



添利工業國際(集團)有限公司\*

**Termbray Industries International (Holdings) Limited**

*(Incorporated in Bermuda with limited liability)*

Stock Code : 00093

**2022**

INTERIM REPORT

**X Wallet**

\* For identification purpose only



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## Corporate Information

### *Executive Directors*

Mr. Lee Lap, Chairman  
Mr. Tommy Lee, Vice Chairman &  
Chief Executive Officer  
Mr. Chau Hau Shing

### *Independent Non-Executive Directors*

Mr. Shu Wa Tung, Laurence  
(appointed on 15 April 2022)  
Mr. Wu Wai Pan (appointed on 10 June 2022)  
Mr. Lo Yiu Hee (retired on 10 June 2022)  
Mr. Tong Hin Wor (resigned on 12 August 2022)  
Mr. Ching Yu Lung (resigned on 15 April 2022)

### *Company Secretary*

Mr. Lo Tai On

### *Audit Committee*

Mr. Shu Wa Tung, Laurence  
(appointed on 15 April 2022)  
Mr. Wu Wai Pan (appointed on 10 June 2022)  
Mr. Lo Yiu Hee (retired on 10 June 2022)  
Mr. Tong Hin Wor (resigned on 12 August 2022)  
Mr. Ching Yu Lung (resigned on 15 April 2022)

### *Remuneration Committee*

Mr. Shu Wa Tung, Laurence  
(appointed on 15 April 2022)  
Mr. Lee Lap  
Mr. Wu Wai Pan (appointed on 10 June 2022)  
Mr. Lo Yiu Hee (retired on 10 June 2022)  
Mr. Tong Hin Wor (resigned on 12 August 2022)

### *Nomination Committee*

Mr. Lee Lap  
Mr. Shu Wa Tung, Laurence  
(appointed on 15 April 2022)  
Mr. Wu Wai Pan (appointed on 10 June 2022)  
Mr. Lo Yiu Hee (retired on 10 June 2022)  
Mr. Tong Hin Wor (resigned on 12 August 2022)

### *Registered Office*

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

### *Head Office and Principal Place of Business*

Room 2107-08, 21/F, Cosco Tower  
183 Queen's Road Central, Sheung Wan  
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Telephone: (852) 2531 0338  
Facsimile: (852) 2480 4214  
E-mail: group@termbray.com.hk  
Website: www.termbray.com.hk

### *Hong Kong Registrar and Transfer Office*

Tricor Standard Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Telephone: (852) 2980 1768  
Facsimile: (852) 2528 3158

### *Listing Information*

The Listing Code of the Company's share on  
The Stock Exchange of Hong Kong Limited  
00093

### *Principal Bankers*

The Hongkong & Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited

### *Legal Advisors in Hong Kong*

Woo Kwan Lee & Lo

### *Auditor*

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong



The board of directors (the “Board”) of Termbay Industries International (Holdings) Limited (the “Company”) presents to shareholders the interim report together with the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2022.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately HK\$11,464,000 (six months ended 30 June 2021: HK\$11,039,000). An analysis of the Group’s segment results for the period is set out on pages 22 to 26 of this report.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## Review of Operations

During the current six months period under review, the Group achieved a revenue of HK\$72,609,000 (six months ended 30 June 2021: HK\$50,516,000) and recorded a profit for the period of HK\$11,464,000 (six months ended 30 June 2021: HK\$11,039,000).

The profit for the current period under review is primarily due to the aggregate effect upon the recognition of:

- (i) interest income from the money lending business recorded of approximately HK\$70.8 million during the current period (six months ended 30 June 2021: HK\$46.9 million) representing an increase of approximately HK\$23.9 million as compared with the six months ended 30 June 2021;
- (ii) fair value loss of approximately HK\$4.0 million on the investment properties; and
- (iii) additional provision for impairment of loan and interest receivables of approximately HK\$9.9 million and write-off of approximately HK\$11.4 million.



## **Property Investment and Development**

The operating environment for the Group's property investment and development business remains fair during the period under review.

The Group's completed properties for sale – Ever Success Plaza, comprising over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition within the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades are still vacant. The management has put a lot of effort into marketing the properties and is endeavouring to improve the operation of the commercial arcades.

There was not much improvement in the operating environment in the first half of 2022. The sales activities of the Group's property project in Zhongshan for the remaining residential units were not satisfactory during the current period under review. Facing the overheated environment of the property market in the People's Republic of China ("PRC"), the Central government has laid down a series of regulations and rules to restrict the selling price of residential properties and the qualifications of buyers to purchase residential properties. In Zhongshan, all sale and purchase agreements entered into have to be approved by the relevant government authorities before they can be registered in the government's property sales system. During the period under review, no sale transactions were approved and registered in the government's property sales system. The Group has recognised the sale of 2 residential units during the six months ended 30 June 2021. The rental income earned by the Group from Ever Success Plaza during the six months ended 30 June 2022 decreased by approximately 11% compared with the six months ended 30 June 2021. As at 30 June 2022, 56 residential units remained to be sold, out of which 8 residential units were let out.

## **Money Lending**

Although the Coronavirus Disease 2019 ("COVID-19") pandemic has posed extraordinary challenges to the Hong Kong economy since early 2020, our money lending business still achieved a satisfactory and healthy growth in the first half of 2022. In order to provide 24/7 borrowing experience, customers can apply for loans via the Group's automatic lending mobile application "X Wallet" App (the "X Wallet"), which is for unsecured loans only. The Group primarily focuses its sales and marketing effort to source new customers for unsecured loans, including advertising through public transport, outdoor banners, television, online media platforms, pamphlets and other marketing campaigns. The whole lending process through "X Wallet" involves no human intervention. Basically, it requires the provision of HKID card and face recognition, and offers loans using information technology such as big-data and a credit scoring model. The loan facilities granted through "X Wallet" are all revolving loan facilities which could be repaid and re-borrowed within the approved credit limit at any time during the loan period, the majority of which ranged from 2 years to 4 years. The maximum amount of unsecured loan applied through "X Wallet" could be as high as HK\$105,000.

The number of registered users of "X Wallet" has increased from 62,765 as at 31 December 2021 to 72,136 as at 30 June 2022. The number of current customers of "X Wallet" increased from 8,269 as at 31 December 2021 to 9,649 as at 30 June 2022. The increase in number of current customers improved the results of unsecured loan and generated a revenue of approximately HK\$51 million during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$21 million).



The majority of interest rates for unsecured loans via X Wallet granted ranged from 36% to 58% per annum and the weighted average interest rate charged was approximately 40% per annum. Loan amounts for unsecured loans via X Wallet granted ranged from HK\$5,000 to HK\$105,000.

At this moment, X8 Finance Limited focuses on providing mortgage loans for residential properties in Hong Kong. The management cautiously carries out the money lending business in Hong Kong. With the economic uncertainty and potential challenges, the management carefully assesses the credit worthiness of the borrowers, the quality and leveraging of the mortgaged properties.

For mortgage loans, lower interest rates are charged compared to unsecured personal credit loans. The Group engaged mortgage referral agents, which are all independent third parties, to source new customers. The tenure of the majority of the mortgage loans ranged from 10 years to 20 years and the actual tenure may differ subject to customer's early repayment.

The majority of interest rates for secured loans granted ranged from 9% to 18% per annum and the weighted average interest rate charged was approximately 12% per annum. The majority of the collateral are residential properties and commercial properties, and all of the collaterals are located in Hong Kong. Loan amounts for secured loans granted ranged from HK\$80,000 to HK\$30,000,000.

As at 30 June 2022, the number of mortgage loans customers is 90, of which the top 10 customers represented 48.8% of the total mortgage loan receivables, and the number of "X Wallet" customers is 9,649, of which the top 10 customers represented 0.3% of the total loan receivables from "X Wallet". The largest and five largest customers accounted for 5.1% and 19.8% respectively of the total loan receivables as at 30 June 2022.

### ***Credit Risk Assessment Policy***

All of the information provided by customers are required to undergo assessment procedures and will be reviewed according to the credit risk assessment policy approved by the Board before standard payment terms and conditions are offered.

For secured loans pledged by properties, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the Credit Committee takes into account the applicant's credit history, the property type, valuation, loan-to-value ratios and overall market conditions at the time of the application.

For unsecured loans applied via X Wallet, the Group assesses the credit quality of applications by collecting relevant customer information such as Optical Character Recognition, face recognition, live testing and credit report through mobile devices. The Group has established a robust control framework regarding the authorization structure for the approval and renewal of credit facilities, which also limits concentrations of exposure by types of asset, counterparties, credit rating, geographic location, etc.

The Group has also developed policies and procedures to appropriately assess and measure the Expected Credit Loss ("ECL") in accordance with impairment requirements of HKFRS 9. Details of the movement of provision for impairment and write-off of loan and interest receivables are disclosed in Note 10 to the interim condensed consolidated financial information.



As at 30 June 2022, the gross loan and interest receivables of the Group amounted to HK\$593,820,000 and HK\$7,645,000, respectively. The provision for impairment of loan receivables as at 30 June 2022 under the ECL model amounted to HK\$35,635,000.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supporting information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative factors are taken into account in determining the risk of default occurring:

- (1) Probable bankruptcy entered by the borrowers; and
- (2) Death of the debtor.

During the six months ended 30 June 2022, the Group had written off loan and interest receivables totalling approximately HK\$11,423,000, net of recoveries of loan and interest receivables previously written-off, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

### ***Others***

There were no acquisitions of major subsidiaries or associates during the six months ended 30 June 2022 under review.

## **Liquidity and Financial Resources**

The Group remains cash sufficient and has no material capital expenditure commitments. The Group's operations are financed by capital and reserves and cash generated from operations.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

## **Internal Control Procedures**

The following internal control measures have been implemented for the carrying out of the Group's money lending business:

### ***Credit Approval Process***

For secured loans, the credit clerk will obtain basic information such as the applicant's name, contact details, background information, amount and purpose of the desired loan, and the particulars of the property proposed to be mortgaged. The credit clerk will also obtain three preliminary estimates of valuations of the property from independent professional property valuers or banks either verbally or through internet or email. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan and the interest rate based on the applicant's information and the valuation of the property in accordance with the internal credit policies and guidelines.

For unsecured loan applications through X Wallet, the credit approval is automatically processed by the established credit assessment model in the system. Credit reports of the applicant will be automatically retrieved from TransUnion through the Application Programming Interface. Applications will be screened by the credit scoring model which will generate a risk score in respect of each applicant based on the TransUnion report and information supplied by the applicant. Once the loan is approved, the terms of the loan, including loan amount, interest rate and tenure, will be determined specifically for each applicant. Otherwise, no loan would be offered if the applicant could not pass the credit assessment.

### ***Ongoing Monitoring of Loan Recoverability and Loan Collection***

A system is in place to identify and monitor overdue loan accounts. The directors and senior management of the Group closely monitor the overall performance of the loans outstanding by checking systematically generated daily reports, and regularly review the whole collection performance of overdue assets. The debt recovery department is responsible for loan recovery, and it seeks management's opinion for further actions when necessary. The debt recovery department will contact the customer by phone if the account is overdue, and at the same time, notice of overdue payment will be issued to the customer. If the respective receivables have not been recovered in time, the debt recovery department will engage external debt collection agents to recover the debt. For secured loans, the debt recovery department will discuss legal actions to be taken with the management.

For loans overdue for more than 90 days, the Group will consider the loan assets to be in default, the status of the respective outstanding loan will be fully provided for, but such cases will still continue to be handled by external debt collection agents (unless the debtor has become bankrupt, subject to any debt restructuring, or if the debtor is deceased).

### **Order Book**

Due to its business nature, the Group has no order book as at 30 June 2022. The Group has no new product and service to be introduced to the market.

### **Staff and Emolument Policy**

As at 30 June 2022, the Group employed 51 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing with his own remuneration.

### **Outlook**

The COVID-19 pandemic continuously impacted Hong Kong in the first half of 2022, and the situation suddenly turned worse with the outbreak of the fifth wave of COVID-19 pandemic in early 2022. However, following the implementation of the "vaccine pass" with COVID-19 vaccination records and a series of anti-epidemic measures taken by the Hong Kong government, the number of infected cases returned to a low level and the vaccination rate had continuously increased. With a view to strengthen the immune barrier against the pandemic and resume normal life as soon as possible, it is believed that the economy will recover gradually in the second half of the year.

Under the anti-epidemic measures, people's living habits have been constantly changed by "work from home" and "social distancing", which have brought unique advantages to the Group's financial technology lending business. Individuals' demand for unsecured loan services supported by financial technology is growing. The Group will capture this opportunity and expand our market share and customer base. The management expects it will stimulate the development of the personal loan business via "X Wallet" which is a fully automated mobile application to provide instant approval decision and 24 hours a day, 7 days a week instant fund transfer. With the support of the mobile application technology, the Group's money lending business is expected to grow steadily.

In the PRC, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe the PRC will continue to play a key role in the future global economy. The Group is confident in capitalising on these opportunities and will grasp every business opportunity available to build up its own distinctive strength and to explore new businesses in the PRC.

Property investment and development has been the principal business of the Group for all these years and the Group is looking for investment opportunities in the property markets in the PRC, especially the Guangdong province. However, due to the intense competition of the property market in the Guangdong province, the Group has not yet acquired any land or properties during the period under review, but the Group will still continue to explore investment opportunities in the property markets.

## Directors' Interests in Shares and Options

As at 30 June 2022, the interests of the Company's directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

### (A) Long Positions in Shares of the Company

Name of directors	Number of shares					Percentage of total issued shares
	Personal interest	Family interest	Corporate interest	Other interest	Total	
Mr. Lee Lap	-	-	-	1,252,752,780 (Note 1)	1,252,752,780	46.96%
Mr. Tommy Lee	-	-	710,000,000 (Note 2)	1,252,752,780 (Note 1)	1,962,752,780	73.58%
Mr. Chau Hau Shing	6,244,000	-	-	-	6,244,000	0.23%



*Notes:*

1. The 1,252,752,780 shares included under the other interest of Mr. Lee Lap and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.
2. The 710,000,000 shares were issued to Earth Axis Investment Limited which is indirectly controlled by Mr. Tommy Lee as partial settlement of the consideration upon completion of the sale and purchase agreement dated 23 September 2020.

## **(B) Long Positions in Shares of Other Associated Corporations**

Name of director	Name of subsidiary	Number of non-voting deferred shares held <i>(Note)</i>		Total	% of total issued non-voting deferred shares
		Personal interest	Spouse interest		
Mr. Lee Lap	Applied Industrial Company Limited	1,000	1,500	2,500	100%
	Lee Plastics Manufacturing Company Limited	250,000	250,000	500,000	100%
	Magnetic Electronics Limited	5,000	–	5,000	100%
	Termbray Electronics Company Limited	7,000	3,000	10,000	100%

*Note:* All the above non-voting deferred shares are held by the director or his spouse personally as beneficial owner.

Except as disclosed above, as at 30 June 2022, none of the directors or chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders

As at 30 June 2022, the persons (other than the directors as disclosed in the section headed "Directors' Interests in Shares and Options") interested in the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

### Ordinary Shares of the Company

Name of shareholders	Capacity	Number of issued ordinary shares of HK\$0.08 each held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited (Note 1)	Beneficial owner	1,252,752,780	46.96%
Lee & Leung Family Investment Limited (Note 1)	Held by controlled corporation	1,252,752,780	46.96%
HSBC International Trustee Limited (Note 1)	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	46.96%
Earth Axis Investment Limited (Note 2)	Beneficial owner	710,000,000	26.62%
aEasy Finance Holdings Limited (Note 2)	Held by controlled corporation	710,000,000	26.62%
Cosmo Telecommunication Inc. (Note 3)	Beneficial owner	151,202,960	5.67%
Ms. Jing Xiao Ju (Note 3)	Held by controlled corporation	151,202,960	5.67%
East Glory Trading Limited (Note 4)	Beneficial owner	103,397,540	3.88%
Master Winner Limited (Note 4)	Held by controlled corporation	103,397,540	3.88%
Mr. Yuan Qinghua (Note 4)	Held by controlled corporation	103,397,540	3.88%



*Notes:*

- (1) The 1,252,752,780 shares held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited are wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.
- (2) The 710,000,000 shares were issued to Earth Axis Investment Limited as partial settlement of the consideration upon completion of the sale and purchase agreement dated 23 September 2020. Earth Axis Investment Limited is wholly owned by aEasy Finance Holdings Limited which is indirectly controlled by Mr. Tommy Lee.
- (3) Cosmo Telecommunication Inc. is wholly owned by Ms. Jing Xiao Ju.
- (4) East Glory Trading Limited is wholly owned by Master Winner Limited, which in turn is wholly owned by Mr. Yuan Qinghua. Following the allotment and issue of shares of the Company as partial settlement of the consideration on completion of the sale and purchase agreement dated 23 September 2020, the Company has not received notifications of disclosure of interest from these shareholders reporting change in number of shares. Based on the issued shares as at 30 June 2022, the percentage level of these shareholders was reduced to 3.88%.

Except as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the issued share capital of the Company as at 30 June 2022.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## Corporate Governance

The Company has met the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2022 except as disclosed below.

Pursuant to code provision A.4.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbay Industries International (Holdings) Limited Act 1991". Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation". The Company had amended its existing bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years, while directors holding the office of chairman or managing director shall be subject to re-election every three years.



Following the resignation of Mr. Tong Hin Wor as an independent non-executive director of the Company on 12 August 2022, the Board now comprises three executive directors and two independent non-executive directors, with the number of independent non-executive directors falling below the minimum number of three independent non-executive directors as required under Rule 3.10(1) of the Listing Rules.

Mr. Tong Hin Wor also served as a member of the audit committee of the Company. Following Mr. Tong's resignation, the number of audit committee members decreased from three to two, comprising two independent non-executive directors, which falls below the minimum number of three audit committee members as required under Rule 3.21 of the Listing Rules and the terms of reference of the audit committee.

The Company is in the process of identifying and shall appoint suitable candidate(s) to fill the above vacancies and will make an announcement as and when appropriate.

## Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors (except Mr. Lo Yiu Hee, a former director, who was unable to confirm due to illness) that they have complied with the Model Code throughout the six months period ended 30 June 2022.

## Audit Committee

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim report for the six months ended 30 June 2022.

## Changes of Director's Information Disclosed under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of director's information of the Company since the date of the 2021 annual report of the Company are as follows:

Mr. Tong Hin Wor, who has resigned as an independent non-executive director of the Company, has resigned as an independent non-executive director of Petro-king Oilfield Services Limited (Stock Code: 2178) with effect from 30 June 2022.

By order of the Board

**Lee Lap**

*Chairman*

Hong Kong, 26 August 2022



# Report on Review of Interim Financial Information



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF  
TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**  
(incorporated in the Bermuda with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 15 to 38, which comprises the interim condensed consolidated statement of financial position of Termbray Industries International (Holdings) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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## Report on Review of Interim Financial Information

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 26 August 2022

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Revenue</b>			
Interest income from money lending business	7	70,804	46,900
Rental income	7	1,805	1,851
Sales of properties in the People's Republic of China	7	–	1,765
		<b>72,609</b>	50,516
Other income	7	1,101	940
Other (losses)/gains, net	7	(1,507)	1,202
Fair value (losses)/gain on the investment properties		(4,030)	200
Cost of properties sold		–	(484)
Provision for impairment and write-off of loan and interest receivables	10	(21,286)	(5,589)
Advertising and promotion		(10,202)	(5,089)
Employee benefits expenses		(7,768)	(7,008)
Other operating expenses		(9,163)	(13,801)
Operating profit		19,754	20,887
Finance costs	9	(3,745)	(3,940)
<b>Profit before income tax</b>		<b>16,009</b>	16,947
Income tax expense	11	(4,545)	(5,908)
<b>Profit for the period</b>	8	<b>11,464</b>	11,039
<b>Other comprehensive loss:</b>			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	13	(12,738)	(50,151)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(5,542)	(153)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(18,280)</b>	(50,304)
<b>Total comprehensive loss for the period</b>		<b>(6,816)</b>	(39,265)
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share attributable to owners of the Company:</b>			
Basic	12	0.43	0.41
Diluted		0.43	0.41

The above interim condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Note	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	255,850	270,950
Investment properties	13	237,490	241,520
Intangible assets	14	11,238	11,907
Deferred income tax assets		2,859	1,393
Loan receivables	15	450,579	479,483
Deposits		164	164
		<b>958,180</b>	<b>1,005,417</b>
<b>Current assets</b>			
Completed properties for sale		57,499	60,147
Loan receivables	15	107,606	78,754
Interest receivables	16	7,645	5,253
Deposits, prepayments and other receivables		3,794	3,935
Financial assets at fair value through profit or loss	18	149	152
Cash and cash equivalents		202,898	180,947
		<b>379,591</b>	<b>329,188</b>
<b>TOTAL ASSETS</b>		<b>1,337,771</b>	<b>1,334,605</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	213,411	213,411
Reserves		902,675	909,491
<b>Total equity</b>		<b>1,116,086</b>	<b>1,122,902</b>

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Note	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		–	271
Lease liabilities		139	554
Other payables and accruals	19	150,040	146,742
		<u>150,179</u>	<u>147,567</u>
<b>Current liabilities</b>			
Other payables and accruals	19	50,187	44,478
Amount due to a related company	20(a)	1,734	1,936
Lease liabilities		811	810
Income tax payable		18,774	16,912
		<u>71,506</u>	<u>64,136</u>
<b>Total liabilities</b>		<u>221,685</u>	<u>211,703</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,337,771</u>	<u>1,334,605</u>

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to the owners of the Company (Unaudited)					
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2021	213,411	545,966	12,616	379,587	8,841	1,160,421
Profit for the period	-	-	-	-	11,039	11,039
Exchange differences arising on translation of foreign operations	-	-	(153)	-	-	(153)
Loss on revaluation of leasehold land and buildings ( <i>Note 13</i> )	-	-	-	(50,151)	-	(50,151)
Total comprehensive income/(loss) for the period	-	-	(153)	(50,151)	11,039	(39,265)
Balance at 30 June 2021	213,411	545,966	12,463	329,436	19,880	1,121,156
<b>Balance at 1 January 2022</b>	<b>213,411</b>	<b>545,966</b>	<b>12,047</b>	<b>321,370</b>	<b>30,108</b>	<b>1,122,902</b>
Profit for the period	-	-	-	-	11,464	11,464
Exchange differences arising on translation of foreign operations	-	-	(5,542)	-	-	(5,542)
Loss on revaluation of leasehold land and buildings ( <i>Note 13</i> )	-	-	-	(12,738)	-	(12,738)
Total comprehensive income/(loss) for the period	-	-	(5,542)	(12,738)	11,464	(6,816)
<b>Balance at 30 June 2022</b>	<b>213,411</b>	<b>545,966</b>	<b>6,505</b>	<b>308,632</b>	<b>41,572</b>	<b>1,116,086</b>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from/(used) in operations	30,395	(31,833)
Income tax paid	(3,892)	(6,563)
Interest paid on lease liabilities	(25)	(9)
Net cash generated from/(used) in operating activities	<u>26,478</u>	<u>(38,405)</u>
<b>Cash flows from investing activities</b>		
Interest received	830	842
Purchase of property, plant and equipment	(66)	(10)
Net cash generated from investing activities	<u>764</u>	<u>832</u>
<b>Cash flows from financing activity</b>		
Principal elements of lease payments	(365)	(511)
Net cash used in financing activity	<u>(365)</u>	<u>(511)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>26,877</u>	<u>(38,084)</u>
Cash and cash equivalents at the beginning of the period	180,947	256,474
Effect of exchange rate changes on cash and cash equivalents	(4,926)	797
<b>Cash and cash equivalents at end of the period</b>	<u>202,898</u>	<u>219,187</u>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 1 GENERAL INFORMATION

Termbay Industries International (Holdings) Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the “Group”) are principally engaged in property investment and development and money lending business of providing loans in Hong Kong.

The parent of the Company is Lee & Leung (B.V.I.) Limited which is incorporated in the British Virgin Islands and the directors of the Company consider that its ultimate parent to be Lee & Leung Family Investment Limited, a company incorporated in the British Virgin Islands which is held by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust, the settlor of which is Mr. Lee Lap.

The interim condensed consolidated financial information has not been audited and is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. The interim condensed consolidated financial information was approved by the Board of Directors for issue on 26 August 2022.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 3 ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of amendments to standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied the following annual improvements, amendments to standards and accounting guideline issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the annual improvements, amendments to standards and accounting guideline in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 4 ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2021.

## 5 FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since 31 December 2021.

### (b) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

### (c) Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The financial assets at fair value through profit or loss are recorded at quoted bid prices in an active market and are classified as level 1 fair value measurement. The fair value estimation of investment properties and leasehold land and buildings that are measured at fair value are set out in Note 13.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision Maker ("CODM") in making strategic decisions. The CODM is identified as the executive directors of the Company.

During the six months ended 30 June 2022, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property investment and development – Property investment for letting of properties in Hong Kong and the People's Republic of China ("PRC") and property development for sale of properties in the PRC.

Money lending – Provide mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the interim condensed consolidated financial information.

The segment results and other segment items are as follows:

	Property investment and development HK\$'000	Money lending HK\$'000	Total HK\$'000
<b>For the six months ended 30 June 2022 (Unaudited)</b>			
Revenue	1,805	70,804	72,609
Segment results	(2,034)	24,099	22,065
Unallocated other income			32
Unallocated other losses, net			(1,962)
Unallocated expenses			(4,126)
<b>Profit before income tax</b>			<b>16,009</b>



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 6 SEGMENT INFORMATION (Continued)

	Property investment and development <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2021 (Unaudited)			
Revenue	3,616	46,900	50,516
Segment results	3,221	20,433	23,654
Unallocated other income			15
Unallocated other gains, net			280
Unallocated expenses			(7,002)
Profit before income tax			16,947

For the six months ended 30 June 2022 and 30 June 2021, unallocated expenses and unallocated other (losses)/gains, net represent corporate expenses and unrealised net exchange (losses)/gains, respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The segment assets and liabilities are as follows:

	Property investment and development <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2022 (Unaudited)</b>			
<b>Assets</b>			
Segment assets	415,703	634,586	1,050,289
Unallocated assets			287,482
Total assets			1,337,771
<b>Liabilities</b>			
Segment liabilities	11,693	207,515	219,208
Unallocated liabilities			2,477
Total liabilities			221,685

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION (Continued)

	Property investment and development <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2021 (Audited)			
Assets			
Segment assets	<u>425,584</u>	<u>603,391</u>	1,028,975
Unallocated assets			<u>305,630</u>
Total assets			<u>1,334,605</u>
Liabilities			
Segment liabilities	<u>11,898</u>	<u>196,452</u>	208,350
Unallocated liabilities			<u>3,353</u>
Total liabilities			<u>211,703</u>

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, financial assets at fair value through profit or loss, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, certain other payables and accruals and certain income tax payable.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 6 SEGMENT INFORMATION (Continued)

Amounts included in the measure of segment results are as follows:

	Property investment and development <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2022 (Unaudited)</b>				
Depreciation	–	(657)	(1,722)	(2,379)
Amortisation	–	(669)	–	(669)
Interest income from bank deposits	830	–	–	830
Interest expense	–	(3,745)	–	(3,745)
Income tax expense	(151)	(4,394)	–	(4,545)

For the six months ended 30 June 2021  
(Unaudited)

Depreciation	–	(709)	(3,079)	(3,788)
Amortisation	–	(1,340)	–	(1,340)
Interest income from bank deposits	824	9	9	842
Interest expense	–	(3,940)	–	(3,940)
Income tax expense	(1,772)	(4,136)	–	(5,908)

Revenue from external customers, based on the location where the goods are delivered and services are rendered, and non-current assets, other than the deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (Audited)
Hong Kong	71,734	47,830	955,277	1,003,985
The PRC	875	2,686	44	39
	<b>72,609</b>	<b>50,516</b>	<b>955,321</b>	<b>1,004,024</b>

For the six months ended 30 June 2022 and 30 June 2021, no single customer contributed to 10% or more of the Group's total revenue.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 6 SEGMENT INFORMATION (Continued)

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
<b>Reportable segment assets</b>	<b>1,050,289</b>	1,028,975
Financial assets at fair value through profit or loss	149	152
Cash and cash equivalents	30,217	34,321
Property, plant and equipment	254,570	269,030
Deposits, prepayments and other receivables	2,546	2,127
<b>Total assets per interim condensed consolidated statement of financial position</b>	<b>1,337,771</b>	1,334,605
<b>Reportable segment liabilities</b>	<b>219,208</b>	208,350
Amount due to a related company	1,734	1,936
Deferred income tax liabilities	–	271
Other payables and accruals	743	1,146
<b>Total liabilities per interim condensed consolidated statement of financial position</b>	<b>221,685</b>	211,703

## 7 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue, other income and other (losses)/gains, net recognised during the period are as follows:

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Revenue</b>		
Interest income from money lending business	70,804	46,900
Rental income	1,805	1,851
Sales of properties in the PRC	–	1,765
	<b>72,609</b>	50,516

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 7 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET (Continued)

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Other income</b>		
Interest income from bank deposits	830	842
Government grant	236	–
Sundry income	35	98
	<u>1,101</u>	<u>940</u>
	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
<b>Other (losses)/gains, net</b>		
Unrealised net exchange (losses)/gains	(1,504)	1,200
Fair value (loss)/gain on financial assets at fair value through profit or loss	(3)	2
	<u>(1,507)</u>	<u>1,202</u>

### 8 PROFIT FOR THE PERIOD

The following expenses have been included in “other operating expenses” during the periods:

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment ( <i>Note 13</i> )	2,379	3,788
Amortisation of intangible assets ( <i>Note 14</i> )	669	1,340
Expenses relating to short-term leases	188	381

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 9 FINANCE COSTS

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Interest expense on lease liabilities	25	9
Unwinding of interests on deferred consideration payable	3,720	3,931
	<b>3,745</b>	<b>3,940</b>

## 10 PROVISION FOR IMPAIRMENT AND WRITE-OFF OF LOAN AND INTEREST RECEIVABLES

	Six months ended 30 June 2022			Total
	12 months expected credit loss (Stage 1) HK\$000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$000	Lifetime expected credit loss credit impaired (Stage 3) HK\$000	HK\$000
Net charge of provision for impairment on loan and interest receivables	7,934	227	1,702	9,863
Write-off of loan receivables	5,846	1,274	4,900	12,020
Recovery of loan and interest receivables written-off	(303)	(43)	(251)	(597)
	<b>13,477</b>	<b>1,458</b>	<b>6,351</b>	<b>21,286</b>
	Six months ended 30 June 2021			
	12 months expected credit loss (Stage 1) HK\$'000	Lifetime expected credit loss not credit impaired (Stage 2) HK\$'000	Lifetime expected credit loss credit impaired (Stage 3) HK\$'000	Total HK\$'000
Net charge of provision for impairment on loan and interest receivables	372	188	887	1,447
Write-off of loan receivables	3,436	799	284	4,519
Recovery of loan and interest receivables written-off	(314)	(21)	(42)	(377)
	<b>3,494</b>	<b>966</b>	<b>1,129</b>	<b>5,589</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 11 INCOME TAX EXPENSE

Taxation has been calculated on the estimated assessable profits for the six months ended 30 June 2022 and 30 June 2021 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax charged to the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	280	–
– PRC land appreciation tax	–	320
– Hong Kong profits tax	6,002	4,476
	<u>6,282</u>	<u>4,796</u>
Deferred income tax	<u>(1,737)</u>	<u>1,112</u>
<b>Income tax expense</b>	<b><u>4,545</u></b>	<b><u>5,908</u></b>

### 12 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	11,464	11,039
Weighted average number of ordinary shares in issue ('000)	<u>2,667,643</u>	<u>2,667,643</u>
Basic earnings per share (HK cents)	<b><u>0.43</u></b>	<b><u>0.41</u></b>

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 30 June 2021 and hence the diluted earnings per share is the same as the basic earnings per share.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
<b>30 June 2022</b>		
<b>Cost or valuation:</b>		
At 1 January 2022	290,362	241,520
Addition	66	–
Loss on revaluation	(14,460)	–
Lease modification	(49)	–
Fair value losses	–	(4,030)
	<u>275,919</u>	<u>237,490</u>
At 30 June 2022		
<b>Accumulated depreciation and impairment:</b>		
At 1 January 2022	(19,412)	–
Provided during the period (Note 8)	(2,379)	–
Loss on revaluation	1,722	–
	<u>(20,069)</u>	<u>–</u>
At 30 June 2022		
<b>Net book value</b>		
At 30 June 2022	<u>255,850</u>	<u>237,490</u>
<b>An analysis of cost or valuation:</b>		
At cost model	1,280	–
At revalued amount	254,570	–
At fair value	–	237,490
	<u>255,850</u>	<u>237,490</u>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment property <i>HK\$'000</i> (Unaudited)
30 June 2021		
Cost or valuation:		
At 1 January 2021	419,598	183,300
Addition	10	–
Loss on revaluation	(53,230)	–
Fair value gain	–	200
	<u>366,378</u>	<u>183,500</u>
At 30 June 2021		
Accumulated depreciation and impairment:		
At 1 January 2021	(20,357)	–
Provided during the period (Note 8)	(3,788)	–
Loss on revaluation	3,079	–
	<u>(21,066)</u>	<u>–</u>
At 30 June 2021		
Net book value		
At 30 June 2021	<u>345,312</u>	<u>183,500</u>
An analysis of cost or valuation:		
At cost model	1,042	–
At revalued amount	344,270	–
At fair value	–	183,500
	<u>345,312</u>	<u>183,500</u>

Depreciation expenses of HK\$2,379,000 (six months ended 30 June 2021: HK\$3,788,000) has been charged within “other operating expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The Group has accounted for leasehold land and buildings within property, plant and equipment using the revaluation model, and the investment properties using the fair value model. As at 30 June 2022, leases recognised as right-of-use assets amounted to HK\$912,000 (31 December 2021: HK\$1,357,000) and are included in property, plant and equipment presented in the interim condensed consolidated statement of financial position.

Rental income from the investment properties for the six months ended 30 June 2022 amounted to HK\$930,000 (six months ended 30 June 2021: HK\$930,000).



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

#### (a) Valuation process of the Group

The Group's property, plant and equipment, and the investment properties were valued at 30 June 2022 and 31 December 2021 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd ("Vigers"), who hold a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings and investment properties valued.

For all leasehold land and buildings, their current use equates to the highest and best use. During the six months ended 30 June 2022, the resulting loss arising from revaluation of HK\$12,738,000 (six months ended 30 June 2021: HK\$50,151,000) has been debited to the property revaluation reserve.

For the investment properties, their current use equates to the highest and best use. The fair value losses are included in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The recurring fair value measurement for leasehold land and buildings and the investment properties are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between levels 1, 2 and 3 during the period (six months ended 30 June 2021: Nil).

#### (b) Valuation techniques

The valuation of leasehold land and buildings was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties, while the investment properties were determined using the income approach or direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. For the properties based on direct comparison method, the most significant input into this valuation approach is unit sales price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the properties. For the property based on income approach, the market rental of the property under current lease is assessed and discounted at the market yield expected by investors and provision for the reversionary potential for this type of property.

For the leasehold land and buildings, the unit sales price as at 30 June 2022 amounts to HK\$84,400 (31 December 2021: HK\$89,000) per square foot on saleable area basis.

For the investment properties, the unit sales price as at 30 June 2022 amounts to HK\$55,100 and HK\$26,100 (31 December 2021: HK\$56,700 and HK\$26,400) per square foot on saleable area basis.

An increase in the unit sales price adopted would result in an increase in the fair value measurement of leasehold land and buildings, and the investment properties by the same magnitude, and vice versa.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 14 INTANGIBLE ASSETS

	Mobile application HK\$'000	Brand name HK\$'000	Total HK\$'000
<b>Cost:</b>			
At 31 December 2021 and 30 June 2022	1,242	13,480	14,722
<b>Accumulated amortisation and impairment:</b>			
At 31 December 2021	(1,242)	(1,573)	(2,815)
Provided during the period (Note 8)	–	(669)	(669)
At 30 June 2022	<b>(1,242)</b>	<b>(2,242)</b>	<b>(3,484)</b>
<b>Net book value</b>			
At 31 December 2021	–	11,907	11,907
At 30 June 2022	<b>–</b>	<b>11,238</b>	<b>11,238</b>

Amortisation expenses of HK\$669,000 (six months ended 30 June 2021: HK\$1,340,000) have been charged within “other operating expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

### 15 LOAN RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Gross loan receivables – property mortgage loans	277,042	363,139
Gross loan receivables – personal loans	287,778	191,870
Gross loan receivables – corporate loans	29,000	29,000
Total gross loan receivables	<b>593,820</b>	584,009
Less: Provision for impairment – Stage 1	<b>(25,741)</b>	(17,807)
Provision for impairment – Stage 2	<b>(2,071)</b>	(1,844)
Provision for impairment – Stage 3	<b>(7,823)</b>	(6,121)
Total provision for impairment	<b>(35,635)</b>	(25,772)
Loan receivables, net of provision	<b>558,185</b>	558,237
Less: Non-current portion	<b>(450,579)</b>	(479,483)
Current portion	<b>107,606</b>	78,754

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 15 LOAN RECEIVABLES (Continued)

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans, personal loans and corporate loan in Hong Kong, are denominated in HK\$ and the carrying amounts approximate their fair values.

Except for personal loan receivables of HK\$287,778,000 as at 30 June 2022 (31 December 2021: HK\$191,870,000) which are unsecured, loan receivables are secured by collaterals, interest-bearing and repayable with fixed terms agreed with the customers.

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within one year	138,915	155,540
One to two years	9,786	38,886
Three to five years	257,217	148,070
Over five years	152,267	215,741
	<u>558,185</u>	<u>558,237</u>

## 16 INTEREST RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Gross interest receivables – property mortgage loans	1,402	1,799
Gross interest receivables – personal loans	6,243	3,454
	<u>7,645</u>	<u>5,253</u>

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in HK\$ and the carrying amounts approximate their fair values.

Except for interest receivables of HK\$6,243,000 as at 30 June 2022 (31 December 2021: HK\$3,454,000) which are unsecured, interest receivables are secured by collaterals and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

Interest receivables as at the end of the reporting period, net of provision, have maturities within one year.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 17 SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
<b>Authorised:</b>		
Ordinary share of HK\$0.08 each at 31 December 2021 and 30 June 2022	<b>2,800,000</b>	<b>224,000</b>
<b>Issued and fully paid:</b>		
At 31 December 2021 and 30 June 2022	<b>2,667,643</b>	<b>213,411</b>

### 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Equity securities held for trading	<b>149</b>	152

The financial assets are listed instruments denominated in HK\$ and are classified as current assets.

### 19 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Deferred consideration payable ( <i>Note</i> )	<b>189,146</b>	185,426
Rental deposits	<b>409</b>	427
Accrued audit fee	<b>1,311</b>	1,595
Accrued employee benefits expenses	<b>277</b>	1,340
Other payables and accrued expenses	<b>9,084</b>	2,432
<b>Other payables and accruals</b>	<b>200,227</b>	191,220
Less: Non-current portion of deferred consideration payable ( <i>Note</i> )	<b>(150,040)</b>	(146,742)
Current portion	<b>50,187</b>	44,478

*Note:*

Deferred consideration payable represents the purchase consideration for acquiring aEasy Credit Investment Limited and its subsidiaries on 23 September 2020. The balances of the consideration shall be settled on or before 31 December 2023.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 20 RELATED PARTY DISCLOSURES

- (a) The amount due to a related company is unsecured, interest-free and repayable on demand. The carrying amount of the balance approximates its fair value and is denominated in HK\$.
- (b) Other than the amount due to a related company, the Company's related party transactions are as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Balance with a related party: Loan receivables ( <i>Note iv</i> )	<b>29,000</b>	29,000
	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2021 HK\$'000 (Unaudited)
Transactions with related parties:		
Administrative expense ( <i>Note i</i> )	–	243
Rental income ( <i>Note ii</i> )	<b>930</b>	930
Lease payments ( <i>Note iii</i> )	<b>48</b>	48
Interest income ( <i>Note iv</i> )	<b>3,494</b>	3,488



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

### 20 RELATED PARTY DISCLOSURES (Continued)

(b) (Continued)

*Note:*

- (i) Pursuant to the tenancy agreements entered into between Panda Investment Company Limited (“Panda Investment”) and the Group, the Group leased certain office premises of Panda Investment during the year ended 31 December 2021 and terminated the tenancy agreement on 9 August 2021. The total rent paid during the six months ended 30 June 2021 was HK\$243,000. Panda Investment is a wholly owned subsidiary of Lee & Leung Family Investment Limited, the ultimate parent of the Company.
- (ii) Pursuant to tenancy agreements entered into between Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company, and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rental of HK\$155,000 (exclusive of rates, management fee and utility charges).

The rental income recognised by the Group during the six months ended 30 June 2022 is HK\$930,000 (six months ended 30 June 2021: HK\$930,000).

- (iii) The amount represents accruals/payments for leasing office premises to two related companies, which are ultimately held by certain directors of the Group.
  - (iv) The balance represents a loan to a company in which a director is also a director of the Group. This balance is secured by the shares of a subsidiary of the related party with interest bearing at 24% per annum. The carrying amount of this balance approximates its fair value and is denominated in HK\$. The interest income recognised by the Group during the six months ended 30 June 2022 HK\$3,494,000 (six months ended 30 June 2021: HK\$3,488,000)
- (c) In the opinion of the directors, the directors of the Company represented the key management personnel of the Company. During the six months ended 30 June 2022, HK\$3,929,000 (six months ended 30 June 2021: HK\$4,136,000) was paid to the key management personnel.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2022

## 21 OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

One of the Group's investment property of HK\$176,290,000 (31 December 2021: HK\$179,440,000) was let out under operating leases.

As at 30 June 2022, certain completed properties for sale with carrying amounts of HK\$4,023,000 (31 December 2021: HK\$4,278,000) were also let out under operating leases. The directors of the Company considered that the completed properties for sale are remained as completed properties for sale by taking into accounts of the fact the Group has put selling effort to sell the said properties and actual sales were incurred in the prior year. The Group has engaged certain property agents to search potential buyers, set up a sales office to support the sales activities and there are advertisements to boost the sales. Moreover, the completed properties for sale let out are under short-term leases in order to allow the flexibility to control the number of residential units available for sale. The management has been actively marketing these completed properties for sale at a price that is reasonable to its current fair value.

As at 30 June 2022, all of the properties leased out have committed tenants for one year (31 December 2021: one month to two years).

The future aggregate minimum lease payments receivables under non-cancellable operating leases are as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Less than one year	1,375	1,928
One to two years	–	385
	<u>1,375</u>	<u>2,313</u>

## 22 DIVIDEND

No dividend was paid in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).