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Power Financial Group Limited

權威金融集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 397)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2022:

- The Group recorded revenue of approximately HK\$37,121,000 (six months ended 30 June 2021: HK\$49,727,000).
- Loss attributable to owners of the Company amounted to approximately HK\$16,163,000 (six months ended 30 June 2021: profit of HK\$171,611,000).
- The Board does not recommend the payment of an interim dividend.

As at 30 June 2022:

- The Group held financial assets at fair value through profit or loss of approximately HK\$599,208,000 (31 December 2021: HK\$585,805,000).
- The Group held financial assets at fair value through other comprehensive income of approximately HK\$3,018,000 (31 December 2021: HK\$15,325,000).
- The Group held bank balances and cash of approximately HK\$247,114,000 (31 December 2021: HK\$153,035,000), loans and interest receivables of approximately HK\$563,455,000 (31 December 2021: HK\$677,005,000) respectively.
- Net current assets amounted to approximately HK\$1,391,540,000 (31 December 2021: HK\$1,428,862,000). Current ratio (defined as total current assets divided by total current liabilities) was approximately 62.34 times (31 December 2021: 31.81 times).
- Net assets amounted to approximately HK\$1,567,144,000 (31 December 2021: HK\$1,582,501,000).

INTERIM FINANCIAL INFORMATION

The board (the “Board”) of directors (the “Directors”) of Power Financial Group Limited (the “Company”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 together with the unaudited comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Six months ended 30 June	
		2022 <i>(Unaudited)</i> HK\$'000	2021 <i>(Unaudited)</i> HK\$'000
Revenue	3	37,121	49,727
Direct operating costs		<u>(2,952)</u>	<u>(6,495)</u>
Gross profit		34,169	43,232
Other income, gains and losses	5	(26,530)	156,307
Administrative expenses		(23,668)	(27,562)
Finance costs	6	(136)	(268)
(Loss)/profit before tax	7	(16,165)	171,709
Income tax expense	8	<u>–</u>	<u>(105)</u>
(Loss)/profit for the period		<u>(16,165)</u>	<u>171,604</u>
Other comprehensive income/(expense) for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value changes of debt instruments at fair value through other comprehensive income		<u>808</u>	<u>(3,559)</u>
Other comprehensive income/(expense) for the period, net of income tax		<u>808</u>	<u>(3,559)</u>
Total comprehensive (expense)/income for the period		<u>(15,357)</u>	<u>168,045</u>

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:		
– Owners of the Company	(16,163)	171,611
– Non-controlling interests	(2)	(7)
	<u>(16,165)</u>	<u>171,604</u>
Total comprehensive (expense)/income for the period attributable to:		
– Owners of the Company	(15,355)	168,052
– Non-controlling interests	(2)	(7)
	<u>(15,357)</u>	<u>168,045</u>
	HK cents	HK cents
(Loss)/earnings per share		
– Basic and diluted	<i>10</i> (0.58)	<u>6.17</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		At 30 June 2022 <i>(Unaudited)</i> HK\$'000	At 31 December 2021 <i>(Audited)</i> HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		4,261	5,956
Investment property		47,800	–
Goodwill		136	136
Other intangible asset		1,300	1,300
Loans and interest receivables	11	14,557	13,238
Debt instruments at fair value through other comprehensive income		1,651	2,257
Financial assets at fair value through profit or loss		129,741	130,572
Other assets		759	180
		<u>200,205</u>	<u>153,639</u>
Current assets			
Loans and interest receivables	11	548,898	663,767
Trade and other receivables	12	134,671	114,955
Debt instruments at fair value through other comprehensive income		1,367	13,068
Financial assets at fair value through profit or loss		469,467	455,233
Bank trust account balances		12,707	27,555
Bank balances and cash		247,114	153,035
		<u>1,414,224</u>	<u>1,427,613</u>
Assets classified as held for sales	14	–	47,633
		<u>1,414,224</u>	<u>1,475,246</u>

		At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	<i>13</i>	19,513	31,724
Income tax payable		551	551
Lease liabilities		1,946	2,909
Bank borrowings		674	–
		22,684	35,184
Liabilities associated with assets classified as held for sale	<i>14</i>	–	11,200
		22,684	46,384
Net current assets		1,391,540	1,428,862
Total assets less current liabilities		1,591,745	1,582,501
Non-current liabilities			
Lease liabilities		1,375	–
Bank borrowings		23,226	–
		24,601	–
Net assets		1,567,144	1,582,501
Capital and reserves			
Share capital		27,836	27,836
Reserves		1,537,461	1,552,816
Equity attributable to owners of the Company		1,565,297	1,580,652
Non-controlling interests		1,847	1,849
Total equity		1,567,144	1,582,501

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

These condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). These condensed consolidated interim financial information were authorised for issue on 30 August 2022.

These condensed consolidated interim financial information are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. These condensed consolidated interim financial information contain condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. These condensed consolidated interim financial information and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2021 annual financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated interim financial information have been prepared on the historical basis, with the same accounting policies adopted in the 2021 annual financial statements, except for those that relate to new standards or interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2022. The effect of the adoption of these standards, amendments and interpretation is not material on these condensed consolidated interim financial information.

In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 annual financial statements.

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

- Amendments to HKFRS 3, Reference to the Conceptual Framework
- 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

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

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

3. REVENUE

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

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from money lending	29,831	32,682
Interest income from bond investments	438	3,120
Income from financial services		
– Commission income from securities brokerage	531	1,810
– Commission income from placing	940	–
– Interest income from clients	5,381	10,349
Trading of healthcare related products	–	1,766
	<u>37,121</u>	<u>49,727</u>

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

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from financial services		
– Commission income from securities brokerage	531	1,810
– Commission income from placing	940	–
Trading of healthcare related products	–	1,766
	<u>1,471</u>	<u>3,576</u>

4. SEGMENT INFORMATION

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

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

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

Segment revenue and results

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

For the six months ended 30 June 2022

	Financial services segment <i>(Unaudited)</i> <i>HK\$'000</i>	Money lending segment <i>(Unaudited)</i> <i>HK\$'000</i>	Trading segment <i>(Unaudited)</i> <i>HK\$'000</i>	Assets investment segment <i>(Unaudited)</i> <i>HK\$'000</i>	Total <i>(Unaudited)</i> <i>HK\$'000</i>
Revenue					
Revenue from external customers	6,852	29,831	–	438	37,121
Other income, gains and losses					
Dividend income from listed equity securities	–	–	–	–	–
Loss on disposal of debt instruments at fair value through other comprehensive income (“FVTOCI”)	–	–	–	(39)	(39)
Loss on fair value changes of financial assets at fair value through profit or loss (“FVTPL”)	–	–	–	(19,544)	(19,544)
	<u>6,852</u>	<u>29,831</u>	<u>–</u>	<u>(19,145)</u>	<u>17,538</u>
Results					
Segment results	2,815	7,428	(7)	(20,858)	(10,622)
Unallocated corporate income					823
Unallocated corporate expenses					(6,230)
Finance costs					(136)
Loss before tax					<u>(16,165)</u>

For the six months ended 30 June 2021

	Financial services segment (Unaudited) HK\$'000	Money lending segment (Unaudited) HK\$'000	Trading segment (Unaudited) HK\$'000	Assets investment segment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue					
Revenue from external customers	12,159	32,682	1,766	3,120	49,727
Other income, gains and losses					
Dividend income from listed equity securities	–	–	–	60	60
Gain on disposal of debt instruments at FVTOCI	–	–	–	794	794
Gain on fair value changes of financial assets at FVTPL	–	–	–	167,194	167,194
	<u>12,159</u>	<u>32,682</u>	<u>1,766</u>	<u>171,168</u>	<u>217,775</u>
Results					
Segment results	6,519	11,081	(813)	158,934	175,721
Unallocated corporate income					1,251
Unallocated corporate expenses					(4,995)
Finance costs					<u>(268)</u>
Profit before tax					<u>171,709</u>

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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

Segment assets and liabilities

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

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Segment assets		
Financial services segment	122,211	104,124
Money lending segment	571,251	685,050
Assets investment segment	665,641	639,637
Total segment assets	1,359,103	1,428,811
Unallocated assets		
– Bank balances and cash	240,759	147,515
– Other unallocated assets	14,567	52,559
Consolidated total assets	1,614,429	1,628,885
Segment liabilities		
Financial services segment	16,502	29,890
Money lending segment	932	986
Trading segment	–	38
Assets investment segment	1,264	619
Total segment liabilities	18,698	31,533
Unallocated liabilities	28,587	14,851
Consolidated total liabilities	47,285	46,384

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

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

Geographic information

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

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

Information about major customers

There was no customer contributing over 10% of the total revenue of the Group for the six months ended 30 June 2022 and 2021.

5. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	2	72
Sundry income	332	90
Rental income	480	1,289
Dividend income from listed equity securities	–	60
(Loss)/gain on fair value changes of financial assets at FVTPL	(19,544)	167,194
(Loss)/gain on disposal of debt instruments at FVTOCI	(39)	794
(Impairment loss)/reversal of impairment loss, net:		
– Loan and interest receivables (Note 11)	(15,631)	(10,585)
– Debt instruments at FVTOCI	–	(1,613)
– Trade receivables (Note 12)	9	(994)
Gain on disposal of property, plant and equipment	7,861	–
	<u>(26,530)</u>	<u>156,307</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	<u>136</u>	<u>268</u>
	<u>136</u>	<u>268</u>

7. (LOSS)/PROFIT BEFORE TAX

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit before tax has been arrived at after charging/(crediting):		
Staff costs:		
– Directors' emoluments, excluding equity-settled share-based payments	6,855	7,522
– Other staff costs (Note below)	6,100	8,130
	<u>12,955</u>	<u>15,652</u>
Cost of inventories recognised as an expense	–	1,495
Depreciation of property, plant and equipment	5,223	5,211
Exchange losses, net	237	1,245
Impairment loss/(reversal of impairment loss) recognised as administrative expenses, net:		
– Loans and interest receivables (Note 11)	15,631	10,585
– Debt instruments at FVTOCI	–	1,613
– Trade receivables (Note 12)	(9)	994
	<u>(9)</u>	<u>994</u>

Note: Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK\$212,000 (six months ended 30 June 2021: HK\$210,000).

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– Under-provision of Hong Kong profits tax in respect of prior period	–	105
Income tax expense	<u>–</u>	<u>105</u>

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2022 as the Group had no assessable profits.

Hong Kong Profits Tax for the six months ended 30 June 2021 presented was calculated at 8.25% on the first HK\$2,000,000 of estimated assessable profits of the qualifying group entity under the two-tiered profits tax rates regime and at 16.5% for the portion of the estimated assessable profits of the qualifying group entity above HK\$2,000,000. The assessable profits of the group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at 16.5% for the six months ended 30 June 2021.

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

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

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

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
<i>(Loss)/earnings</i>		
(Loss)/earnings for the purpose of basic earnings per share		
(Loss)/profit for the period attributable to owners of the Company	<u>(16,163)</u>	<u>171,611</u>

	Six months ended 30 June	
	2022	2021
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earning per share	<u>2,783,553</u>	<u>2,783,553</u>

Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the six months ended 30 June 2022 and 2021 are not presented as there were no potential shares in issue for both periods.

For the six months ended 30 June 2022, there were no share options outstanding during the period.

For the six months ended 30 June 2021, the computation of diluted earnings per share did not assume the exercise of outstanding share options of the Company because the exercise price of those options was higher than the average market price for shares for the period.

11. LOANS AND INTEREST RECEIVABLES

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Loans and interest receivables thereon		
– Within one year	593,825	693,063
– In the second to fifth years	14,557	13,238
	<u>608,382</u>	<u>706,301</u>
Less: impairment loss recognised	(44,927)	(29,296)
	<u>563,455</u>	<u>677,005</u>
Analysed for reporting purpose as:		
Non-current assets	14,557	13,238
Current assets	548,898	663,767
	<u>563,455</u>	<u>677,005</u>

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

As at 30 June 2022 (Unaudited)

Loan principals <i>HK\$'000</i>	Interest rate per annum	Maturity date	Security pledged
132,328	9%–24%	Within 1 year to 5 years	Landed properties in Hong Kong and shares of certain listed and unlisted companies
146,003	8%–24%	Within 1 year	Guarantees provided by certain independent third parties
321,298	10%–36%	Within 1 year to 5 years	Nil
<u>599,629</u>			

As at 31 December 2021 (Audited)

Loan principals <i>HK\$'000</i>	Interest rate per annum	Maturity date	Security pledged
177,224	9%–24%	Within 1 year to 5 years	Landed properties in Hong Kong and shares of certain listed and unlisted companies
160,739	4%–18%	Within 1 year	Guarantees provided by certain independent third parties
<u>365,321</u>	7%–36%	Within 1 year	Nil
<u><u>703,284</u></u>			

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

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit-impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit-impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross carrying amounts				
As at 30 June 2022 (Unaudited)	<u>538,153</u>	<u>-</u>	<u>70,229</u>	<u>608,382</u>
As at 31 December 2021 (Audited)	<u>645,642</u>	<u>-</u>	<u>60,659</u>	<u>706,301</u>

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit-impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit-impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
(Unaudited)				
At 1 January 2022	2,577	-	26,719	29,296
Reversal of impairment loss during the period	(1,278)	-	(29)	(1,307)
Impairment loss recognised during the period	675	-	16,263	16,938
At 30 June 2022	<u>1,974</u>	<u>-</u>	<u>42,953</u>	<u>44,927</u>

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Trade receivables from:		
Financial services business		
– Cash clients <i>(Note a)</i>	791	982
– Margin clients <i>(Note b)</i>	104,766	108,169
– Clearing house <i>(Note a)</i>	2,916	–
Less: allowance for impairment loss	(216)	(225)
	<u>108,257</u>	<u>108,926</u>
Other receivables and prepayments	26,414	6,029
	<u>134,671</u>	<u>114,955</u>
Total trade and other receivables	<u>134,671</u>	<u>114,955</u>

Notes:

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

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

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

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross carrying amounts				
As at 30 June 2022 (Unaudited)	<u>3,491</u>	<u>216</u>	<u>–</u>	<u>3,707</u>
As at 31 December 2021 (Audited)	<u>757</u>	<u>225</u>	<u>–</u>	<u>982</u>

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
(Unaudited)				
As at 1 January 2022	–	225	–	225
Reversal of impairment loss during the period	<u>–</u>	<u>(9)</u>	<u>–</u>	<u>(9)</u>
As at 30 June 2022	<u>–</u>	<u>216</u>	<u>–</u>	<u>216</u>

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

(b) Margin clients of financial services business

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading and bear interests at commercial rates. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The margin ratio is reviewed and determined periodically. As at 30 June 2022, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK\$599,796,000 (31 December 2021: HK\$898,852,000).

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

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross carrying amounts				
As at 30 June 2022 (Unaudited)	<u>104,766</u>	<u>-</u>	<u>-</u>	<u>104,766</u>
As at 31 December 2021 (Audited)	<u>108,169</u>	<u>-</u>	<u>-</u>	<u>108,169</u>

The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk.

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

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
(Unaudited)				
As at 1 January 2022	-	41,147	-	41,147
Impairment loss eliminated on receivables written off during the period	<u>-</u>	<u>(41,147)</u>	<u>-</u>	<u>(41,147)</u>
As at 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Trade payables from:		
Financial services business		
– Cash clients <i>(Note)</i>	3,113	3,494
– Margin clients <i>(Note)</i>	13,007	14,428
– Clearing house <i>(Note)</i>	–	11,929
	<hr/>	<hr/>
	16,120	29,851
Other payables and accruals	3,393	1,873
	<hr/>	<hr/>
Total trade and other payables	<u>19,513</u>	<u>31,724</u>

Notes:

Financial services business

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

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

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

14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	At 30 June 2022 (Unaudited) HK\$'000	At 31 December 2021 (Audited) HK\$'000
Assets classified as held for sale		
Leasehold land and buildings	<u>—</u>	<u>47,633</u>
	At 30 June 2022 (Unaudited) HK\$'000	At 31 December 2021 (Audited) HK\$'000
Liabilities associated with assets classified as held for sale		
Deposits received on disposal of leasehold land and buildings	<u>—</u>	<u>11,200</u>

On 16 December 2021, Bonus First Group Limited (“Bonus First”), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party, Kaweta Limited (“Kaweta”), pursuant to which Kaweta agreed to purchase and Bonus First agreed to sell the Group’s leasehold land and buildings for a consideration of HK\$56,000,000, deposits of which amounted to HK\$11,200,000 was received by the Group as at 31 December 2021. Accordingly, the leasehold land and buildings, which was previously included in property, plant and equipment, has been reclassified to assets classified as held for sale. The deposits received for disposal of HK\$11,200,000 was classified as liabilities associated with assets classified as held for sale.

Completion of the disposal of the leasehold land and buildings took place on 10 February 2022.

15. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

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

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Within one year	893	1,025
More than one year but less than five years	<u>1,020</u>	<u>–</u>
	<u><u>1,913</u></u>	<u><u>1,025</u></u>

16. CAPITAL COMMITMENT

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

	At 30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	At 31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>
Commitment contracted for but not provided for in respect of investment in an investment fund currently held by the Group	<u><u>3,370</u></u>	<u><u>3,711</u></u>

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s)
	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000		
Equity securities listed in Hong Kong classified as financial assets at FVTPL	468,532	434,915	Level 1	Quoted bid prices
Equity securities listed in Hong Kong, the trading on the Stock Exchange were suspended, are classified as financial assets at FVTPL	935	1,118	Level 3	Index return method
Equity securities listed in Hong Kong, the trading on the Stock Exchange were suspended, are classified as financial assets at FVTPL	–	19,200	Level 3	Guideline public company method
Unlisted investment funds classified as financial assets at FVTPL	98,564	98,405	Level 2	Net asset values provided by fund administrators
Unlisted equity investment classified as financial assets at FVTPL	31,177	32,167	Level 3	Probability-weighted expected return of value from recent market transaction and the value utilising guideline public company method (31 December 2021: Guideline public company method)
Listed bond investments classified as debt instruments at FVTOCI	3,018	15,325	Level 1	Quoted bid prices

During the six months ended 30 June 2022, there was a transfer of fair value measurements into Level 1 from Level 3 for financial assets at FVTPL and the movements in fair value measurements in Level 3 are as follows:

Financial assets at FVTPL (Level 3 fair value)	HK\$'000
(Unaudited)	
As at 1 January 2022	20,318
Net change in fair value	(183)
Transfer from Level 3 to Level 1 (Note)	(19,200)
As at 30 June 2022	935

Note: Certain suspended listed equity securities were resumed their right of trading. Accordingly, these equity securities were reclassified to Level 1 equity securities investments.

18. FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTY

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

Investment Property	Fair value		Fair value hierarchy	Valuation technique
	30 June 2022 <i>(Unaudited)</i> <i>HK\$'000</i>	31 December 2021 <i>(Audited)</i> <i>HK\$'000</i>		
- Commercial (Hong Kong)	<u>47,800</u>	<u>-</u>	<u>Level 2</u>	<u>Direct comparison method</u>

There were no transfers between different levels of fair value hierarchy for the six months ended 30 June 2022.

19. CONTINGENT LIABILITIES

(a) Writ of summons by Convoy Global Holdings Limited

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

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

(b) Zhu Xiao Yan Petition

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

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

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

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

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

On 24 June 2019, the Court made a winding-up order (the “Winding-up Order”) against Best Year. By reason of the Winding-up Order, the counterclaim by Best Year against Power Securities and Mr. Sit Sai Hung, Billy, a former Director, was stayed. On 24 June 2019, Power Securities and Mr. Sit Sai Hung, Billy took out an application to strike out Mr. Sin’s counterclaim. By the Order of Coleman J dated 5 December 2019 (“Coleman J’s Order”), Mr. Sin’s claim was struck out. On 27 December 2019, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021. As at the date of this announcement, the judgment has not been handed down.

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

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

By reason of the Winding-up Order as set out in Section (c) above, the claim by Best Year against Power Securities was stayed. On 23 July 2019, Power Securities took out an application to strike out Mr. Sin’s claim. By Coleman J’s Order as set out in Section (c) above, Mr. Sin’s claim was struck out. On 9 March 2020, Mr. Sin filed a notice of appeal against Coleman J’s Order. The appeal hearing took place on 9 July 2021. As at the date of this announcement, the judgment has not been handed down.

Given that the aforementioned cases (a) and (b) are still in an early stage and the judgment of the appeal hearing for cases (c) and (d) has yet to be handed down, and having considered the alleged claims and consulted the Company’s legal adviser, the Directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Company; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

20. EVENT AFTER THE REPORTING DATE

On 29 July 2022, the Company granted 166,980,000 share options under the share option scheme adopted on 4 June 2013 with exercise price of HK\$0.103 per share. The offer of a grant of share options is accepted upon payment of a nominal consideration of HK\$1. The exercise period of the options granted is from 29 July 2022 to 28 July 2024. The Group would recognise equity-settled share-based payment expenses amounted to approximately HK\$6,590,000 in respect of this grant of share options.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period’s presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2022 (the “Period”), the Group recorded revenue of approximately HK\$37.1 million (2021: HK\$49.7 million). The decline in overall revenue was principally due to (i) a drop in interest income from margin loans to clients to approximately HK\$5.4 million for the Period (2021: HK\$10.3 million) since investors tend to be more conservative in response to the dramatic slowdown of Hong Kong stock market as well as the global market; (ii) a drop in interest income from money lending business to approximately HK\$29.8 million for the Period (2021: HK\$32.7 million) in line with the decrease in size of the outstanding loan portfolio; (iii) a drop in interest income generated from bond investments as a result of a downsizing of the Group’s bond investments to approximately HK\$0.4 million for the Period (2021: HK\$3.1 million); and (iv) a drop in revenue from healthcare-related products business to nil for the Period (2021: HK\$1.8 million) as the management strategically downscaled the segment in view of the intense market competition during the Period. With the uncertainties in both regional and global economies along with the continuation of the COVID-19 pandemic and relevant social distancing measures, China-US tensions as well as Russia-Ukraine war, the stock market sentiment in Hong Kong has been adversely affected during the Period. The overall gross profit of the Group decreased to approximately HK\$34.2 million during the Period (2021: HK\$43.2 million), which was dragged down by the recession in revenue and gross profit derived from the Group’s two major business segments, namely, money lending business and financial services business segments, respectively.

The net loss attributable to owners of the Company amounted to approximately HK\$16.2 million during the Period as compared to a net profit attributable to owners of the Company of approximately HK\$171.6 million in the corresponding period in 2021. The net profit attributable to owners of the Company of approximately HK\$171.6 million in the corresponding period in 2021 was mainly from gain on fair value changes of financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$161.0 million as a result of the resumption of trading from a listed equity security during the corresponding period in 2021. The net loss attributable to owners of the Company of approximately HK\$16.2 million during the Period was mainly due to a loss on fair value changes of financial assets at FVTPL of approximately HK\$19.5 million for the Period mainly from its holding of equity securities listed in Hong Kong, which was principally in line with the dramatic slowdown of the overall Hong Kong stock market as well as the global market.

The Group’s cash position remained strong during the Period, with bank balances and cash totaling approximately HK\$247.1 million as at 30 June 2022 (31 December 2021: HK\$153.0 million).

BUSINESS REVIEW

Following a strong rebound in 2021, the global economy recently has been facing new challenges arising from the rapid spread of the COVID-19 variants since the fourth quarter of 2021 and Russia-Ukraine war. This coupled with the lingering effects of China-US tensions and rising inflationary pressures, has forced the International Monetary Fund to dramatically downgrade its recent forecast for global growth outlook from 6.1% in 2021 to 3.2% in 2022.

On the domestic front, the Hang Seng Index was one of the world's worst-performing major markets in the first half of 2022, dropping 6.6%, mainly due to the regulatory crackdown on large-cap mainland China technology stocks and real estate stocks.

Against this challenging backdrop, the Group continued to exercise financial prudence while keeping its action plans on course to deliver sustainable and robust business.

Financial Services

According to Hong Kong Exchange and Clearing Limited market data statistics, the Hong Kong average daily securities turnover in the first half of 2022 was HK\$107.2 billion, a decrease of 32.0% compared with HK\$157.7 billion in the first half of 2021. Despite a period-over-period decline of 42.2% in the number of new listed companies, total funds raised (including IPOs) in the first half of 2022 was HK\$19.7 billion, a decrease of 90.7% compared with HK\$211.8 billion in the first half of 2021.

The Group's financial services business is mainly operated by Power Securities Company Limited ("Power Securities"), a wholly-owned subsidiary of the Company, which is licensed to operate Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of Power Securities activities includes providing margin financing, securities brokerage services, and equity capital market ("ECM") services such as placings. Power Securities' financial services segment closely adheres to the compliance and risk-based measures detailed in its operation manual and will continue to source additional revenue and broaden the customer base for its margin financing operations. Bolstered by sufficient cash reserves, the Group may seek to leverage business connections to obtain additional referrals of margin financing clients. However, affected by the low stock market sentiment, the Group's financial services segment only generated revenue of approximately HK\$6.9 million during the Period (2021: HK\$12.2 million), recording a decrease of approximately 43.6%. There was also a decrease in both the number of outstanding margin loan clients as well as the amount of margin loan receivables. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK\$5.4 million for the Period compared with approximately HK\$10.3 million in the corresponding period in 2021.

Through the Group's continuous effort in recruiting financial service talents to expand the client base, the Group is poised to expand in the years to come. The Group expects to revamp its ECM business in applying corporate finance analytical techniques to source and review profitable ECM deals. The Group anticipates that ECM business will become a solid source of revenue to complement other business sectors of the Group.

Money Lending

The money lending operations of the Group are managed through our wholly-owned subsidiaries, E Finance Limited ("E Finance") and E Cash Fintech Limited ("E Cash"), with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. Following the integration of the E Cash's business, the Group enhanced its money lending business as a result of the robust demand for corporate and individual financing whereas E Finance continued to focus on property mortgage loans and other secured loans. The Group plans to explore further potential money lending business opportunities, including for project-based financing, subject to the prevailing market conditions and the Group's assessment of achieving reasonable risk and returns. The Group is also keen on striking a successful balance in its business operations and risk management by adhering to its comprehensive credit policies in order to control the quality of its loan portfolio. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

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

According to the TransUnion Q1 2022 Industry Insights Report, Hong Kong's GDP decreased by 4% year-on-year in Q1 2022 per the downfall of export performance and private consumption growth. Private consumption decreased by 11.9% year-on-year, reflecting low consumer sentiment during the newest COVID-19 wave. While there are strong signs of growth and recovery, private consumption has not yet recovered to the pre-pandemic level of Q1 2020. Overall, the credit demand and supply is a mixed recovery picture for the Hong Kong, given that growth was not observed in all products.

During the Period, the Group's money lending segment generated revenue of approximately HK\$29.8 million, accounting for approximately 80.4% of overall revenue. Money lending business, remained as the major segment in support of the Group's comprehensive performance. Interest income from the Group's money lending business during the Period amounted to approximately HK\$29.8 million as compared to approximately HK\$32.7 million for the corresponding period in 2021. Operating profit from this business segment amounted to approximately HK\$7.4 million, representing a decrease of approximately 33.0% compared to the corresponding period in last year.

The composition of our loan portfolio mainly includes individual and corporate customers. As at 30 June 2022, we had 57 active loan accounts, among which approximately 45.3% were individual customers and 54.7% were corporate customers. The average loan amount of these loan accounts was approximately HK\$10.5 million. As at 30 June 2022, the percentage of the amount of loans and interest receivables from the five largest customers and the largest customer to the total loans and interest receivables are both less than 30% respectively.

In general, collaterals and/or guarantees are provided to secure a property mortgage loan, other secured loans and guaranteed loans among different loan categories. Property mortgage loans refer to first and subordinated mortgages, which are secured by landed properties in Hong Kong. The collaterals for other secured loans mainly include equity shares and/or securities of certain listed and unlisted companies. A guaranteed loan is one secured by personal and/or corporate guarantor(s). A wide range of effective interest rates were matched and charged to customers of differing risk levels, ranging from 8% to 36% per annum as at 30 June 2022 (2021: 4% per annum to 36% per annum). For further details of the major terms of loans granted include loans receivables, interest rate, maturity date and security pledged (if any), please refer to Note 11 under section "Notes to the Condensed Consolidated Interim Financial Information".

For the six months ended 30 June 2022, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$15.6 million (2021: HK\$10.6 million), such increase was mainly due to the increased uncertainty of recoverability of certain past due loans. Despite secured by collaterals or/and having guarantees provided, a number of loans were being regarded as impaired after consideration and assessment of the repayment ability of each customer, the respective collateral values and the status of legal proceedings. The Group was aware that the prevailing adverse financial and economic circumstances caused by the COVID-19 pandemic has had negative impact on the financial position and repayment ability of the Group's customers. During the Group's loan performance review throughout the Period, the recoverability and repayment period of certain loans were likely affected. The Group continuously monitors and carries out targeted negotiations and other due processes in its loan collection process. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Trading

During 2020, the Group started its trading business, it was intended to capture the opportunities and momentum arising from the enormous demand for health care related products. However, as the general market supply of gradually picked up, the excess demand of healthcare related products during COVID-19 Pandemic was gradually normalized as existing and new suppliers building production capacity and pricing competitively. In view of the intense market competition, the management took a prudent approach to downscale its trading of healthcare related products business segment in response to the significant drop in demand and profitability. The Group's revenue from this segment amounted to Nil (2021: HK\$1.8 million), incurring a segment loss of less than approximately HK\$0.1 million for the Period. The Group will continue to explore different forms of business potentials and investment opportunities in health care sector as well as taking into account of the momentum in market demand arising from the COVID-19 variants and the economy downturn globally.

Assets Investment

The Group's assets investment business aims at spreading investments across a variety of asset classes includes a portfolio of bonds, funds, property and equity investments. During the Period, the Group strategically adjusted the portfolio size of its assets investment business segment so that it can reserve or reallocate more resources and funding to other better performing activities, including margin financing and money lending operations. For the Period, the Group incurred a loss for this segment, which was driven by the loss on changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments.

For bond investments, the Group maintains a certain number of listed bonds in order to generate stable and fixed interest income. However, the management has made a move to downsize bond investments due to worsening market sentiment, bond price adjustments and past default occurrences of certain bonds during the Period. The fair value of the Group's bond portfolio amounted to approximately HK\$3.0 million as at 30 June 2022. During the Period, interest income from bond investments amounted to approximately HK\$0.4 million, representing a decrease of approximately 86.0% compared to that of the corresponding period in last year.

In addition, the Group has interests in four unlisted close-ended funds, which it will continue to hold until their respective maturity dates or until the early redemption of such funds. The Group's designated investment team regularly monitors the underlying performance of the fund investments via updates from the fund administrators and discussions with fund managers or general partners of the funds.

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

Financial technology ("fintech") is used to describe new technology and innovation that seeks to improve and automate the delivery and use of financial services, as compared with traditional financial methods. The management is aware of the trend that fintech has become a major disruptor within the financial industry. Apart from the effort to explore and adopt fintech features in the Group's money lending business, the Group has also taken the opportunity to strengthen its foothold in today's fintech era by acquiring TNG FinTech Group Inc. in July 2021. TNG FinTech Group Inc. was renamed as Seamless Group Inc. ("Seamless") in February 2022.

Seamless primarily engages in e-wallet and digital banking services, the development of digital remittance infrastructure, and provision of digital remittance platform services in Southeast Asia. Moreover, Seamless manages a real-time gross settlement system, as well as a currency exchange and remittance network to support blockchain and digital asset technology.

On 16 July 2021, Moonscope Limited (the “Purchaser”), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“Sale and Purchase Agreement”) with Kong King Ong Alexander (the “Vendor”), pursuant to which (i) the Purchaser agreed to buy and the Vendor agreed to sell an aggregate of 609,000 shares in approximately 1.05% of the issued share capital of Seamless at the consideration of USD4,200,000 (equivalent to approximately HK\$32,760,000) (the “Acquisition”). Moreover, the Vendor granted a call option to the Purchaser which it may exercise at any time within nine months from the date of the completion of the Acquisition to require the Vendor to sell an aggregate of 260,000 shares in, representing approximately 0.45% of, the issued share capital of Seamless, to the Purchaser at the call option price (being USD1,793,103 (equivalent to approximately HK\$13,986,203)) (the “Call Option”). The Purchaser was granted a put option (the “Put Option”) that, in the event that the disposal of 40% equity investment in a subsidiary of Seamless by the minority shareholders of that subsidiary (“Ripple Acquisition”) is not materialised, the Purchaser is entitled to require the Vendor to purchase back the sale shares at the put option price. The completion of the Acquisition took place on 16 July 2021. Further details of the Acquisition are disclosed in the announcement of the Company dated 16 July 2021 and supplemental announcement of the Company dated 9 March 2022. On 21 December 2021, the Purchaser was informed that the Ripple Acquisition was completed on 6 December 2021. Accordingly, the right to exercise the Put Option did not materialise and the Put Option has lapsed accordingly. The details of the lapse of put option was disclosed in the announcement of the Company dated 22 December 2021. The Call Option was expired on 16 April 2022, details of which was disclosed in the announcement of the Company dated 14 April 2022.

As at 30 June 2022, the Group’s financial assets at fair value through profit or loss amounted to approximately HK\$599.2 million (31 December 2021: HK\$585.8 million), including (a) equity securities totaling approximately HK\$469.4 million (31 December 2021: HK\$455.2 million); (b) unlisted investment funds of approximately HK\$98.6 million (31 December 2021: HK\$98.4 million); and (c) unlisted equity investment of approximately HK\$31.2 million (31 December 2021: HK\$32.2 million).

As at 30 June 2022, the Group’s portfolio of financial assets at fair value through profit or loss comprised (a) 21 equity securities listed in Hong Kong; (b) 4 unlisted investment funds; and (c) 1 unlisted equity investment. 20 listed equity securities, accounted for approximately 6.56% of the Group’s unaudited consolidated total assets as at 30 June 2022, while the remaining 1 accounted for approximately 22.52% of the Group’s unaudited consolidated total assets as at 30 June 2022. Each of the 4 unlisted investment funds accounted for approximately 0.24% to 3.41% of the Group’s unaudited consolidated total assets as at 30 June 2022. The unlisted equity investment accounted for approximately 1.93% of the Group’s unaudited consolidated total assets as at 30 June 2022.

As at 30 June 2022, as a result of aforementioned downsizing, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK\$3.0 million (31 December 2021: HK\$15.3 million), all of which comprised listed bond investments.

As at 30 June 2022, the Group's portfolio of financial assets at fair value through other comprehensive income comprised 2 bond investments listed in Hong Kong, each of which accounted for approximately 0% to 0.19% of the Group's unaudited consolidated total assets as at 30 June 2022.

Financial assets at fair value through profit or loss

Description of investments	Brief description of the business	Fair value of investments as at		Number of shares held as at		Approximate percentage of shareholding in the investee as at		Approximate percentage of the Group's consolidated net assets as at		Dividends received during the Period (HK\$'000)	Realised loss during the Period (HK\$'000)	Unrealised gain/(loss) during the Period (HK\$'000)
		30 June 2022 (HK\$'000)	31 December 2021 (HK\$'000)	30 June 2022 ('000)	31 December 2021 ('000)	30 June 2022	31 December 2021	30 June 2022	31 December 2021			
<i>Significant investments</i>												
<i>Listed securities investments in Hong Kong</i>												
Town Health International Medical Group Limited ("Town Health") (stock code: 3886)	Provision of medical and dental services in Hong Kong; managing healthcare networks and provision of third party medical network administrator services in Hong Kong; provision of medical and dental services in the People's Republic of China ("PRC"), provision of hospital management services and related services; provision of miscellaneous healthcare related services and leasing of properties	363,603	310,790	790,442	706,742	10.50%	9.39%	23.20%	19.60%	-	-	22,935
<i>Other investments</i>												
<i>Other listed securities investments*</i>												
		105,864	144,443							-	(5,676)	(35,864)
<i>Unlisted investment funds[#]</i>												
		98,564	98,405							-	-	51
<i>Unlisted equity investment[^]</i>												
		31,177	32,167							-	-	(990)
Grand total for the financial assets at fair value through profit or loss		599,208	585,805							-	(5,676)	(13,868)

* Other listed securities investments mainly comprise the Group's investments in 20 companies whose shares are listed on the Main Board and GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of the investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2022.

The unlisted investment funds comprise 4 different private funds. The business/investment sector of the unlisted investment funds mainly relates to various industries including, but not limited to, companies in consumer goods, retail, medical and health services, and internet-related and mobile-application-related industries. Each of the unlisted investment funds has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2022.

^ The unlisted equity investment represents the investment in Seamless.

Financial assets at fair value through other comprehensive income

Description of investments	Fair value of investments as at		Interest income during the Period	Dividends received during the Period	Loss on disposal during the Period	Fair value changes recognised through other comprehensive income	Impairment loss recognised during the Period
	30 June 2022	31 December 2021				during the Period	
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Listed bond investments*	3,018	15,325	438	–	(39)	808	–
Grand total for the financial assets at fair value through other comprehensive income	<u>3,018</u>	<u>15,325</u>	<u>438</u>	<u>–</u>	<u>(39)</u>	<u>808</u>	<u>–</u>

* The bond investments comprise 2 different bonds listed in Hong Kong. The business/investment sector of the bonds investments mainly relates to various industries including, but not limited to property development and investment in the PRC. Each of the bond investments has a carrying amount that accounted for not more than 5% of the Group's unaudited consolidated total assets as at 30 June 2022.

The Group has been exploring investment opportunities from time to time with an aim to enhance the return to its shareholders as a whole. On 26 April 2022, the Group entered into a provisional agreement, pursuant to which the Group agreed to acquire a property at the consideration of HK\$47.8 million. The completion of the acquisition was on 28 June 2022. The Group intended to hold the property for investment purpose and would lease out the property for rental income. The acquisition provided the Group with a good property investment opportunity for potential capital gain and steady rental income. Please refer to the Company's announcement dated 26 April 2022 for more details of the acquisition of this property.

SIGNIFICANT INVESTMENTS

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

The Group held a significant investment with a carrying amount accounting for 5% or more of the Group's unaudited consolidated total assets as at 30 June 2022 as follows:

As at 30 June 2022, the Group held 790,442,000 shares of Town Health, with investment cost of HK\$896.7 million, which represented approximately 10.50% of the issued shares of Town Health as at 30 June 2022. The fair value of such investment was approximately HK\$363.6 million, representing approximately 22.52% of the Group's consolidated total assets as at 30 June 2022 and approximately 23.20% of the Group's consolidated net assets as at 30 June 2022.

Along with the successfully resumption of trading of its shares on the Stock Exchange starting March 2021 since its suspension in 2017, the Group recorded a fair value gain of approximately HK\$22.9 million for its investment in Town Health during the Period. No dividend was received by the Group from Town Health during the Period.

As disclosed in the update on financial performance of Town Health as published in the website of the Stock Exchange on 25 July 2022, Town Health expected that for the six months ended 30 June 2022, Town Health together with its subsidiaries (the "Town Health Group") will record an unaudited consolidated loss in the range of approximately HK\$5 million to HK\$10 million, as compared with the unaudited consolidated profit of the Town Health Group of approximately HK\$24.7 million recorded for the six months ended 30 June 2021. Such significant change from unaudited consolidated profit to unaudited consolidated loss was mainly attributable to (i) the decrease in the revenue of the Town Health Group recorded for the six months ended 30 June 2022 as a result of the decrease in demand for COVID-19 testing services during the six months ended 30 June 2022, as compared with the revenue of the Town Health Group of approximately HK\$722 million recorded for the six months ended 30 June 2021; and (ii) the share of losses of associates recorded for the six months ended 30 June 2022, as compared with the share of profits of associates of approximately HK\$14.2 million recorded for the six months ended 30 June 2021.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health would be disclosed in Town Health's interim result announcement for the six months ended 30 June 2022 published on 30 August 2022.

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

BUSINESS OUTLOOK

Now over two years into the pandemic, the general business environment remains highly uncertain and the progress of economic recovery is closely tied to the effectiveness of the pandemic's control. The recent surge in Omicron infections coupled with the further tightening of social measures has added downward pressure on Hong Kong's economic growth in 2022.

In addition, financial tensions between China and the United States ("US") continue to deepen as US close its door to Chinese firms' US listings. This ultimately may be good news from a local perspective as more mainland companies consider switching their listings to Hong Kong, bringing more capital into the city. However, it is expected that market volatility will continue to persist amid the Russia-Ukraine war.

In response to a potential overflow of listings at the beginning of 2022, the Stock Exchange launched revised listing rules for overseas companies that wish to undertake dual-primary or secondary listings in Hong Kong. In addition, the bourse introduced a special purpose acquisition company ("SPAC") listing regime. This type of enhanced listing regime aims to ensure the city's competitiveness by providing greater flexibility to facilitate more listings by mainland and Southeast Asian companies. PricewaterhouseCoopers expects Hong Kong to welcome 120 IPOs in 2022 while raising about HK\$350 to 400 billion. This will enable Hong Kong to regain its position among the world's top 3 IPO markets.

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

As for its money lending business, the Group will continue to expand into corporate and individual loans through E Cash and allow E Finance to focus on property mortgage loans and other secured loans. Under today's challenging and unpredictable economic environment, the Group expects to face lending risks which may affect loan demands from borrowers. The Group will continue to carefully evaluate its risk management strategies and ensure a proper balance between returns and risks over the long run. To help ensure a sound loan portfolio, the Group will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. The Group will also keep a close eye on the repayment performance of its loan portfolio while evaluating the affordability of borrowers. The Group will continue to cautiously monitor the general business environment and market conditions while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of COVID-19 and its variants still lingers worldwide, the Group will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

In view of the drop in profitability and intense price competition due to the relative low barriers to entry, the Group had swiftly downscaled its trading operation during the Period. Yet, in view of the fact that the healthcare industry continues to grow as the population swells and the rise in health consciousness, the Group will continuously look into investment opportunities in health care sector to bring return to the Group in a sustainable manner.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group held bank balances and cash of approximately HK\$247.1 million (31 December 2021: HK\$153.0 million). Net current assets amounted to approximately HK\$1,391.5 million (31 December 2021: HK\$1,428.9 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 62.34 times (31 December 2021: 31.81 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 2.93% (31 December 2021: 2.85%).

As at 30 June 2022, the Group had outstanding borrowings of approximately HK\$23.9 million (31 December 2021: Nil). The bank loan denominated in Hong Kong dollars as at 30 June 2022 bore interest rate at HIBOR plus 2% per annum. As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

CAPITAL COMMITMENT

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

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2022, investment property with value of approximately HK\$47.8 million was charged to the bank as security for bank borrowings granted to the Group (31 December 2021: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed 27 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

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

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

CORPORATE GOVERNANCE

The Company endeavours to maintain good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions contained in the current version of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") which came into effect on 1 January 2022 as its corporate governance code (the "CG Code"). The Company has complied with all the code provisions in the CG Code throughout the Period, except the code provision C.2.1 which requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Choi Chun Chung, Danny ("Mr. Choi") assumed the roles of both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer").

Although Mr. Choi's acting as the Chairman and the Chief Executive Officer, the Board believes that, after evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Choi,

- (i) it is appropriate and in the interests of the Company at the present stage for Mr. Choi to hold both positions as the Chairman and the Chief Executive Officer as it helps to maintain the continuity of the policies and the stability of the operations of the Company; and
- (ii) such practice will not impair the balance of power and authority under the present arrangement and will be adequately ensured by the current Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") currently comprises three independent non-executive Directors, namely Ms. Chan Lai Ping (the chairperson of the Audit Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial information of the Group for the Period.

On behalf of the Board
Power Financial Group Limited
Choi Chun Chung, Danny
Chairman and Chief Executive Officer

Hong Kong, 30 August 2022

As at the date of this announcement, the executive Directors are Mr. Choi Chun Chung, Danny, Mr. Li Wing Cheong and Mr. Cheng Chun Shing; and the independent non-executive Directors are Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung.