# Minerva Group Holding Limited
# 贏集團控股有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 397)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

**FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2023:

– The Group recorded revenue of approximately HK$74.1 million (2022: HK$73.0 million).

– Loss attributable to owners of the Company amounted to approximately HK$104.1 million (2022: HK$171.3 million).

As at 31 December 2023:

– The Group held financial assets at fair value through profit or loss of approximately HK$482.3 million (2022: HK$481.9 million).

– The Group held bank balances and cash of approximately HK$188.0 million (2022: HK$220.1 million), loans and interest receivables of approximately HK$446.3 million (2022: HK$528.7 million) respectively.

– Current ratio (defined as total current assets divided by total current liabilities) was 23.00 times (2022: 24.82 times).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

* *For identification purpose only*

## RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Minerva Group Holding Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with comparative figures for the year ended 31 December 2022, as follows:

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

*FOR THE YEAR ENDED 31 DECEMBER 2023*

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Revenue** | *4* | **74,072** | 72,978 |
| Direct operating costs | | **(4,406)** | (5,032) |
| **Gross profit** | | **69,666** | 67,946 |
| Other income, gains and losses | *6* | **(130,756)** | (181,972) |
| Administrative expenses | | **(45,098)** | (56,680) |
| Finance costs | *7* | **(934)** | (577) |
| Loss before tax | *8* | **(107,122)** | (171,283) |
| Income tax credit | *9* | **3,061** | – |
| **Loss for the year** | | **(104,061)** | (171,283) |
| **Other comprehensive income/(expense)** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Fair value changes of debt instruments at fair value through other comprehensive income | | **–** | (488) |
| Release of fair value changes of debt instruments at fair value through other comprehensive income upon disposal | | **–** | 1,748 |

| | Notes | **2023** **HK$'000** | 2022 *HK$'000* |
|---|---|---|---|
| Other comprehensive income for the year, net of income tax | | **–** | 1,260 |
| **Total comprehensive expense for the year** | | **(104,061)** | (170,023) |
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | **(104,059)** | (171,280) |
| Non-controlling interests | | **(2)** | (3) |
| | | **(104,061)** | (171,283) |
| **Total comprehensive expense for the year attributable to:** | | | |
| Owners of the Company | | **(104,059)** | (170,020) |
| Non-controlling interests | | **(2)** | (3) |
| | | **(104,061)** | (170,023) |
| | | **HK cents** | HK cents |
| **Loss per share** | | | |
| – Basic | *11* | **(3.82)** | (6.15) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 DECEMBER 2023*

| | Notes | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **7,381** | 3,269 |
| Goodwill | | **136** | 136 |
| Investment property | | **38,100** | 40,900 |
| Other intangible assets | | **6,550** | 1,300 |
| Loans and interest receivables | *12* | **23,945** | – |
| Financial assets at fair value through profit or loss | | **118,760** | 99,272 |
| Other assets | | **155** | 412 |
| | | **195,027** | 145,289 |
| **CURRENT ASSETS** | | | |
| Loans and interest receivables | *12* | **422,321** | 528,700 |
| Trade and other receivables, deposits and prepayments | *13* | **146,243** | 179,259 |
| Financial assets at fair value through profit or loss | | **363,515** | 382,661 |
| Bank trust account balances | | **10,658** | 16,940 |
| Bank balances and cash | | **188,034** | 220,068 |
| | | **1,130,771** | 1,327,628 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *14* | **25,851** | 27,363 |
| Income tax payable | | **–** | 551 |
| Bank borrowings | | **22,958** | 23,570 |
| Lease liabilities | | **350** | 2,015 |
| | | **49,159** | 53,499 |

| | Notes | **2023** **HK$'000** | 2022 *HK$'000* |
|---|---|---|---|
| **NET CURRENT ASSETS** | | **1,081,612** | 1,274,129 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **1,276,639** | 1,419,418 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | | **–** | 350 |
| | | **–** | 350 |
| **NET ASSETS** | | **1,276,639** | 1,419,068 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **25,053** | 27,836 |
| Reserves | | **1,249,742** | 1,389,386 |
| **Equity attributable to owners of the Company** | | **1,274,795** | 1,417,222 |
| Non-controlling interests | | **1,844** | 1,846 |
| **TOTAL EQUITY** | | **1,276,639** | 1,419,068 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and its head office and principal place of business in Hong Kong is situated at Unit 1804A, 18/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Pursuant to the special resolution passed at the annual general meeting of the Company held on 16 June 2023, the Company changed its name from Power Financial Group Limited to Minerva Group Holding Limited with effect from 1 August 2023.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are financial services business, money lending business and assets investment.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

**Amendments to HKFRSs that are mandatorily effective for current year**

In the current year, the Group has applied amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

| | |
|---|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17) | Insurance Contracts |
| Amendment to HKFRS 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 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |

**Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies**

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, if can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

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

**Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong**

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 ( the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is under to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered that the impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

**New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current [1] |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants [1] |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements [1] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback [1] |
| Amendments to HKAS 21 | Lack of Exchangeability [2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3] |

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] The effective date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs that are not yet effective in respect of the current year will have no material impact on the consolidated financial statements in the foreseeable future.

**Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")**

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterpart, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 Amendments and the 2022 Amendments will not result in reclassification of the Group's liabilities.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

**Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

## 4. REVENUE

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income from money lending | **55,076** | 57,164 |
| Interest income from bond investments | **–** | 696 |
| Income from financial services | | |
| – Commission income from securities brokerage | **732** | 1,153 |
| – Commission income from placing | **300** | 1,446 |
| – Corporate finance advisory services | **395** | – |
| – Interest income from clients | **16,549** | 12,132 |
| Rental income | **1,020** | 387 |
| | **74,072** | 72,978 |

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Income from financial services | | |
| – Commission income from securities brokerage | **732** | 1,153 |
| – Commission income from placing | **300** | 1,446 |
| – Corporate finance advisory services | **395** | – |
| | **1,427** | 2,599 |

**Disaggregation of revenue from contracts with customers**

In the following table, revenue is disaggregated by timing over revenue recognition.

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Analysed by timing of recognition:** | | |
| Revenue recognised at point in time | **1,032** | 2,599 |
| Revenue recognised over time | **395** | – |
| | **1,427** | 2,599 |

## 5. 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 requires 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 health care related products in Hong Kong and to overseas; and

- Assets investment segment – Investments in debt securities earning fixed interest income, investments in properties earning rental income and capital gains, as well as investments in listed and unlisted equity securities and investment funds earning variable returns and gains.

**Segment revenues and results**

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

***For the year ended 31 December 2023***

| | Financial services segment *HK$'000* | Money lending segment *HK$'000* | Trading segment *HK$'000* | Assets investment segment *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Segment revenue from external customers | **17,976** | **55,076** | **–** | **1,020** | **74,072** |
| **Other income, gains and losses** | | | | | |
| Dividend income from listed equity securities | **–** | **–** | **–** | **949** | **949** |
| Loss on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**") | **–** | **–** | **–** | **(106,062)** | **(106,062)** |
| Loss on fair value changes of investment property | **–** | **–** | **–** | **(2,800)** | **(2,800)** |
| Impairment loss on loans and interest receivables | **–** | **(24,114)** | **–** | **–** | **(24,114)** |
| Impairment loss on trade receivables reversed | **18** | **–** | **–** | **–** | **18** |
| | **17,994** | **30,962** | **–** | **(106,893)** | **(57,937)** |
| **Results** | | | | | |
| Segment profit/(loss) | **8,249** | **14,467** | **–** | **(124,748)** | **(102,032)** |
| Unallocated corporate income | | | | | **1,176** |
| Unallocated corporate expenses | | | | | **(6,164)** |
| Finance costs | | | | | **(102)** |
| Loss before tax | | | | | **(107,122)** |

*For the year ended 31 December 2022*

| | Financial services segment *HK$'000* | Money lending segment *HK$'000* | Trading segment *HK$'000* | Assets investment segment *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| Segment revenue from external customers | 14,731 | 57,164 | – | 1,083 | 72,978 |
| **Other income, gains and losses** | | | | | |
| Dividend income from listed equity securities | – | – | – | 1,300 | 1,300 |
| 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 FVTPL | – | – | – | (153,532) | (153,532) |
| Loss on fair value changes of investment property | – | – | – | (6,900) | (6,900) |
| Impairment loss on: | | | | | |
| – Loans and interest receivables | – | (28,255) | – | – | (28,255) |
| – Debt instruments at FVTOCI | – | – | – | (3,753) | (3,753) |
| Impairment loss on trade receivables reversed | 18 | – | – | – | 18 |
| | 14,749 | 28,909 | – | (161,841) | (118,183) |
| **Results** | | | | | |
| Segment profit/(loss) | 6,656 | 1,570 | (8) | (181,175) | (172,957) |
| Unallocated corporate income | | | | | 9,210 |
| Unallocated corporate expenses | | | | | (7,299) |
| Finance costs | | | | | (237) |
| Loss before tax | | | | | (171,283) |

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the year ended 31 December 2023 (2022: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represent the profit/loss from each segment without allocation of certain directors' emoluments, certain other income, gains and losses, 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 segments:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Segment assets** | | |
| Financial services segment | **120,039** | 129,690 |
| Money lending segment | **451,938** | 543,421 |
| Assets investment segment | **533,133** | 561,351 |
| Total segment assets | **1,105,110** | 1,234,462 |
| Unallocated assets | | |
| – Bank balances and cash | **182,732** | 205,062 |
| – Other unallocated assets | **37,956** | 33,393 |
| Consolidated total assets | **1,325,798** | 1,472,917 |
| **Segment liabilities** | | |
| Financial services segment | **15,580** | 17,718 |
| Money lending segment | **8,293** | 8,941 |
| Assets investment segment | **24,241** | 24,677 |
| Total segment liabilities | **48,114** | 51,336 |
| Unallocated liabilities | **1,045** | 2,513 |
| Consolidated total liabilities | **49,159** | 53,849 |

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) and bank balances and cash which are not allocated to segment assets; and

- all liabilities are allocated to operating segments other than certain payables, lease liabilities and income tax payable which are not allocated to segment liabilities.

**Other segment information**

***For the year ended 31 December 2023***

| | **Financial services segment** *HK$'000* | **Money lending segment** *HK$'000* | **Trading segment** *HK$'000* | **Assets investment segment** *HK$'000* | **Unallocated** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|---|---|
| Additions to non-current assets | **50** | **–** | **–** | **11,005** | **–** | **11,055** |
| Interest income | **17,720** | **55,076** | **–** | **–** | **5** | **72,801** |
| Interest expenses | **–** | **–** | **–** | **(832)** | **(102)** | **(934)** |
| Depreciation of property, plant and equipment | **(80)** | **(147)** | **–** | **(375)** | **(2,015)** | **(2,617)** |
| Impairment loss on trade receivables reversed | **18** | **–** | **–** | **–** | **–** | **18** |

*For the year ended 31 December 2022*

| | Financial services segment *HK$'000* | Money lending segment *HK$'000* | Trading segment *HK$'000* | Assets investment segment *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| Additions to non-current assets | – | – | – | 48,404 | 3,590 | 51,994 |
| Interest income | 12,132 | 57,164 | – | 696 | 5 | 69,997 |
| Interest expenses | – | – | – | (340) | (237) | (577) |
| Depreciation of property, plant and equipment | (211) | (369) | – | – | (5,931) | (6,511) |
| Impairment loss on trade receivables reversed | 18 | – | – | – | – | 18 |

*Note:* Additions to non-current assets excluded those relating to financial instruments.

**Geographical information**

The geographical location of customers is based on the location of the 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 and Japan. The Group operates in Hong Kong and its revenue is derived from its operations in Hong Kong.

**Information about major customers**

There was no customer contributing over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.

## 6. OTHER INCOME, GAINS AND LOSSES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income | **1,176** | 5 |
| Rental income | **–** | 470 |
| Dividend income from listed equity securities | **949** | 1,300 |
| Sundry income | **44** | 699 |
| Gain on disposal of assets classified as held for sale | **–** | 8,367 |
| Gain on disposal of subsidiary | **34** | 18 |
| Loss on disposal of debt instruments at FVTOCI | **–** | (39) |
| Loss on disposal of property, plant and equipment | **(1)** | (370) |
| Loss on fair value changes of financial assets at FVTPL | **(106,062)** | (153,532) |
| Loss on fair value changes of investment property | **(2,800)** | (6,900) |
| Impairment loss on: | | |
| – Loans and interest receivables *(Note 12)* | **(24,114)** | (28,255) |
| – Debt instruments at FVTOCI | **–** | (3,753) |
| Impairment loss on trade receivables reversed | **18** | 18 |
| | **(130,756)** | (181,972) |

## 7. FINANCE COSTS

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **832** | 340 |
| Interest on lease liabilities | **102** | 237 |
| | **934** | 577 |

## 8. LOSS BEFORE TAX

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss before tax has been arrived at after charging/(crediting): | | |
| Staff costs: | | |
| Directors' emoluments, excluding equity-settled share-based payments | **2,018** | 10,830 |
| Other staff costs *(Note)* | **16,051** | 12,805 |
| Equity-settled share-based payments (including directors' equity-settled share-based payments) | **–** | 6,590 |
| | **18,069** | 30,225 |
| Auditor's remuneration | **968** | 956 |
| Depreciation of property, plant and equipment (including right-of-use assets) | **2,617** | 6,511 |
| Research expenses | **8,000** | – |
| Exchange (gains)/losses, net | **(8)** | 243 |

*Note:* Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK$295,000 (2022: HK$277,000).

## 9. INCOME TAX CREDIT

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| – Hong Kong Profits Tax | **–** | – |
| – Over-provision in respect of prior period | **3,061** | – |
| Income tax credit | **3,061** | – |

Hong Kong Profits Tax is calculated at 8.25% (2022: 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% (2022: 16.5%) for the portion of the estimated assessable profits of the qualifying entity above HK$2,000,000. The assessable profits of the group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at 16.5% (2022: 16.5%).

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2023 and 2022 as the Group did not generate any assessable profit in Hong Kong for these years.

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

## 10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

## 11. LOSS PER SHARE

**Basic loss per share**

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *Loss (for the purpose of basic loss per share)* | | |
| Loss for the year attributable to owners of the Company | **(104,059)** | (171,280) |

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *Number of shares (for the purpose of basic loss per share)* | | |
| Weighted average number of ordinary shares in issue during the year | **2,727,568** | 2,783,553 |

*Note:* During the year, the Company repurchased and cancelled a total of 278,270,000 shares (2022: Nil).

**Diluted loss per share**

The diluted loss per share is the same as the basic loss per share as the impact of the exercise of share options was anti-dilutive for the year ended 31 December 2023 and 2022.

Diluted loss per share for the years ended 31 December 2023 and 2022 are not presented as there were no other potential shares in issue for both of these years.

## 12. LOANS AND INTEREST RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loans and interest receivables thereon | | |
| – Within one year | **503,797** | 586,251 |
| – In the second to fifth years | **24,134** | – |
| | **527,931** | 586,251 |
| Less: Allowance for impairment | **(81,665)** | (57,551) |
| | **446,266** | 528,700 |
| Analysed for reporting purpose as: | | |
| Non-current assets | **23,945** | – |
| Current assets | **422,321** | 528,700 |
| | **446,266** | 528,700 |

Movements of allowance of loans and interest receivables are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At 1 January | **57,551** | 29,296 |
| Impairment loss recognised *(Note 6)* | **24,114** | 28,255 |
| At 31 December | **81,665** | 57,551 |

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

**As at 31 December 2023**

| **Loan principals** | **Interest rate per annum** | **Maturity date** | **Security pledged** |
|---|---|---|---|
| ***HK$'000*** | | | |
| **203,337** | 9%-12.5% | Within 1 year | Landed properties in Hong Kong, shares of listed and unlisted companies and vessels |
| **121,817** | 10%-24% | 1 year to 2 years | Guarantees provided by certain independent third parties |
| **188,891** | 10%-20% | Within 1 year | Nil |
| **514,045** | | | |

As at 31 December 2022

| Loan principals | Interest rate per annum | Maturity date | Security pledged |
|---|---|---|---|
| *HK$'000* | | | |
| 133,432 | 9%–24% | Within 1 year | Landed properties in Hong Kong, and shares of listed and unlisted companies |
| 205,560 | 10%–24% | Within 1 year | Guarantees provided by certain independent third parties |
| 239,055 | 10%–36% | Within 1 year | Nil |
| 578,047 | | | |

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.

## 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables from: | | |
| Financial services business | | |
| – Cash clients and clearing house *(Note (a))* | **4,624** | 81 |
| – Margin clients *(Note (b))* | **120,136** | 143,991 |
| | **124,760** | 144,072 |
| Other receivables | **342** | 9,551 |
| Deposits paid | **20,662** | 25,010 |
| Prepayments | **479** | 626 |
| | **146,243** | 179,259 |

*Notes:*

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Gross receivables | **4,813** | 288 |
| Less: Allowance for impairment | **(189)** | (207) |
| | **4,624** | 81 |

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 transactions 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.

Movements of allowance of trade receivables from cash clients and clearing house are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At 1 January | **207** | 225 |
| Impairment loss reversed for the year *(Note 6)* | **(18)** | (18) |
| At 31 December | **189** | 207 |

(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, which 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 31 December 2023, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK$953,455,000 (2022: HK$760,135,000).

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.

Movements of allowance of trade receivables from margin clients are as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At 1 January | **–** | 41,147 |
| Amount written-off during the year | **–** | (41,147) |
| At 31 December | **–** | – |

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

## 14. TRADE AND OTHER PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables from: | | |
| Financial services business *(Notes)* | | |
| – Cash Clients | **3,487** | 5,624 |
| – Margin Clients | **11,736** | 10,272 |
| – Clearing house | **–** | 1,518 |
| | **15,223** | 17,414 |
| Other payables | **8,103** | 8,242 |
| Accrued charges | **2,525** | 1,707 |
| | **25,851** | 27,363 |

*Notes:*

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.

## 15. CONTINGENT LIABILITIES

### (i) 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 approval of these consolidated financial statements, 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.

### (ii) 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.

### (iii) Counterclaim made by Best Year Enterprises Limited ("Best Year")

On 25 July 2018, Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited) ("**Minerva Securities**"), a wholly-owned subsidiary of the Company, commenced legal proceedings against, amongst other parties, Best Year and Mr. Sin Kwok Lam ("**Mr. Sin**") by way of a writ of summons. Minerva 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, Minerva 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 Minerva Securities and Mr. Sit was stayed. On 24 June 2019, Minerva Securities and Mr. Sit took out an application to strike out Mr. Sin's counterclaim. On 18 July 2019, Mr. Sin took out an application for leave to amend his 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. Appeal hearing has taken place on 9 July 2021 but the judgement has yet to be handed down.

On 21 April 2023, the Court of Appeal ("**CA**") handed down the judgment. The CA dismissed Mr. Sin's appeal and Mr. Sin's counter claim remains to be struck out.

**(iv) Writ of summons by Best Year**

On 17 June 2019, Best Year and Mr. Sin commenced another legal proceedings against Minerva Securities and another party based on the same subject matter of the counterclaim set out in Section (iii) 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 Minerva 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 (iii) above, the claim by Best Year against Minerva Securities was stayed. On 23 July 2019, Minerva Securities took out an application to strike out Mr. Sin's claim. By Coleman J's Order as set out in Section (iii) 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 has took place on 9 July 2021.

On 21 April 2023, the CA handed down the judgment. The CA dismissed Mr. Sin's appeal and Mr. Sin's counter claim remains to be struck out.

Regarding aforementioned cases (i) and (ii), given that they are still in an early stage, 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 Group; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

Regarding aforementioned cases (iii) and (iv), given that the CA has dismissed Mr. Sin's appeal and his claims remain to be struck out, having consulted the Company's legal adviser, the directors of the Company are of the view that no provision for the claims of these legal proceedings is required to be made based on its current development.

## 16. EVENTS AFTER THE REPORTING PERIOD

Included in the Group's financial assets at FVTPL as at 31 December 2023 are 870,342,000 listed shares of Town Health International Medical Group Limited ("**Town Health**") with fair value of approximately HK$282,861,000 at that date. Subsequent to 31 December 2023, the share price of Town Health declined from HK$0.325 per share to HK$0.295 per share between the end of the reporting period and the date of approval of these consolidated financial statements, which resulted in a decline in fair value of approximately HK$26,110,000 and this decline in fair value of approximately HK$26,110,000 has not been recognised in the consolidated financial statements for the current year as the event of the fall in share price of Town Health subsequent to 31 December 2023 constitutes a non-adjusting event.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the year ended 31 December 2023 (the "**Year**"), Minerva Group Holding Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") recorded revenue of approximately HK$74.1 million (2022: HK$73.0 million). The increase in overall revenue was primarily attributed to the combined impact of the Group's major business segments: (i) the money lending business experienced a slight decrease in interest income of HK$2.1 million, resulting in the segment's revenue of approximately HK$55.1 million for the Year (2022:HK$57.2 million); (ii) the financial services business improved by HK$3.3 million, with the segment's revenue amounting to approximately HK$18.0 million for the Year (2022:HK$14.7 million); and (iii) a decrease in revenue from asset investment segment to approximately HK$1.0 million for the Year (2022: HK$1.1 million). In response to the continued slowdown in global economic activities and many uncertainties in the financial market, the management has strengthened the operating cost control and was able to improve the overall gross profit to approximately HK$69.7 million during the Year (2022: HK$67.9 million).

The net loss attributable to owners of the Company was approximately HK$104.1 million (2022: HK$171.3 million). This sharp decrease on loss was mainly resulted from loss on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**") of approximately HK$106.1 million for the Year (2022: HK$153.5 million) from holding equity securities listed in Hong Kong, unlisted investment funds and unlisted equity investments, which was principally in line with the dramatic slowdown of the overall Hong Kong stock market as well as the global market in 2023.

The Group's cash position remained strong, with bank balances and cash totaling approximately HK$188.0 million as at 31 December 2023 (2022: HK$220.1 million).

## BUSINESS REVIEW

The global economy has been facing a series of challenges in recent times. The situation has been compounded by U.S. Federal Reserve's interest rate hike, the bank crisis in U.S. and a sharp downturn in the property sector in China's economy, which has had lingering effects on central banks and financial markets. Consequently, the International Monetary Fund has revised its global growth outlook from 3.5% in 2022 to 3.0% for the current period, reflecting the severity of the economic challenges faced by many countries around the world.

On the domestic front, the Hang Seng Index was one of the world's worst-performing major markets in 2023, Hong Kong stock market faced multiple challenges in 2023, including geopolitical tensions, continuous growth in interest rate by the U.S. Federal Reserve, inflation, banking crisis in U.S. and weakness in mainland China property market. The market was also affected by a regulatory crackdown on large-cap mainland China technology stocks and real estate stocks. These factors led to a decline in the market throughout the Year, with the Hang Seng Index and the Hang Seng China Enterprises Index down 13.8% and 14.0% respectively. The healthcare sector also saw a decline of 26.7% on the Hang Seng Composite Index (HSCI) – Industry Indexes. The market remained in the red for the Year, marking the third consecutive year of decline.

Against this challenging backdrop, the Group remained committed to exercising financial prudence while staying the course with its action plans to deliver sustainable and profitable outcomes.

**Financial Services**

The Group's financial services business is mainly operated by Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited), which is licensed to operate Type 1 (dealing in securities), Type 4 (advising on securities effective from 22 March 2023) regulated activities and Minerva Advisory Global Capital Limited, which is licensed to operate Type 6 (advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of financial services activities includes providing margin financing, securities brokerage services, corporate finance advisory service, equity capital market ("**ECM**") services such as placings and advising on securities. The Group's 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 bearish stock market sentiment, the Group's financial services segment generated revenue of approximately HK$18.0 million during the Year (2022: HK$14.7 million), recording an increase of approximately 22%. There was also an increase in both the number of outstanding margin loan clients as well as the amount of margin loan receivables over the year. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK$16.5 million for the Year compared with approximately HK$12.1 million in 2022.

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. The Group aims to signify a broader focus on corporate finance, asset investment and management, as well as other advisory services, branching out from its principal business and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals.

**Money Lending**

The money lending operations of the Group are managed through its wholly-owned subsidiaries, E Finance Limited ("**E Finance**") and E Cash Fintech Limited ("**E Cash**"), both 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 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 project based financing, subject to the prevailing market conditions and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the Period were mainly via the social network and referrals of past and existing customers of the Group, third party agents, staff and management of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policies and operation manuals in respect of loan approval, loan renewal, loan recovery, loan compliance, loan monitoring and anti-money laundering.

***Internal Controls***

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.

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 loan 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.

***Loan Approval***

Before any loan applications can be granted, internal credit assessments would have to be performed to decide the proposed loan size and interest rate charged. The internal credit assessment include, but is not limited to, (i) verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.); (ii) income or asset proof of the borrower and guarantor, such as share certificates, bank statements and securities statements, etc.; (iii) the evaluation of the value of collateral; and (iv) the verification of the authenticity of the information provided. Furthermore, the Group would perform public searches on the borrower and guarantor to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing ("**AML & CTF**"). There are no specific requirements on their income and/or asset threshold set by the Group. Normally, the management would determine and approve the loan amount and interest rates based on the relevant financial strength, repayment ability as well as the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions.

***Loan Renewal***

For loan renewal, the Group would carry out an updated assessment similar to that during the loan approval stage. In addition, the Group would assess the borrower's past repayment record and changes in market circumstance before making a decision on loan renewal and the relevant interest rate charged.

***Recovery and Compliance Matters***

After the loan is granted, the Group would conduct review on the repayment records and loan portfolio on a weekly basis, and in particular, any past due loan accounts. When considered appropriate, the Group would further (i) obtain relevant updated information and documents from the borrower; and (ii) perform public searches on the borrower to assess the recoverability of loan. Putting every possible effort on loan recovery, appropriate course of actions, such as sending legal demand letters, legal proceeding arrangements, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

As a licenced money lender in Hong Kong, the Group shall ensure compliance with the applicable laws, regulations and codes of all the relevant regulatory authorities, in particular, the Money Lenders Ordinance and the relevant requirements and regulations of AML & CTF.

In order to ensure the compliance with the abovementioned requirements throughout the course of conducting the money lending business, loan transaction review would be conducted upon the grant of the loan as an on-going monitoring purpose. The overall internal control system, which includes the implementation of the Group's credit policy, operation manual and other related internal control measures would be reviewed by the management on a regular basis and the policies would be devised and revised from time to time when considered necessary.

### *Interest Rates*

In addition to the aforementioned factors included in the Group's credit approval policy, when deciding the interest rate for loans, the Group would also take a holistic view in the assessments of setting loan terms based on the general market environment at the time, interest rate of competitors at the time, the amount of the Group's funds available and also the overall quality of the borrower. 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 whereas guaranteed loans are secured by personal and/or corporate guarantor(s).

For the Group's existing loan portfolio as at 31 December 2023, the interest rates charged to borrowers for unsecured loans ranged from 10% to 24% p.a., whilst interest rates charged to borrowers for secured loans ranged from 9% to 12.5% p.a.. Generally, the Group would determine the interest rates for loans on a case-by-case basis considering the loan-to-value ratio, repayment record and ability, quality and business relationship with the individual borrower and/or the guarantor (if provided). Generally, unsecured loans are subject to higher interest rates given the lack of collaterals; however, the actual interest rate charged might vary subject to the terms of maturity, loan size, financial strength of borrower/guarantor as well as business relationship with the Group.

### *Financial Information*

During the Year, the Group's money lending segment generated revenue of approximately HK$55.1 million (2022: HK$57.2 million), accounting for approximately 74% of overall revenue, and money lending business remained as the major segment in support of the Group's comprehensive performance. Operating profit during the Year from this business segment amounted to approximately HK$14.5 million (2022: HK$1.6 million), representing an increase of approximately 806% compared to that of the previous year.

For the Year, the Group recorded an impairment loss on loans and interest receivable of approximately HK$24.1 million (2022: HK$28.3 million), alongside the continued uncertainty of the recoverability of certain past due loans. Despite being secured by collaterals or/and guarantees provided, a number of loans were regarded as impaired after reviewing and assessing the repayment ability of each customer, the respective collateral values and the status of legal proceedings.

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.

### *Loan Portfolio*

As at 31 December 2023, the Group's loan portfolio by categories is shown as below:

| | Number of loans | Loan principal as at 31 December 2023 *HK$'000* | Interest rate per annum | % of total loan principal as at 31 December 2023 | Duration | Loan matured but not settled; or Loan not matured but with interest overdue *HK$'000* | % of past due loans to relevant principal |
|---|---|---|---|---|---|---|---|
| Individual loan: | | | | | | | |
| – secured loan *(note a)* | 13 | 149,337 | 10% to 12.5% | 29% | 3 months to 12 months | 89,067 | 60% |
| – unsecured loan | 23 | 193,491 | 10% to 20% | 38% | 1 year | 155,991 | 81% |
| Corporate loan: | | | | | | | |
| – secured loan *(note b)* | 4 | 54,000 | 9% to 12% | 11% | 1 year | 9,000 | 17% |
| – unsecured loan | 11 | 117,217 | 10% to 24% | 22% | 1 year to 2 years | 32,217 | 27% |
| Total | 51 | 514,045 | | 100% | | 286,275 | 56% |

*Notes:*

a) For individual secured loans, the security pledged included landed properties in Hong Kong and shares of listed companies and share of unlisted companies.

b) For corporate secured loans, the security pledged included landed properties in Hong Kong and shares of unlisted companies, vessels and share of listed companies.

The following is the breakdown of the amount of loan and interest receivables and allowance for expected credit losses as at 31 December 2023:

| | As at 31 December 2023 | | | |
|---|---|---|---|---|
| | **Loan principal** *HK$'000* | **Gross amount of loan and interest receivables** *HK$'000* | **Allowance for expected credit losses** *HK$'000* | **Net amount of loan and interest receivables** *HK$'000* |
| Individual loan: | | | | |
| – secured loan | **149,337** | **154,575** | **(22,956)** | **131,619** |
| – unsecured loan | **193,491** | **198,200** | **(23,330)** | **174,870** |
| Corporate loan: | | | | |
| – secured loan | **54,000** | **55,117** | **–** | **55,117** |
| – unsecured loan | **117,217** | **120,039** | **(35,379)** | **84,660** |
| Total | **514,045** | **527,931** | **(81,665)** | **446,266** |

As at 31 December 2023, the Group had 51 (2022: 54) active accounts, of which 36 (2022: 34) of them were individual loans and the remaining 15 (2022: 20) were corporate loans. In terms of loan product category, the Group's 51 active accounts comprised 17 secured loans (2022: 15) and 34 unsecured loans (2022: 39).

During the Year, interest income generated from the top five customers accounted for approximately 16.4% (2022: 19.8%) of the Group's total revenue, while the single largest customer accounted for approximately 3.5% (2022: 7.8%) of the Group's total revenue.

As at 31 December 2023, loan and interest receivables balance of the largest and top five customers accounted for approximately 5.1% (2022: 7.1%) and 23.0% (2022: 23.8%) of the Group's total loan and interest receivables balance respectively.

The following is an aging analysis of net amount of loan and interest receivables based on the due date at the end of the reporting period:

| | *HK$'000* |
|---|---:|
| Not yet due | 228,550 |
| Overdue: | |
| – 1–30 days | 21,704 |
| – 31–60 days | 9,494 |
| – 61–90 days | 17,786 |
| – over 90 days | 168,732 |
| Total | 446,266 |

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers whose loans were still outstanding as at 31 December 2023. To the best of the Directors' knowledge, information and belief based on internal records, the Group does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrowers whose loans were still outstanding as at 31 December 2023.

**Assets investment**

The Group's assets investment business aims at spreading investments across a variety of asset classes including a portfolio of bonds, funds, equity investments and investment property. During the Year, 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 Year, the Group incurred a loss of approximately HK$124.7 million (2022: HK$181.2 million) 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. The loss was largely attributable to the dramatic slowdown of the Hong Kong stock market, which concerns about rising interest rates, slowing economic growth, and persistently high inflation, exacerbating the market's decline.

The Group had invested a portfolio of listed bonds in the past with an aim to generate stable and fixed interest income. Along with the worsening market sentiment, bond price adjustments, and past default occurrences of certain bonds, the management has been downsizing its bond investments in recent years. The Group's portfolio of bonds comprising 2 bonds, which are in default and made full provision in prior year.

In addition, the Group invested in six 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. The challenging economic environment, characterised by geopolitical tensions, aggressive rate hikes and weak property markets, has led to a significant slowdown and uncertainties of the Hong Kong economy. In addition, regulatory crackdowns on large-cap mainland China technology, real estate stocks as well as the healthcare sector, have further exacerbated the decline of valuation in the relevant fund investments. These factors have contributed to the poorly performing fund investment for the Group, highlighting the difficulties faced by investors in generating stable returns in the current economic climate.

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 investment 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.

The management acknowledges the recent downturn experienced by the financial technology and healthcare industries, recognising their significant disruptive impacts in previous years, which was is largely in line with prevailing global economic conditions. The management considers that this timing as an opportune moment for investment rather than a setback. As a result, the Group has been exploring and investing in additional investment opportunities in financial technology, healthcare as well as biotechnology related opportunities. Among which, the Group has taken the opportunity to strengthen its foothold in today’s fintech era by investing in Seamless Group Inc. (“**Seamless**”) in July 2021.

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.

As at 31 December 2023, the Group’s financial assets at fair value through profit or loss amounted to approximately HK$482.3 million (2022: HK$481.9 million), including (a) equity securities totalling approximately HK$363.5 million (2022: HK$382.6 million); (b) unlisted investment funds of approximately HK$87.7 million (2022: HK$77.2 million); and (c) unlisted equity investments of approximately HK$31.1 million (2022: HK$22.1 million).

As at 31 December 2023, the Group's portfolio of financial assets at fair value through profit or loss comprised (a) 28 equity securities listed in Hong Kong; and (b) 6 unlisted investment funds; and (c) 2 unlisted equity investments. 27 listed equity securities, accounted for approximately 6.1% of the Group's audited consolidated total assets as at 31 December 2023, while the remaining 1 accounted for approximately 21.3% of the Group's audited consolidated total assets as at 31 December 2023. Each of the 6 unlisted investment funds accounted for approximately 0.1% to 2.7% of the Group's audited consolidated total assets as at 31 December 2023. Each of the unlisted equity investments accounted for approximately 0.7% to 1.6% of the Group's audited consolidated total assets as at 31 December 2023.

As at 31 December 2023, the Group held the property for investment purpose of which amounted to approximately HK$38.1 million (2022: HK$40.9 million) and leased out the property for rental income.

### *Financial assets at fair value though profit or loss*

| Description of investments | Brief description of the business | Fair value of investments as at 31 December 2023 (HK$'000) | Fair value of investments as at 31 December 2022 (HK$'000) | Number of shares held as at 31 December 2023 ('000) | Number of shares held as at 31 December 2022 ('000) | Approximate percentage of shareholding in the investee as at 31 December 2023 | Approximate percentage of shareholding in the investee as at 31 December 2022 | Approximate percentage of the Group's audited consolidated net assets as at 31 December 2023 | Approximate percentage of the Group's audited consolidated net assets as at 31 December 2022 | Dividends received during the Year (HK$'000) | Realised loss during the Year (HK$'000) | Unrealised gain/(loss) during the Year (HK$'000) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Significant investments* | | | | | | | | | | | | |
| **Listed securities investments in Hong Kong** | | | | | | | | | | | | |
| 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 | **282,861** | 300,368 | **870,342** | 790,442 | **12.85%** | 11.67% | **22.14%** | 21.15% | **949** | **-** | **(42,094)** |
| *Other investments* | | | | | | | | | | | | |
| Other listed securities investments[1] | | **80,654** | 82,293 | | | | | | | **-** | **(4,097)** | **(39,727)** |
| Unlisted investment funds[2] | | **87,693** | 77,170 | | | | | | | **-** | **-** | **(8,389)** |
| Unlisted equity investment[3] | | **31,067** | 22,102 | | | | | | | **-** | **-** | **(11,755)** |
| **Grand total for the financial assets at fair value through profit or loss** | | **482,275** | 481,933 | | | | | | | **949** | **(4,097)** | **(101,965)** |

1 Other listed securities investments mainly comprise the Group's investments in 27 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 audited consolidated total assets as at 31 December 2023.

2 The unlisted investment funds comprise 6 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 audited consolidated total assets as at 31 December 2023.

3 The unlisted equity investments represent the investment in Seamless and a private company. Each of the investments has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2023.

## Significant Investment

### *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 audited consolidated total assets as at 31 December 2023 as follows:

As at 31 December 2023, the Group held 870,342,000 shares of Town Health, with investment cost of approximately HK$921.3 million, which represented approximately 12.85% of the issued shares of Town Health as at 31 December 2023. The fair value of such investment was approximately HK$282.9 million, representing approximately 21.3% of the Group's audited consolidated total assets as at 31 December 2023 and approximately 22.1% of the Group's audited consolidated net assets as at 31 December 2023.

There was a dividend of approximately HK$0.9 million received by the Group from Town Health during the Year and the Group recorded a fair value loss of approximately HK$42.1 million for its investment in Town Health.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health are disclosed in Town Health's final result announcement for the year ended 31 December 2023 published on 25 March 2024.

As disclosed in the final result announcement of Town Health as published on the website of the Stock Exchange, during the Year, Town Health recorded revenue of approximately HK$1,833.0 million (2022: HK$1,535.6 million), representing a year-on-year increase of approximately HK$297.4 million or approximately 19.37%. Although Town Health's businesses development progressed smoothly during the Year, Town Health recorded a consolidated loss of approximately HK$159.1 million (2022: profit of HK$49.5 million) and a consolidated loss attributable to owners of the company of approximately HK$194.2 million (2022: profit of HK$15.3 million). It was due to the significant increase on fair value loss of Town Health's investment properties and the impairment losses recognised on Town Health's various assets recorded for the year ended 31 December 2023.

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.

## NEW COMPANY NAME FOR NEW BRAND IMAGE

In June 2023, the name of the Company was officially changed from Power Financial Group Limited to Minerva Group Holding Limited. By changing the Company name to Minerva Group Holding Limited, the Company signals its commitment to expanding its financial services and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals through wise decision-making, strategic thinking and financial expertise. The Board considers that the new Company name will become a new brand image that better reflects the Company's future strategy and potential expansion in the business scope of the Group to meet the evolving needs of its clients in the highly competitive financial services industry.

## IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed in Note 16 "Event after reporting period", no important events affecting the Company occurred since 31 December 2023 and up to the date of this announcement.

## BUSINESS OUTLOOK

Benefiting from the inbound tourism and private consumption in Hong Kong and further relaxation of social distancing measures, Hong Kong is expected to continue recover the economic growth in early of 2023.

However, the recent global market conditions, including the U.S. Federal Reserve's interest rate hike, the bank crisis in United States, global economic slowdown, the financial market instability and weakness in mainland China property market, could have significant implications for the financial industry in Hong Kong. It is expected that market volatility will continue to persist amid the rising interest rate and inflation pressures. Furthermore, the economic market performance in Hong Kong has been worse than anticipated, leading the Hong Kong Government to revise down its economic growth forecast for 2023 as a whole to 3.2%, from the previous estimate of 4% to 5% in the August round of review.

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 E Finance. 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 risks and returns and 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 repayment ability of borrowers.

The Group will continue to cautiously monitor the general business environment and market conditions to mitigate the potential impact to our operations and investments 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 U.S. Federal Reserve's interest rate hike and global economic slowdown, 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.

Considering the ongoing growth of the healthcare industry, driven by a growing population and increased health consciousness, the Group remains focused on exploring investment opportunities in the healthcare sector. With the intention of generating sustainable returns for the Group, we recognise the potential in this sector and will actively pursue investments that align with our strategic objectives. By capitalising on the expanding healthcare market, we aim to create long-term value for our shareholder.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group held bank balances and cash of approximately HK$188.0 million (2022: HK$220.1 million). Net current assets amounted to approximately HK$1,081.6 million (2022: HK$1,274.1 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 23.0 times (2022: 24.8 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 3.7% (2022: 3.7%).

As at 31 December 2023, the Group had approximately HK$23.0 million bank borrowings (2022: HK$23.6 million) pledged by on investment property. The bank borrowings denominated in Hong Kong dollars as at 31 December 2023 bore interest rate at HIBOR plus 2% per annum or 2.25% per annum below Hong Kong dollar prime rate whichever is lower. As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars and United States dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, an investment property of approximately HK$38.1 million (2022: HK$40.9 million) has been pledged as collateral for mortgage loan (2022: same).

## CAPITAL COMMITMENT

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Commitment contracted for but not provided for in respect of investment in an unlisted investment fund which will be recognised as financial assets at FVTPL | **2,378** | 2,880 |

## CONTINGENT LIABILITIES

Details of contingent liabilities are stated in Note 15 to the consolidated financial statement.

## MATERIAL ACQUISITIONS AND DISPOSALS

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

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 26 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The emolument policy of the employees of the Group is mainly based on industry practices and individual's performance, competence, qualifications, position, seniority 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 the individual's performance. The Company maintained good relationship with its employees.

The emoluments of the Directors are recommended and decided by the remuneration committee and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

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

During the Year, the Company repurchased a total of 278,270,000 ordinary shares of par value HK$0.01 each in the share capital of the Company on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to approximately HK$38,368,000. All the shares repurchased were subsequently cancelled and the relevant share certificates in respect of the share repurchased were cancelled and destroyed by the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, on 28 December 2023. As at 31 December 2023, the total number of shares of the Company in issue was 2,505,282,734. Particulars of the share repurchases are as follows:

| Month of Shares Repurchased | Number of Shares Repurchased | Purchase Price Per Share Highest | Purchase Price Per Share Lowest | Approximate Aggregate Consideration (before expenses) |
|---|---|---|---|---|
| | | *(HK$)* | *(HK$)* | *(HK$)* |
| October 2023 | 240,870,000 | 0.145 | 0.128 | 33,166,000 |
| November 2023 | 37,400,000 | 0.143 | 0.132 | 5,202,000 |
| | 278,270,000 | | | 38,368,000 |

The Directors believe that the repurchases reflect the Company's confidence in its long term business prospects and would ultimately benefit the Company and create value for the shareholders of the Company. The Directors also considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the shareholders of the Company.

Save as disclosed above, during the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## CORPORATE GOVERNANCE

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors of the Company. The corporate value of the Company is to serve its customers in lawful, ethical and responsible manner. All Directors act with integrity and promote the culture of integrity. Such culture instils and continually reinforces across the corporate values.

During the Year, the Board closely monitor the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate objective, values and strategy and the Company's culture are aligned.

The Board had adopted all the code provisions contained in the Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Listing Rules as the Company's corporate governance code.

In the opinion of the Directors, throughout the Year, the Company has fully complied with the code provisions set out in the CG Code. The Board will, from time to time, review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors and by the Group's employees who, because of their offices or employments, are likely to possess inside information of the Company and/or its securities.

All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors' securities transactions throughout the Year.

## AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") of the Board in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee now comprises three members, namely Ms. Chan Lai Ping (Chairperson of the Audit Committee), Ms. Tam Mei Chu and Mr. Ho Yuen Tung, all being independent non-executive Directors. The Audit Committee has reviewed the Group's audited consolidated financial statements for the Year and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with the management of the Company with no disagreement by the Audit Committee.

## SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

By Order of the Board
**Minerva Group Holding Limited**
**Mr. Li Wing Cheong**
*Chairman*

Hong Kong, 27 March 2024

*As at the date of this announcement, the executive Directors are Mr. Li Wing Cheong and Mr. Tong Hin Jo; and the independent non-executive Directors are Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung.*