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Oshidori International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 622)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of Oshidori International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended	
	<i>Notes</i>	30 June 2023	30 June 2022
		<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
Revenue			
Advisory, commission income and other fee income		631	346
Net (loss) gain on sales of financial assets at fair value through profit or loss (“ FVPL ”)		(2,001)	38,697
Interest income		35,199	32,141
Dividend income		6,129	2,069
		<hr/>	<hr/>
Total revenue	3	39,958	73,253

	<i>Notes</i>	Six months ended	
		30 June 2023 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Unaudited)
Other income	4	17,907	11,243
Other net losses	5	(2,903)	(27,380)
Net unrealised fair value loss on financial assets at FVPL	3	(21,453)	(62,740)
Reversal of impairment loss in respect of loan receivables, net	14(d)	25,042	16,643
Depreciation and amortisation expenses		(15,161)	(15,595)
Employee benefits expenses	6	(8,708)	(14,359)
Other expenses	6	(22,576)	(30,561)
Share of results of associates		(521)	1,081
Share of results of a joint venture		10,642	22,553
Finance costs	6	(8,059)	(11,277)
Profit (Loss) before taxation	6	14,168	(37,139)
Income tax expense	7	(2,387)	(2,310)
Profit (Loss) for the period		11,781	(39,449)
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss</i>			
Fair value change on equity investments measured at fair value through other comprehensive income (“ Designated FVOCI ”)		(334,026)	(296,311)
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation to presentation currency		(2,049)	(833)
Total other comprehensive loss for the period		(336,075)	(297,144)
Total comprehensive loss for the period		(324,294)	(336,593)
		<i>HK cents</i>	<i>HK cents</i>
Earnings (Loss) per share	9		
Basic		0.19	(0.65)
Diluted		0.19	(0.65)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	<i>Notes</i>	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	140,178	146,235
Investment property		102,750	102,750
Right-of-use assets		3,893	7,303
Designated FVOCI	11	2,830,601	3,186,010
Debt investment at amortised cost	12	30,000	100,000
Financial assets at FVPL	15	2,438	2,485
Interests in associates	13	245,743	173,682
Interests in a joint venture		160,495	149,853
Intangible assets		15,364	15,614
Other deposits		446	5,472
Loan receivables	14	28,999	31,917
		3,560,907	3,921,321
Current assets			
Trade, loan and other receivables	14	781,092	1,017,671
Income tax recoverable		5,646	6,264
Financial assets at FVPL	15	369,960	390,314
Bank balances – trust and segregated accounts		70,227	49,745
Cash and cash equivalents		492,481	368,819
		1,719,406	1,832,813
Current liabilities			
Trade and other payables	16	132,220	173,450
Lease liabilities		4,036	6,173
Income tax payable		1,187	862
Interest-bearing borrowings	17	178,755	294,023
		316,198	474,508
Net current assets		1,403,208	1,358,305
Total assets less current liabilities		4,964,115	5,279,626
Non-current liabilities			
Lease liabilities		–	1,311
NET ASSETS		4,964,115	5,278,315
Capital and reserves			
Share capital		305,463	305,463
Reserves		4,658,652	4,972,852
TOTAL EQUITY		4,964,115	5,278,315

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. CORPORATE INFORMATION

Oshidori International Holdings Limited (the “**Company**”) is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (together the “**Group**”) principally engage in investment holdings, tactical and/or strategical investments, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licensed under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 6: Advising on corporate finance
Type 8: Securities margin financing
Type 9: Asset management

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**Interim Financial Statements**”) are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards (“**HKFRSs**”) which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on 1 January 2023 as described below.

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform— Pillar Two Model Rules

The adoption of these new/revised HKFRSs in the current period had no significant impacts on the results and financial position of the Group for the current and prior periods.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

Financial services	Provision of securities brokerage, margin financing, placing and underwriting, corporate finance advisory, investment advisory and asset management services
Tactical and/or strategical investments	Investment in financial instruments
Credit and lending services	Provision of credit and lending services

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 2023 (Unaudited)

	Financial services HK\$'000	Tactical and/or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Revenue				
Advisory, commission income and other fee income	631	-	-	631
Net loss on sales of financial assets at FVPL	158	(2,159)	-	(2,001)
Interest income	20,027	4,451	10,721	35,199
Dividend income	-	6,129	-	6,129
Total revenue	20,816	8,421	10,721	39,958
Net unrealised fair value loss on financial assets at FVPL	-	(21,453)	-	(21,453)
Segment revenue	20,816	(13,032)	10,721	18,505
Segment profit (loss)	14,106	(20,450)	25,554	19,210
Unallocated other income				12,925
Unallocated other net losses				(2,864)
Share of results of associates				(521)
Share of results of a joint venture				10,642
Unallocated finance costs				(1,490)
Central corporate expenses				(23,734)
Profit before taxation				14,168

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the six months ended 30 June 2022 (Unaudited)

	Financial services HK\$'000	Tactical and/ or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Revenue				
Advisory, commission income and other fee income	346	–	–	346
Net gain on sales of financial assets at FVPL	–	38,697	–	38,697
Interest income	11,646	–	20,495	32,141
Dividend income	–	2,069	–	2,069
	<u>11,992</u>	<u>40,766</u>	<u>20,495</u>	<u>73,253</u>
Net unrealised fair value loss on financial assets at FVPL	(39)	(62,701)	–	(62,740)
	<u>11,953</u>	<u>(21,935)</u>	<u>20,495</u>	<u>10,513</u>
Segment revenue	<u>11,953</u>	<u>(21,935)</u>	<u>20,495</u>	<u>10,513</u>
Segment profit (loss)	<u>5,923</u>	<u>(40,766)</u>	<u>6,957</u>	<u>(27,886)</u>
Unallocated other income				8,915
Unallocated other net losses				(6,792)
Share of results of associates				1,081
Share of results of a joint venture				22,553
Unallocated finance costs				(606)
Central corporate expenses				<u>(34,404)</u>
Loss before taxation				<u>(37,139)</u>

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value loss on financial assets at FVPL as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other net losses, share of results of associates, share of results of a joint venture, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 30 June 2023 (Unaudited)

	Financial services <i>HK\$'000</i>	Tactical and/ or strategic investments <i>HK\$'000</i>	Credit and lending services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	767,566	3,130,245	299,426	4,197,237
Unallocated property and equipment				139,991
Investment property				102,750
Right-of-use assets				3,893
Interests in associates				245,743
Interests in a joint venture				160,495
Unallocated intangible assets				9,956
Unallocated other receivables				35,375
Unallocated financial assets at FVPL				105,438
Income tax recoverable				5,646
Unallocated cash and cash equivalents				273,789
Consolidated assets				5,280,313
Segment liabilities	70,432	180,831	12	251,275
Unallocated other payables				7,483
Lease liabilities				4,036
Unallocated interest-bearing borrowings				52,217
Income tax payable				1,187
Consolidated liabilities				316,198

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 December 2022 (Audited)

	Financial services <i>HK\$'000</i>	Tactical and/ or strategical investments <i>HK\$'000</i>	Credit and lending services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	794,213	3,629,545	334,529	4,758,287
Unallocated property and equipment				144,924
Investment property				102,750
Right-of-use assets				7,303
Interests in associates				173,682
Interests in a joint venture				149,853
Unallocated intangible assets				10,206
Unallocated other receivables				17,178
Unallocated financial assets at FVPL				105,438
Income tax recoverable				6,264
Unallocated cash and cash equivalents				278,249
Consolidated assets				5,754,134
Segment liabilities	59,083	251,631	86,974	397,688
Unallocated other payables				16,586
Unallocated lease liabilities				7,484
Unallocated interest-bearing borrowings				53,199
Income tax payable				862
Consolidated liabilities				475,819

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, investment property, right-of-use assets, interests in associates, interests in a joint venture, certain intangible assets, certain other receivables, certain financial assets at FVPL, income tax recoverable and certain cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments other than certain other payables, lease liabilities, certain interest-bearing borrowings and income tax payable.

4. OTHER INCOME

	Six months ended	
	30 June 2023	30 June 2022
	<i>Note</i> HK\$'000 (Unaudited)	<i>HK\$'000</i> (Unaudited)
Interest income on:		
– bank deposits	2,778	1,839
– financial assets arising from a financing arrangement	5,500	5,500
– others	9	1
	<u>8,287</u>	<u>7,340</u>
Property licence fee income	1,200	1,200
Handling fee income	397	69
Scrip fee income	220	342
Others	7,803	2,292
	<u>17,907</u>	<u>11,243</u>

5. OTHER NET LOSSES

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Bad debt written off	–	(310)
Gain on deemed disposal of an associate	125	846
Gain on disposal of an associate	638	–
Loss on disposal of loan receivables	–	(20,086)
Gain on deregistration of subsidiaries	1,520	–
Net exchange loss	(5,186)	(7,830)
	<u>(2,903)</u>	<u>(27,380)</u>

6. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging:

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
Interest on bank loan	1,314	339
Interest on other loans	4,621	5,912
Interest on margin financing	1,949	4,759
Imputed interest on lease liabilities	175	267
	<u>8,059</u>	<u>11,277</u>
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	7,430	13,057
Retirement benefit scheme contributions	215	239
Share-based payment expenses	1,063	1,063
	<u>8,708</u>	<u>14,359</u>
Other expenses		
Business development expenses	484	5,220
Business registration fees, statutory fees and listing fees	1,058	1,026
Financial information charges	865	884
Handling and settlement expenses	405	270
Insurance	798	902
Investment transaction cost	162	1,883
Legal and professional fees	2,322	3,681
Marketing expenses	5,096	4,085
Other operating expenses	2,355	3,131
Other tax expenses	–	448
Share-based payment expenses to service providers	9,031	9,031
	<u>22,576</u>	<u>30,561</u>

7. INCOME TAX EXPENSE

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will continue to be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	2,387	2,033
Deferred taxation		
Origination and reversal of temporary difference	—	277
Income tax expense	<u>2,387</u>	<u>2,310</u>

8. DIVIDENDS

The directors of the Company (the “**Directors**”) do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on profit (loss) attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period as follows:

Earnings (Loss)

	Six months ended	
	30 June 2023	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (Loss) for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted earnings (loss) per share	11,781	(39,449)

Number of shares

	Six months ended	
	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares, for the purpose of basic and diluted earnings (loss) per share (<i>Note</i>)	6,109,259,139	6,109,259,139

Note:

The computation of diluted earnings (loss) per share for the periods ended 30 June 2023 and 2022 did not assume the exercise of certain share options and the issue of certain shares awarded since their assumed exercise and issue during the periods would have an anti-dilutive effect on the basic earnings (loss) per share amount presented.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property and equipment of approximately HK\$5,444,000 (six months ended 30 June 2022: acquired and disposed property and equipment of approximately HK\$4,988,000 and HK\$251,000 respectively).

11. DESIGNATED FVOCI

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Equity securities – listed			
Listed in Hong Kong		2,151,845	2,417,797
Listed in the United States		35,862	24,670
	<i>(a)</i>	2,187,707	2,442,467
Equity securities – unlisted	<i>(a)</i>	572,894	673,543
Deferred day-one loss	<i>(b)</i>	70,000	70,000
		642,894	743,543
		2,830,601	3,186,010

Notes:

- (a) At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

The fair value of each investment classified as Designated FVOCI is as follows.

		30 June 2023	31 December 2022
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Equity securities – listed			
Shengjing Bank Co., Ltd.		1,537,000	1,751,600
ZhongAn Online P & C Insurance Co., Ltd.		308,403	311,298
Hao Tian International Construction Investment Group Ltd		94,500	91,500
Imagi International Holdings Ltd.		37,071	50,877
Others		210,733	237,192
		2,187,707	2,442,467
Equity securities - unlisted			
Co-Lead Holdings Limited		22,894	24,543
Future Capital Group Limited (“Future Capital”)	<i>(b)</i>	550,000	649,000
Others		–	–
		572,894	673,543
		2,760,601	3,116,010

11. DESIGNATED FVOCI (CONTINUED)

Notes: (Continued)

- (b) On 17 February 2022, the Group entered into a subscription agreement with Future Capital, an independent third party incorporated in the Cayman Islands, to subscribe for 3,750 newly issued shares, which represents 17.81% equity interests of Future Capital, at a consideration of HK\$750,000,000 which was settled by cash. Future Capital and its subsidiaries principally engage in property investments. The transaction was completed on the same day. The Group irrevocably designated the investment in Future Capital as Designated FVOCI because the Group intends to hold for long term strategic purposes. At the initial recognition as Designated FVOCI, the fair value of investment in Future Capital was HK\$680,000,000, which was determined based on valuation carried out by independent professional valuer. As the fair value determination is not evidenced by a quoted price in an active market or based on a valuation technique that uses only data from observable markets, the Group should defer the difference of HK\$70,000,000 between the transaction price and fair value of investment in Future Capital at acquisition date as a day-one loss. Such deferred day-one loss will be recognised to profit or loss until (a) the fair value is evidenced by a quoted price in active market, (b) the valuation can be determined using market observable inputs or (c) realised through settlement. During the period, the fair value loss on investment in Future Capital of approximately HK\$99,000,000 was recognised in other comprehensive income.

12. DEBT INVESTMENT AT AMORTISED COST

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Senior notes	<u>30,000</u>	<u>100,000</u>

On 16 June 2023, the senior notes in the principal amount of HK\$70,000,000 was repurchased by its issuer. As at 30 June 2023, the Group held senior notes issued by a company listed in Hong Kong which bear interest at 9.5% per annum payable semi-annually and will be due on 30 June 2025 (31 December 2022: 30 June 2025).

13. INTERESTS IN ASSOCIATES

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Unlisted shares		
Shares of net assets	245,743	173,682

As at 30 June 2023, interests in associates mainly represented the Group's interests in 22.39% and 25% (31 December 2022: 23.19% and 25%) of the issued ordinary share capital of Hope Capital Limited and HEC Securities Company Limited (“**HEC Securities**”).

During the period, HEC Securities has issued shares to all its shareholders by way of open offer in proportion to their shareholdings. Since all its shareholders including the Group participated in the open offer, the Group's shareholding in HEC Securities remains unchanged.

14. TRADE, LOAN AND OTHER RECEIVABLES

	30 June 2023	31 December 2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables		
Trade receivables arising from the business of securities brokerage		
– cash clients	103	98
– margin clients	<i>(b)</i> 516,030	668,167
– Hong Kong Securities Clearing Company Limited (“ HKSCC ”)	<i>(c)</i> 13,961	–
– Others	214	2,121
	<i>(a)</i> 530,308	670,386
Loan receivables		
Loan and interest receivables from independent third parties	252,090	340,648
Less: Loss allowance	(9,608)	(34,650)
	<i>(d)</i> 242,482	305,998
Less: Non-current portion	(28,999)	(31,917)
Current portion	213,483	274,081
Other receivables		
Deposits with securities brokers	<i>(e)</i> 1,375	9,663
Other receivables, deposits and prepayments	35,926	63,541
	37,301	73,204
	<i>(f)</i> 781,092	1,017,671

14. TRADE, LOAN AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) No aging analysis by invoice date is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of securities brokerage business. The Group offsets certain trade receivables against trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) Trade receivables from margin clients are repayable on demand and bear interests ranging from 5% to 30% (31 December 2022: 8% to 30%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,170,135,000 (31 December 2022: approximately HK\$1,927,536,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payments when requested by the Group. During the six months ended 30 June 2023 and 2022, no margin loans were granted to the Directors or directors of subsidiaries.
- (c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.
- (d) At the end of the reporting period, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of which approximately HK\$496,000 (31 December 2022: approximately HK\$70,790,000) were secured by the pledge of properties and personal guarantees (31 December 2022: the pledge of certain collaterals and personal guarantees), bearing interests ranging from 7.75% to 12% (31 December 2022: 5% to 15%) per annum and had contractual loan period between 6 months and 18 months (31 December 2022: between 12 months and 7 years) under the Group's credit and lending services. The remaining balance included fixed rate (31 December 2022: fixed rate) loan advances to independent third parties of which approximately HK\$241,986,000 (31 December 2022: HK\$235,208,000) were unsecured, bearing interests ranging from 5% to 10% (31 December 2022: 5% to 15%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 5 months and 5 years (31 December 2022: between 6 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background checks (such as their background, and financial positions for individual borrowers and their industries and financial positions for corporate borrowers) and repayment abilities. During the six months ended 30 June 2023, the Group recognised a reversal of impairment loss in respect of loan receivables of approximately HK\$25,042,000 (six months ended 30 June 2022: reversal of impairment loss of approximately HK\$16,643,000).

14. TRADE, LOAN AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(d) (Continued)

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Not yet past due	242,482	245,598
7 to 12 months past due	–	60,400
	<hr/>	<hr/>
At the end of the reporting period	242,482	305,998
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2023, the Group has concentration of credit risk on loans to independent third parties as the exposure to the largest customer and the five largest customers represents 31% and 80% (31 December 2022: 48% and 89%) respectively of the total loans granted by the Group within the credit and lending services segment. Management of the Group monitors the exposure from time to time to assess their recoverability.

- (e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (f) The amount is expected to be recovered within one year, except for the deposits of approximately HK\$9,968,000 (31 December 2022: approximately HK\$10,168,000).

15. FINANCIAL ASSETS AT FVPL

	30 June 2023	31 December 2022
Notes	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Mandatorily measured at FVPL:		
– Listed shares in Hong Kong	171,826	183,353
– Listed shares in the United States	7,068	865
– Unlisted investment funds (a)	88,066	103,143
– Financial assets arising from a financing arrangement (b)	105,438	105,438
	<hr/>	<hr/>
	372,398	392,799
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Non-current	2,438	2,485
Current	369,960	390,314
	<hr/>	<hr/>
	372,398	392,799
	<hr/> <hr/>	<hr/> <hr/>

15. FINANCIAL ASSETS AT FVPL (CONTINUED)

Notes:

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions in Hong Kong and overseas. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for certain unlisted investment funds of approximately HK\$2,438,000 (31 December 2022: HK\$2,485,000) which was held for long-term investment.
- (b) The amount represented the transfer of assets related to the acquisition of the entire interest of Siston Holdings Limited and its wholly owned subsidiary (together the “**Siston Group**”) (the “**Acquisition**”) which does not satisfy the requirement of HKFRS 15 to be accounted for as a sales and purchase of assets and the relevant financial assets including the transfer proceeds together with the call option are accounted for under financial assets at FVPL. Details are set out in note 26(b) to the consolidated financial statements for the year ended 31 December 2022.

On 8 August 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest of Siston Group (the “**Disposal**”) at a consideration of HK\$110,000,000. The transaction was completed on the same day. The relevant agreements under the option arrangement, which have been extended during the period, were also terminated. Details of the Disposal were set out in the announcement of the Company dated 8 August 2023.

16. TRADE AND OTHER PAYABLES

		30 June	31 December
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	<i>(a)</i>	810	808
– margin clients	<i>(a)</i>	69,365	46,147
– HKSCC		–	7,684
Secured margin loans from securities brokers	<i>(b)</i>	54,487	101,028
		124,662	155,667
Other payables			
Other payables and accrued charges		7,558	17,783
		132,220	173,450

Notes:

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the Directors, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a rate ranging from 3.35% to 8% per annum (31 December 2022: 3.35% to 8% per annum). The total market value of equity securities pledged as collateral in respect of the loans was approximately HK\$462,088,000 (31 December 2022: HK\$505,697,000) as at 30 June 2023.

17. INTEREST-BEARING BORROWINGS

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Secured bank loan	<i>(a)</i>	52,217	53,199
Unsecured other loans	<i>(b)</i>	126,538	240,824
		178,755	294,023

Notes:

- (a) The bank loan as at 30 June 2023 is secured by the Group's investment property with carrying value of HK\$102,750,000 (31 December 2022: HK\$102,750,000) and corporate guarantees provided by the Group's subsidiaries. The loan is interest bearing at Hong Kong Interbank Offered Rate plus 1.3% (31 December 2022: Hong Kong Interbank Offered Rate plus 1.3%) per annum. At the end of the reporting period, the bank loan with a clause in their terms that gives the bank an overriding right to demand for repayment without notice or with notice period of less than 12 months at their sole discretion are classified as current liabilities even though the Directors do not expect that the banks would exercise their right to demand repayment.

The maturity terms of the bank loan based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,964	1,964
In the second to fifth year	7,857	9,821
Over five years	42,396	41,414
	52,217	53,199

- (b) The loan from an independent third party (31 December 2022: independent third parties and an associate) as at 30 June 2023 is unsecured, interest bearing at 5% (31 December 2022: ranging from 4% to 7.5%) per annum and repayable within 1 year (31 December 2022: within 1 year) from drawdown date.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net profit of HK\$11.8 million for the Reporting Period, compared with a net loss of HK\$39.4 million for the six months ended 30 June 2022 (the “**Previous Period**”). The aforesaid positive effect on the Group was mainly attributable to (a) the reduction of net unrealized fair value loss on financial assets at fair value through profit or loss from HK\$62.7 million for the Previous Period to HK\$21.5 million for the Reporting Period; and (b) the increase in reversal of impairment loss in respect of loan receivables, net from HK\$16.6 million for the Previous Period to HK\$25.0 million for the Reporting Period.

BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategical investments (including property investments), provision of financial services including the Securities and Futures Commission (the “**SFC**”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

A. Financial Services

The Group is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management).

Brokerage commission income generated from the Group’s securities brokerage services increased by 82.4% to HK\$0.6 million for the Reporting Period (Previous Period: HK\$0.3 million). Interest income generated from provision of margin financing services increased by 72.0% to HK\$20.0 million for the Reporting Period (Previous Period: HK\$11.6 million).

BUSINESS REVIEW (Continued)

B. Credit and Lending Services

(i) Business Model

The Company, through its wholly owned subsidiaries, namely, Oshidori WW Resources Limited and Oshidori Citizens Money Lending Corporation Limited (“**Citizens**”), conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

The Group maintains readily available funds and equips itself with sufficient lending capacities for capturing potential business opportunities. The Group finances its credit and lending business with its existing general working capital. The Group’s credit and lending business has a unique business model with emphasis on the provision of sizeable loans to both corporate and individual clients with good financial standing and low credit risk (such as listed companies and individuals holding marketable assets).

The Group targets a niche market of high-profile borrowers (i.e. (a) listed companies; (b) companies with well-established businesses; (c) companies or individuals holding marketable assets; and (d) individuals whose occupations are executives, businessmen or professionals) in need of sizeable loans, who have a proven track record of making repayments. The Group grants loans only to recognised and creditworthy customers. The Group grants loans only to the customers (a) who are third parties and not connected with the Group; (b) who are introduced by the Group’s directors, senior management, business partners or existing/previous borrowers; and (c) whose creditworthiness and loan collateral are evaluated and approved by the credit committee (the “**Credit Committee**”) of the Group.

The management team of the Group’s credit and lending business comprises the Credit Committee and 2 managers. During the six months ended 30 June 2023, the Credit Committee consisted of two directors of the Group, who had more than 30 years and around 20 years of experience in finance, investment and credit and lending industries, respectively. The Credit Committee has the power and authority to review and approve the loan applications. The Credit Committee is responsible for (i) assessing credit risks; (ii) overseeing the approval of credit applications and loan approvals; and (iii) managing customer relationships. The managers are responsible for (i) reviewing loan documentations, (ii) identifying potential problems; and (iii) recommending mitigating factors.

BUSINESS REVIEW (Continued)

B. Credit and Lending Services (Continued)

(ii) Internal Control Procedures

The Group has taken the following internal control measures in carrying out the credit and lending services business:

Credit risk assessment of customers

Potential customers are required to disclose and provide the Group with a list of information required for a loan application. The Group will then assess the creditworthiness of the potential customers and their repayment abilities, including legal due diligence. In particular, the following information is requested and considered as part of the process of assessing creditworthiness:

- a) the potential customers' background and statutory information;
- b) the potential customers' proof of income, including bank statements;
- c) the amount and purpose of the loan;
- d) the results of legal searches, such as litigation (or the absence of), on the potential customers; and
- e) whether the Group and the potential customers have any prior dealings and, if so, the credit history of any such prior arrangements.

In making the approval decision, the Credit Committee considers the information set out above and assesses the potential customers' credit risk, the loan-to-value ratio and the proposed interest rate. The operations of the Credit Committee are subject to review by the Executive Directors of the Company.

Mechanism in determining loan terms

The request from each potential customer is unique. The loan terms are determined based on the potential customers' financial needs (e.g. type of loan, capital needs and loan tenure), credit risk assessment of potential customers and their financial repayment abilities. The loan interest rate is determined based on the result of credit risk assessment and reference to the market interest rate.

BUSINESS REVIEW (Continued)

B. Credit and Lending Services (Continued)

(ii) Internal Control Procedures (Continued)

Approval process for granting loans

Application and approval process are as follows:

- a) collection of potential customer's information;
- b) preliminary loan assessment and approval (if disapproved, reject loan application and inform the potential customer);
- c) credit assessment – 3C's Assessment (i.e. character, capacity, and collateral):
 - character is defined by credit and loan repayment history;
 - capacity measures income and ability to service a loan or line of credit;
 - collateral refers to asset(s) that could be leveraged for payment;
- d) determine the terms of the loan and obtain approval from the Credit Committee (if disapproved, reject loan application and inform potential customer);
- e) prepare board minutes to approve the loan and notify the potential customer of the loan approval;
- f) prepare all relevant loan documents and explain the terms of the loan and the associated loan documents to the potential customer;
- g) execution of the relevant loan documents and prepare loan disbursement;
and
- h) review and file the loan documents in the filing cabinets.

BUSINESS REVIEW (Continued)

B. Credit and Lending Services (Continued)

(ii) Internal Control Procedures (Continued)

Monitoring loan repayment and recovery

The status of outstanding loan principals and interest collection is monitored by the Credit Committee, two managers and accounting department on a daily basis by reviewing daily reports. On the maturity date, the Credit Committee communicates with borrowers by phone regarding their financial conditions and source of repayment to ascertain whether borrowers have any difficulty in making their repayments on time; and the Credit Committee also reminds borrowers to make timely repayments of their loans. When borrowers request for loan extension, the Credit Committee would request the managers and accounting department to ascertain and review the borrowers' financial condition through publicly available information (such as the Stock Exchange's website and press media, etc) so as to assess the recoverability of loans. In the event that there is no such publicly available information, the Credit Committee would request the respective borrowers for their updated financial information.

Taking actions on delinquent loans

When a loan is overdue, the Group will contact the borrower and guarantor (if any) to remind them of the possible enforcement action(s) and timing of repayment and seeking reasons for the delay in repayment. The Group will also issue demand letter(s) to the borrowers. If the Group does not receive any favourable reply from the borrowers, the Group will instruct legal advisers to take legal actions for recovery of outstanding loan principal and accrued interest.

The action plans are determined based on the individual situation on a case by case basis. In general, the Group takes into account factors such as whether the pledged assets provided by the borrowers are sufficient in value; and whether there are any bona fide settlement offers made by the borrowers.

In case the market value of pledged assets falls below the outstanding loan amount, the Group may request the borrowers to increase the pledged assets. In case the borrowers can provide the Group with bona fide settlement proposal, the Group may consider withholding legal action against the borrowers and accept the settlement proposal in order to save legal costs and time.

BUSINESS REVIEW (Continued)

B. Credit and Lending Services (Continued)

(iii) Major Terms of Loans

As at 30 June 2023, the Company's credit and lending services business had 12 customers (all of them are independent third parties) and the total net loan receivables including both fixed and variable rate loan advances was HK\$242.5 million (31 December 2022: HK\$306.0 million).

Among these loan receivables, totalling HK\$0.5 million (31 December 2022: totalling HK\$70.8 million) were secured by the pledge of properties and personal guarantees (31 December 2022: the pledge of securities and personal guarantees), and bearing interests ranging from 7.75% to 12% (31 December 2022: 5% to 15%) per annum and had contractual loan period between 6 months and 18 months (31 December 2022: between 12 months and 7 years).

The remaining balance of HK\$242.0 million (31 December 2022: HK\$235.2 million) were unsecured, and bearing interests ranging from 5% to 10% (31 December 2022: 5% to 15%) per annum. Out of these unsecured loan receivables, HK\$212.9 million has contractual loan period between 6 months and 1 year, HK\$19.6 million has contractual loan period between 1 year and 2 years, HK\$8.5 million has contractual loan period between 2 years and 5 years and HK\$1.0 million has contractual loan period over 5 years (31 December 2022: between 6 months and 5 years and over 5 years).

During the six months period ended 30 June 2023, the Group offered attractive interest rate to borrowers (as low as 5% per annum) as special promotion and on ad hoc basis. Such interest rate would be offered when the Group obtained surplus financial resources upon receipt of unexpected early repayment from borrowers. Such interest rate was offered as a special promotion to maintain amicable business relationship with our borrowers whose credit assessment were of satisfactory results.

Interest income from loan receivables for the Reporting Period was HK\$10.7 million (Previous Period: HK\$20.5 million), which was decreased by 47.7% as compared with the Previous Period. The decrease was due to the Group's prudent approach in carrying out its credit and lending services business.

BUSINESS REVIEW (Continued)

B. Credit and Lending Services (Continued)

(iv) Top Five Borrowers

As at 30 June 2023, the loan and interest receivables from the largest borrower was HK\$74.8 million (representing approximately 31% of the total loan and interest receivables of the Group) while the loan and interest receivables from the five largest borrowers together was HK\$192.8 million (representing approximately 80% of the total loan and interest receivables of the Group).

C. Tactical and/or Strategic Investments

The Group engages in tactical and/or strategic investments of a diversified portfolio overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) licences under the Securities and Futures Ordinance. Negative income from this segment amounted to HK\$13.0 million for the Reporting Period (Previous Period: HK\$21.9 million).

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

The Group strives to achieve excellent results and performance through the Group's tactical and/or strategic investments segment – creating value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group has formulated a criteria to identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to existing holdings from time to time.

SIGNIFICANT INVESTMENTS

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment, or jointly as significant investments, of the Group in this announcement. A breakdown of such significant investments as at 30 June 2023 is set out below:

Name of investment	Number of shares held as at 30 Jun 2023	Percentage of shareholding held as at 30 Jun 2023	Unrealised loss for the six months ended 30 Jun 2023 <i>HK\$'000</i>	Unrealised loss through other comprehensive income for the six months ended 30 Jun 2023 <i>HK\$'000</i>	Dividends received for the six months ended 30 Jun 2023 <i>HK\$'000</i>	Approximate % to the Group's total assets as at 30 Jun 2023	Investment cost <i>HK\$'000</i>	Market value as at 30 Jun 2023 <i>HK\$'000</i>
Listed shares in Hong Kong								
– Shengjing Bank Co., Ltd (stock code: 2066)	293,034,000	12.52%	(2,245)	(214,600)	–	29.41%	1,972,015	1,553,080
– ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060)	14,479,000	1.02%	–	(2,896)	–	5.84%	408,777	308,403
Future Capital Group Limited	3,750	17.81%	–	(99,000)	–	10.42%	750,000	550,000

The performance and prospects of such significant investments during the Reporting Period were as follows:

1. Shengjing Bank Co., Ltd. (“Shengjing”) (Stock Code: 2066)

Shengjing and its subsidiaries principally engage in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Bank Insurance Regulatory Commission.

In the first half of 2023, Shengjing Bank kept its advocating for the overall leadership of the Communist Party of China, adhered to its market positioning as a city commercial bank, and adhered to sustainable development. Shengjing Bank, focusing on the strategic vision of “building a sound bank”, comprehensively promoted its development and transition, and, adhering to the working style of “being pragmatic, sound, solid and implementing”, continued to strengthen its ability to provide services to the local economy, small and medium-sized enterprises, and urban and rural residents, thus stable and improving operation and development, continuously improving risk control capability, and increasingly solid business foundation.

As of 30 June 2023, the total assets of Shengjing Bank amounted to RMB1,095.165 billion, representing an increase of RMB12.752 billion or 1.2% as compared with that at the end of the previous year; deposits amounted to RMB808.833 billion, representing an increase of RMB37.267 billion or 4.8% as compared with that at the end of the previous year; and loans amounted to RMB620.285 billion, representing an increase of RMB6.922 billion or 1.1% as compared with that at the end of the previous year. In the first half of 2023, Shengjing Bank achieved a net profit of RMB790 million, representing a year-on-year decrease of RMB174 million or 18.1%.

Shengjing Bank considers that the economic recovery process will advance wave upon wave with twists and turns. China has adhered to the general tone of “making progress while maintaining stability”, implemented the new development concept in a complete, accurate and comprehensive manner, accelerated the construction of a new development pattern, attached significant importance to expanding domestic demand, boosting confidence and preventing risks, consistently promoted the sustained improvement of economic operation, the enhancement of the endogenous power, the improvement of social demands, and resolution of risks and hidden dangers in order to promote the effective improvement in quality and reasonable growth in quantity of the economy.

Shengjing Bank will correctly comprehend and accurately grasp the situation of economic and financial development, insist on the political and people-oriented nature of financial work based on the strategic vision of “building a sound bank”, coordinate the two major tasks of reform and risk reduction, as well as strategic transformation, persist in positioning as “serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents”, and uphold the work style of “being pragmatic, steadfast, solid and practical” to firmly carry out various tasks. In accordance with the general guideline of “upgrading the scale, improving the quality, preventing the risks, stabilizing the expectations and reinforcing the disciplines”, Shengjing Bank will make every effort to promote the four transformations, i.e. business transformation, asset and liability management transformation, digital transformation, and network transformation; and make every effort to provide the “four guarantees”, i.e. party building guarantee, risk compliance guarantee, resource guarantee, and team guarantee, so as to achieve high-quality development and to become a Chinese-funded bank that promotes the comprehensive revitalization and all round development of Liaoning and Shenyang.

From a long-term perspective, Shengjing Bank appears to have good prospects and the Company considers its investment in Shengjing Bank has strategic investment value.

SIGNIFICANT INVESTMENTS (Continued)

2. ZhongAn Online P & C Insurance Co., Ltd. (“ZhongAn”) (Stock Code: 6060)

ZhongAn and its subsidiaries are principally engaged in Fintech business, which provides internet insurance services, insurance information technology services and online banking services to customers.

ZhongAn group recorded net profit attributable to owners of the parent of RMB221 million in the first half of 2023, representing an improvement of RMB858 million as compared with net loss attributable to owners of the parent of RMB636 million for the corresponding period of last year, which was mainly driven by the improvement in investment income, and to a lesser extent, the increase in underwriting profit.

In the first half of 2023, total income of ZhongAn group increased by approximately 28.3% from approximately RMB11,089 million for the six months ended 30 June 2022 to approximately RMB14,231 million for the six months ended 30 June 2023. ZhongAn group recorded a net profit of approximately RMB26 million for the six months ended 30 June 2023, compared to a net loss of approximately RMB685 million for the six months ended 30 June 2022. This was mainly driven by the improvement in investment income, and to a lesser extent, the increase in underwriting profit.

As the first Internet-based InsurTech company in China, ZhongAn aims to redefine insurance with cutting-edge technology and innovative business models. ZhongAn embraces a dual-engine strategy of “Insurance + Technology” and adheres to integrating technologies into the entire insurance value chain. By empowering the insurance value chain with technologies and adopting an ecosystem-oriented approach, ZhongAn focuses on the Internet life scenarios of customers to provide innovative, inclusive and abundant insurance products and services through proprietary channels and ecosystem partners’ platforms, in order to meet the diversified protection needs of customers and create an effective value proposition for them.

From a long-term perspective, ZhongAn appears to have good prospects and the Company considers its investment in ZhongAn has strategic investment value.

SIGNIFICANT INVESTMENTS (Continued)

3. Future Capital Group Limited (“Future Capital”)

Future Capital is incorporated in the Cayman Islands with limited liability and it principally engages in property investments.

The economy is recovering with post-COVID normalization on economic activities. 2023 is still a challenging year and Future Capital expects that there will be a return to normalcy in various aspects with progress. Property market will continue to face external challenges including continued interest rate increase, inflation and currency volatility.

In order to maintain competitiveness and provide satisfactory returns to its shareholders, Future Capital’s management is carefully exploring opportunities to diversity beyond the rental property market. Considering the uncertainties in the market, Future Capital will be cautious in evaluating potential investment opportunities and will maintain a conservative treasury policy.

From a long-term perspective, Future Capital appears to have good prospects and the Company considers its investment in Future Capital has strategic investment value.

Going forward, the Group will continue to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value for our shareholders. Although the market sentiment is expected to gradually improve given the sufficient liquidity and post COVID-19 recovery of the economy, the overall economic outlook still remains uncertain. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

FINANCIAL REVIEW

Review of results

The Group recorded a total revenue of HK\$40.0 million for the Reporting Period, representing a decrease of 45.45% as compared with the amount of HK\$73.3 million for the Previous Period. Income from financial services segment amounted to HK\$20.8 million (Previous Period: HK\$12.0 million). Negative income from tactical and/or strategical investments segment amounted to HK\$13.0 million (Previous Period: HK\$21.9 million). Income from credit and lending services segment amounted to HK\$10.7 million (Previous Period: HK\$20.5 million).

The Group recorded a net profit of HK\$11.8 million for the Reporting Period (Previous Period: net loss of HK\$39.4 million). Such positive effect on the Group was mainly attributable to (a) the reduction of net unrealized fair value loss on financial assets at fair value through profit or loss from HK\$62.7 million for the Previous Period to HK\$21.5 million for the Reporting Period; and (b) the increase in reversal of impairment loss in respect of loan receivables, net from HK\$16.6 million for the Previous Period to HK\$25.0 million for the Reporting Period. Basic and diluted earnings per share for the Reporting Period were HK cents 0.19 and HK cents 0.19 respectively (Previous Period: basic and diluted loss per share of HK cents 0.65 and HK cents 0.65 respectively). The net profit of financial services segment was HK\$14.1 million (Previous Period: HK\$5.9 million). The net loss of tactical and/or strategical investments segment was HK\$20.5 million (Previous Period: HK\$40.8 million). The net profit of credit and lending services segment was HK\$25.6 million (Previous Period: HK\$7.0 million).

The Group recorded other comprehensive loss of HK\$336.1 million for the Reporting Period (Previous Period: HK\$297.1 million).

Capital structure

The Company has not conducted any equity fund raising activities during the Reporting Period. As at 30 June 2023, the Company has 6,109,259,139 shares in issue.

The unaudited consolidated total asset value of the Group as at 30 June 2023 was HK\$5,280.3 million (31 December 2022: HK\$5,754.1 million). The unaudited consolidated net asset value of the Group as at 30 June 2023 was HK\$4,964.1 million (31 December 2022: HK\$5,278.3 million). The unaudited consolidated net asset value per share as at 30 June 2023 was HK\$0.81 (31 December 2022: audited HK\$0.86). Apart from financial assets being held by the Group for its tactical and/or strategical investments, the Group also holds substantive assets which mainly comprise tangible assets such as cash and bank balances and trade, loan and other receivables.

FINANCIAL REVIEW (Continued)

Charges on group assets

As at 30 June 2023, the Group's borrowings included margin loans of HK\$54.5 million (31 December 2022: HK\$101.0 million), an unsecured loan from an independent third party of HK\$126.5 million (31 December 2022: HK\$240.8 million) and a secured bank loan of HK\$52.2 million (31 December 2022: HK\$53.2 million). The bank loan is secured by a property, the book value of which as at 30 June 2023 was HK\$102.8 million. The margin loans are secured by pledge of equity securities to securities brokers as collaterals, with total market value of HK\$462.1 million as at 30 June 2023 (31 December 2022: HK\$505.7 million). As at 30 June 2023, the Group's borrowings are interest bearing at HIBOR plus 1.3% per annum or at a range from 3.35% to 8.0% per annum (31 December 2022: HIBOR plus 1.3% per annum or at a range from 3.35% to 8.0% per annum) and repayable on demand or within 1 year (31 December 2022: repayable on demand or within 1 year).

Liquidity and financial resources

The Group's cash and cash equivalents as at 30 June 2023 was HK\$492.5 million (31 December 2022: HK\$368.8 million). The cash and cash equivalents and financial assets at fair value through profit or loss in aggregate as at 30 June 2023 were HK\$864.9 million (31 December 2022: HK\$761.6 million).

The liquidity of the Group remained strong with a current ratio of 5.4 as at 30 June 2023 (31 December 2022: 3.9). The Group had loan payables of HK\$178.8 million as at 30 June 2023 (31 December 2022: HK\$294.0 million) and the gearing ratio of the Group (expressed as a percentage of total loan payables over total equity) as at 30 June 2023 was 3.6% (31 December 2022: 5.6%). The decrease in gearing ratio manifests better liquidity position and efficient financial management of the Group.

Exposure to fluctuation in exchange rates and related hedges

Save for certain bank balances that are denominated in Renminbi (“**RMB**”) and United States dollar (“**USD**”), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar. As at 30 June 2023, the bank balances denominated in RMB and USD amounted to HK\$174.3 million and HK\$41.1 million respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Reporting Period, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The directors of the Company (the “**Directors**”) will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

Capital commitments

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 30 June 2023 (31 December 2022: Nil).

FINANCIAL REVIEW (Continued)

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

OUTLOOK AND CORPORATE STRATEGY

Looking ahead to the second half of 2023, the global business and investment environment is still full of challenges and uncertainties.

The Group will maintain a prudent approach in carrying out and monitoring its business, but adopt a wait and see approach in tackling the adverse environment.

Dealing with the future challenges, the Management will review and adjust business strategies on a regular basis with a prudent and balanced risk management approach. The Group will focus on ensuring a healthy balance sheet.

MATERIAL TRANSACTION

On 4 May 2023, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with a third party in respect of the acquisition of the entire issued share capital of, and all outstanding shareholder's loan owing by, CUCNP Holdings Limited which is the sole registered and beneficial owner of a property (the "**Acquisition**"). The consideration for the Acquisition was HK\$220 million. On 17 May 2023, the aforesaid parties entered into a termination agreement to terminate the Acquisition. For further details, please refer to the announcements of the Company dated 4 and 17 May 2023.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 8 August 2023, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with a third party in respect of the disposal of the entire issued share capital of, and all outstanding shareholder's loan owing by, Siston Holdings Limited (the "**Disposal**"). The consideration for the Disposal was HK\$110 million which was received on the same day. For further details, please refer to the announcement of the Company dated 8 August 2023.

LITIGATION

Citizens, a wholly owned subsidiary of the Company, was a party to a receivership proceedings concerning Celebrate International Holdings Limited (“**Celebrate**”), a company previously listed in Hong Kong with stock code 8212. Southwest Securities (HK) Brokerage Limited (“**Southwest**”) is a local corporation and Fong Siu Wai (also known as Louis Fong) (together with Southwest, the “**Defendants**”) is a former employee of Southwest. On 19 June 2020, the Defendants maliciously published a letter to the High Court which contained false and defamatory statements against citizens. On 30 September 2020, Citizens served a Writ of Summons and Statement of Claim to the Defendants, suing them for libel and malicious falsehood. Southwest and Fong Siu Wai (also known as Louis Fong) have reached separate settlements in June 2023 and July 2023 respectively, which include the payment of monetary damages as a full and final settlement of all claims made by Citizens against them. Additionally, Citizens received a letter from Fong Siu Wai (also known as Louis Fong) expressing his sincere apologies for his actions.

INTERIM DIVIDEND

The board of Directors (the “**Board**”) does not recommend the payment of any interim dividend for the Reporting Period. (Previous Period: Nil)

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 28 (31 December 2022: 29) full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Remuneration packages consisted of salary as well as discretionary bonus. Other benefits include medical and retirement benefits, contribution to the mandatory provident fund and share options.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries for the Reporting Period.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises four Independent Non-Executive Directors. The Audit Committee is chaired by Mr. Yu Chung Leung and the members of the Audit Committee are Hon. Chan Hak Kan, Mr. Hung Cho Sing and Mr. Lam John Cheung-wah. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management. The interim results of the Group for the Reporting Period had not been audited, but had been reviewed by the Company’s auditor, Mazars CPA Limited and the Audit Committee.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except code provision C.2.1.

Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman were undertaken by the Independent Non-Executive Directors who led the Board and had to ensure that the Board works effectively whereas the Executive Directors continued performing the role of the Chief Executive Officer collectively. The Board was of the view that under such board structure, there was a clear division of the responsibilities of chairman and chief executive, thus the balance of power and authority could be ensured. Such deviation had been rectified upon the re-designation of Mr. Sam Hing Cheong from a Non-Executive Director to an Executive Director and Chairman of the Company with effect from 1 July 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Reporting Period, all Directors have complied with the required standard set out in the Model Code.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.oshidoriinternational.com). The 2023 interim report will be despatched to shareholders of the Company and published on the above websites in September 2023.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Oshidori International Holdings Limited
Sam Hing Cheong
Executive Director and Chairman

Hong Kong, 30 August 2023

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. Sam Hing Cheong (*Chairman*)
Ms. Wong Wan Men
Mr. Wong Yat Fai

Independent Non-Executive Directors:

Hon. Chan Hak Kan, *S.B.S., J.P.*
Mr. Hung Cho Sing, *B.B.S.*
Mr. Lam John Cheung-wah
Mr. Yu Chung Leung