced civil proceedings in the PRC against the customer and the guarantor in September 2020 to recover the outstanding principal amount and the accrued and unpaid interest thereon. The first court hearing was held on 19 October 2021 and the court handed down the judgement in favour of the Group on 22 December 2021. However, the guarantor lodged an appeal against the judgement on 3 March 2022 and the court has not yet fixed the date of the next court hearing as at the date of this report.



## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Business Review *(Continued)*

#### ***Money lending business (Continued)***

A customer has failed to pay the outstanding principal amount of a loan of HK\$2,000,000 and the accrued interest thereon as they fell due since August 2020. The customer has a securities investment portfolio maintained at Global Mastermind Securities Limited, a wholly-owned subsidiary of the Company engaging in provision of securities services, and he had given an undertaking to the Group, under which he undertook to the Group that he shall dispose of the whole or any part of the investment portfolio held in his securities account maintained at Global Mastermind Securities Limited to repay his loan if he fails to repay the outstanding principal amount and/or accrued interest. The Group is currently seeking legal advice on the recovery of the outstanding principal amount and the accrued and unpaid interest.

A customer has failed to pay the accrued interest as they fell due since May 2020. The revolving loan facilities of HK\$19,000,000 granted to him were secured by a first legal charge over a commercial property located in Central. During the year ended 31 December 2021, the Group took possession of the commercial property and sold it to an independent third party for recovering HK\$15,497,000 of the outstanding principal amount. Currently, the Group is working with its legal adviser on the actions to recover the remaining outstanding principal amount of HK\$3,503,000 and the accrued and unpaid interest.

As at 31 March 2022, the Group's loan receivables together with accrued interest receivables (before accumulated allowance for ECL) amounted to HK\$322,136,000 (31 December 2021: HK\$322,021,000).

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Business Review *(Continued)*

#### ***Treasury management business***

During the three months ended 31 March 2022, the Group did not acquire or dispose of any securities investment. As at 31 March 2022, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK\$3,125,000 arising on changes in fair values of securities investment (2021: net unrealised gain of HK\$38,119,000).

#### ***Financial services business***

During the three months ended 31 March 2022, the revenue of the Group's financial services business decreased by 11% to HK\$3,806,000 (2021: HK\$4,285,000).

Commission income from securities brokerage for the three months ended 31 March 2022 decreased by 24% to HK\$667,000 (2021: HK\$880,000) as the customers' transaction volumes of securities dealings decreased.

Interest income from margin financing and IPO financing for the three months ended 31 March 2022 increased by 12% to HK\$1,716,000 (2021: HK\$1,535,000). The average monthly outstanding balance of loans to securities margin clients (before accumulated allowance for ECL) increased from HK\$63,851,000 in the three months ended 31 March 2021 to HK\$72,833,000 in the three months ended 31 March 2022. After performing an impairment assessment, the directors concluded that no allowance for ECL on accounts receivable from securities margin clients was required for the three months ended 31 March 2022 (2021: Nil).

The handling and settlement income arising from securities brokerage for the three months ended 31 March 2022 decreased by 14% to HK\$1,421,000 (2021: HK\$1,660,000) as the customers' transaction volumes of securities dealings decreased.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### **Business Review** *(Continued)*

#### **Financial services business** *(Continued)*

The asset management fee income for the three months ended 31 March 2022 decreased by 93% to HK\$2,000 (2021: HK\$30,000). The decrease was due to the decrease in the assets under management by the Group.

There was no advisory fee income from corporate finance for the three months ended 31 March 2022 (2021: HK\$180,000) as no financial advisory services were completed in the three months ended 31 March 2022.

### **Outlook**

The war in Ukraine and economic sanctions on Russia have driven the increase in oil and gas prices, and the sanctions are unlikely to be rescinded in a short term. The high energy prices and the persistent threats of the COVID-19 pandemic will reduce the economic growth and push up the global inflation. These may affect the global economy in the near future. The directors will continue to closely monitor the repayment and financial condition of the Group's money lending customers in 2022 to ensure speedy actions on any early signs of loan recovery issues. As a matter of prudent measure, the directors intend to maintain the size of the Group's loan portfolio rather than to expand it further in 2022.

In view of the worries over the geopolitical tensions, the COVID-19 pandemic and the pace of monetary policy tightening in major economies, the outlook of the Hong Kong equity market remains volatile. The directors will closely monitor and adjust the Group's securities investment from time to time and realise the securities investment into cash as and when appropriate in 2022.

## MANAGEMENT DISCUSSION & ANALYSIS *(Continued)*

### Outlook *(Continued)*

The directors are hopeful for an improvement in the performance of the Group's financial services business in 2022, as it is believed that the economies of Hong Kong and the PRC will react positively to the PRC Government's policies to emphasis on economic growth. In addition, the dual-primary-listing and secondary-listing requirements have been adjusted to facilitate listings on the Stock Exchange and enhance attractiveness of the Hong Kong market.

The directors will continue to leverage on the Group's experience in the travel industry and formulate business plans to develop its travel business in Hong Kong, focusing on inbound travel from the PRC and/or outbound short-haul trips to the Guangdong-Hong Kong-Macao Greater Bay Area, which are believed to be less capital intensive and can recover more quickly when the PRC lifts border restrictions.

The highly transmissible Omicron variants spread rapidly in Hong Kong at the beginning of 2022. Various measures and restrictions to contain the epidemic and avoid social gathering have been introduced. The directors will be watchful over the development of the COVID-19 pandemic. The directors commit to lead the Group to weather the challenges and continue to monitor the business environment and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the directors will continue to identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

### Events after the Reporting Period

The Group had no material events for disclosure subsequent to 31 March 2022 and up to the date of this report.

## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES**

### **Dividends**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2022 (2021: Nil).

### **Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at 31 March 2022, none of the directors and the chief executive and their associates had any interests 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 Future Ordinance (the “SFO”), or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

### **Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company**

As at 31 March 2022, 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:

## ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES *(Continued)*

### **Long positions**

(a) *Ordinary shares of HK\$0.10 each of the Company*

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares of the Company held</b>	<b>Percentage of the issued share capital of the Company</b>
Heng Tai Finance Limited <i>(Note 1)</i>	Beneficial owner	84,507,042	16.54%
Heng Tai Consumables Group Limited <i>(Note 1)</i>	Interest of controlled corporation	84,507,042	16.54%
Eternity Investment Limited (" <b>Eternity</b> ") <i>(Note 2)</i>	Interest of controlled corporation	64,730,000	12.67%

*Notes:*

- Heng Tai Finance Limited is a wholly-owned subsidiary of Heng Tai Consumables Group Limited (stock code: 197), a company listed on the Main Board of the Stock Exchange. Heng Tai Finance Limited is interested in 84,507,042 ordinary shares of the Company. Heng Tai Consumables Group Limited is deemed to be interested in such 84,507,042 ordinary shares by virtue of the SFO.
- Eternity Finance Group Limited is a wholly-owned subsidiary of Eternity. Eternity Finance Group Limited is interested in 64,730,000 ordinary shares of the Company. Eternity is deemed to be interested in such 64,730,000 ordinary shares by virtue of the SFO.

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 as at 31 March 2022.

## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES** *(Continued)*

### **Disclosure Pursuant to Rule 17.22 of the GEM Listing Rules**

As at 31 March 2022, the outstanding principal amount of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK\$62,247,000 (before accumulated allowance for ECL), which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured, and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group's money lending business. Details of the grant of the loan were disclosed in the Company's announcements dated 28 November 2018 and 11 November 2020.

### **Directors' Interests in Competing Business**

During the three months ended 31 March 2022 and up to the date of this report, Mr. Cheung Kwok Wai, Elton has interests in following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

- (a) Mr. Cheung Kwok Wai, Elton has an indirect interest of 15.29% in the issued shares of and is an executive director of Eternity. The subsidiaries of Eternity also engage in money lending and sale of financial assets businesses.
- (b) Mr. Cheung Kwok Wai, Elton is the vice-chairman of the board of directors and an executive director of China Healthwise Holdings Limited (stock code: 348), a company listed on the Main board of the Stock Exchange. The subsidiaries of China Healthwise Holdings Limited also engage in money lending and investment in financial instruments businesses.

## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES** *(Continued)*

### **Directors' Interests in Competing Business** *(Continued)*

As the board of directors of the Company is independent of the boards of directors of the above entities, the Group is capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

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

During the three months ended 31 March 2022, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

### **Review of Financial Information**

The unaudited condensed consolidated financial information for the three months ended 31 March 2022 and this report of the Company have been reviewed by the Audit Committee of the Board, which was of the opinion that the preparation of such financial information and report complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.



## **ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES** *(Continued)*

### **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.

On behalf of the Board

### **Cheung Kwok Wai, Elton**

*Chairman and Executive Director*

Hong Kong, 10 May 2022

*As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan as executive directors; and Mr. Law Kwok Ho, Kenward, Mr. Fung Wai Ching and Mr. Lai Hok Lim as independent non-executive directors.*