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## CORPORATE INFORMATION

## BOARD OF DIRECTORS

*Executive Directors*

Mr. WONG Kin Yip, Freddie (*Chairman*)  
 Ms. WONG Ching Yi, Angela  
 Mr. LO Chin Ho, Tony  
 Mr. WONG Alexander Yiu Ming

*Independent Non-Executive Directors*

Mr. SHA Pau, Eric  
 Mr. WONG Chung Kwong  
 Mr. LI Wai Keung

## AUDIT COMMITTEE

Mr. LI Wai Keung (*Committee Chairman*)  
 Mr. SHA Pau, Eric  
 Mr. WONG Chung Kwong

## REMUNERATION COMMITTEE

Mr. LI Wai Keung (*Committee Chairman*)  
 Mr. WONG Kin Yip, Freddie  
 Mr. WONG Alexander Yiu Ming  
 Mr. SHA Pau, Eric  
 Mr. WONG Chung Kwong

## NOMINATION COMMITTEE

Mr. WONG Kin Yip, Freddie  
 (*Committee Chairman*)  
 Mr. WONG Alexander Yiu Ming  
 Mr. SHA Pau, Eric  
 Mr. WONG Chung Kwong  
 Mr. LI Wai Keung

## COMPANY SECRETARY

Ms. MUI Ngar May, Joel

## AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela  
 Mr. SZE Ka Ming

## REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE  
OF BUSINESS IN HONG KONG

Rooms 2505-8, 25th Floor  
 World-Wide House  
 19 Des Voeux Road Central  
 Hong Kong

## AUDITOR

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

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
 DBS Bank (Hong Kong) Limited  
 Hang Seng Bank Limited  
 Shanghai Commercial Bank Limited  
 The Hongkong and Shanghai Banking  
 Corporation Limited

PRINCIPAL SHARE REGISTRAR AND  
TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

HONG KONG BRANCH SHARE  
REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong

## CORPORATE WEBSITE

[www.legendupstarholdings.com](http://www.legendupstarholdings.com)

## STOCK CODE

459

## LETTER FROM CHAIRMAN

### BUSINESS REVIEW

Legend Upstar Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) announce that for the six months ended 30 June 2024 (the “Interim Period”), the Group recorded a profit attributable to equity holders amounted to HK\$9,504,000 (for the six months ended 30 June 2023: HK\$17,511,000).

The decline in profit of the Group was mainly attributable to the absence of disposal of property during the Interim Period and the poor performance of the non-residential market in Hong Kong. For the six months ended 30 June 2023, there was a realised gain of approximately HK\$7 million through capturing the capital appreciation from the disposal of a property investment. During the Interim Period, all three sub-segments, namely, industrial property, shop, and office suffered from the decline in the volume of transaction activities.

#### *Lack of Stimulus Measures Led to Drop in Sales Activities*

Unlike the residential property sector, which has benefitted from the removal of all the tightening measures, the non-residential property sector has had no reliefs. The much-anticipated new capital investment entrant scheme has not yet provided any new impetus, with only three cases of visa application being approved by the Hong Kong government in the first half of 2024. Cross-border consumption, elevated interest rate, and geopolitical tension have battered the non-residential property sector extremely hard.

After the border reopening, Hong Kong’s retail sector has been negatively impacted by the strong US dollar, which has encouraged Hong Kong residents to spend their money outside the city. Furthermore, it has become a regular weekend activity for many Hong Kong people to dine and shop in the Greater Bay Area cities across the border in Mainland China. In April 2024, a month where the long Easter holiday took place, retail sales in Hong Kong recorded a stunning year-on-year drop of 16.5%. This downward trend in sales continued into the subsequent months as well. It is understandable that potential investors may hesitate to enter the market if neighbourhood shops and restaurants keep closing down.

## LETTER FROM CHAIRMAN *(continued)*

### BUSINESS REVIEW *(continued)*

#### *Lack of Stimulus Measures Led to Drop in Sales Activities (continued)*

Another concern for the property market is elevated interest rates. After an increase of 525 basis points in interest rates from 2021 to 2023, interest rates have remained flat for over a year. Even though there have been many forecasts from economists and analysts predicting an interest rate cut since late 2023, there is still no exact indication on timing or extent despite the clear intention of rate cuts shown by the Federal Reserve Chairman. Indeed, the non-residential property sector has mainly been dominated by investors whose appetite is hugely dependent on the direction of interest rate movements. As interest rates remained at elevated levels in the first half of 2024, the buying power of the investors shrank further. To make matters worse, local banks have adopted an extremely cautious stance in making non-residential mortgage loans, setting an extra hurdle for investors to buy properties. Furthermore, the upcoming US presidential election has introduced another source of uncertainty for the market. One of the presidential candidates, Donald Trump, has said that he would impose additional tariffs on Chinese imports if re-elected. Such rhetoric has also adversely impacted buyer confidence. The heightened geopolitical tension has prompted a lot of companies to put their expansion plan on hold.

The unfavourable market conditions sent the number of sales registrations of industrial units, shop and office down by around 30%, 13% and 30% year-on-year, respectively.

#### *Key Profit Drivers: Property Investment and Money Lending Business*

Due to the poor performance of the non-residential property sector, the property agency division registered a 15.8% decline in revenue in the Interim Period. Furthermore, the drop in property prices led to revaluation deficit of investment properties after revaluation, which also affected the Group's interim results. Facing with a series of challenges, the Group spared no efforts in mitigating the impacts of the market slowdown. Firstly, the Group took the initiative of cost cutting and some cost items such as salary and rental went down in the first half of 2024. Secondly, the initiative of deeply engaging with the business units of Midland Holdings Limited ("Midland"), a related company of the Group, reaped rewards as well. In the Interim Period, the Group's referral commissions from transactions relating to residential units increased substantially. The Group's property agency division's revenue should have dropped much more if there was no growth in the referral commission.

## LETTER FROM CHAIRMAN (continued)

### BUSINESS REVIEW (continued)

#### *Key Profit Drivers: Property Investment and Money Lending Business (continued)*

It is worth noting that the Group's other two business lines, namely, property investment and money lending business, continued to make positive contributions to its financial results. The Group's property investment portfolio comprises serviced apartments, shops, offices and industrial units. While the weak market conditions unavoidably had adverse impacts on some of the non-residential leasing properties, this was offset by the efforts of the Group's property management team in maximising the rental returns. The vibrant residential rental sector also benefitted the operations of the Group's serviced apartments. In the first half of 2024, the overall occupancy rate of the Group's rental portfolio managed to achieve a high occupancy rate despite the challenging market conditions.

The money lending business remained profitable in the first half of 2024. The overall loan portfolio size and number of new loan drawdowns both increased as the residential property market stabilised with the removal of all tightening measures. However, competition remained fierce in the elevated interest rate environment. Despite these challenges, the money lending division demonstrated its ability to grow while upholding a prudent credit approach.

### OUTLOOK

#### *Hope for the Dawn*

Hong Kong's economic recovery has been stalled. The retail sector in particular has struggled with the impact of "revenge travel" as local residents increasingly shop and dine in Mainland China. This trend has been exacerbated by the strong US dollar, which has weakened Hong Kong's competitiveness while encouraging residents to spend abroad and making the city a more expensive destination for international visitors. It is highly likely that cross-border consumption may persist even if the Hong Kong dollar weakens in response to potential interest rate cuts later in 2024. But such a change in currency could help boost the number of arrivals in Hong Kong. Government efforts to organise world-class events and seasonal celebrations may also gradually drive tourism growth. Meantime, increases of duty-free shopping allowances brought into the Mainland from Hong Kong by visitors who are Mainland residents may provide support to the retail sector.

## LETTER FROM CHAIRMAN *(continued)*

### OUTLOOK *(continued)*

#### *Hope for the Dawn (continued)*

Market expectations indicate rate reductions are likely in late 2024, especially amid the fear of recession in the US. Yet with hope after hope of rate reduction dashed previously, investors may wait until actual rate cuts take place. Geopolitical risk also looms large in view of the upcoming US election which may impact Sino-US ties profoundly.

Mainland China's GDP rose 4.7% in the second quarter of 2024 as compared with the corresponding period in 2023, a weaker and slower increment than the prior quarter. Property market policies introduced in May 2024 have helped sentiment and Mainland developers' sales, but full effects may take time to kick in. Additional supportive economic measures were unveiled at Mainland China's third plenum in mid-July 2024, and Hong Kong stands to benefit alongside the Mainland economy from such actions.

#### *Emerging New Drivers*

The changing spending habits of Mainland Chinese tourists and youths have negatively impacted Hong Kong's retail sector. The good thing is that the Hong Kong government is going to organise more mega events and activities to better entice Mainland visitors and encourage spending while in the city. Occupying an area of about 28 hectares and being the largest sports infrastructure project in Hong Kong's history, the Kai Tak Sports Park will open in the first half of 2025. It will also serve as a performance venue for concerts of local artistes and international superstars, as well as variety shows. Concerts economics has the potential to drive a tourism boom in Hong Kong. Wealthy Mainland Chinese consumers are also displaying evolving tastes, from luxury brands towards more discreet and high-quality labels in view of economic uncertainty. This change in mindset has significantly reduced Mainland tourist consumption in Hong Kong, presenting challenges for local retailers. The Group is confident that Hong Kong's retail sector is able to adapt to the change in spending pattern, and the upper-end stores will focus on the "poshest of the posh" luxury brands.

Despite geopolitical uncertainties and market volatility, the Hong Kong wealth and asset management industry still managed to grow. Hong Kong is reportedly attracting wealthy Mainland Chinese back to the city after rolling out a lot of initiatives to entice them. As the Hong Kong government is scrambling for the top spot of wealth management in the region and the world, more and more family offices are expected to be set up in Hong Kong. Hence, the office segment may benefit.

The industrial properties segment has been battered by the elevated interest rate for quite some time. If interest rate, as expected, is cut in the second half of 2024, transaction activity may pick up.

## LETTER FROM CHAIRMAN (continued)

### OUTLOOK (continued)

#### *Two Strings to Our Bow*

The non-residential property sector has been underperforming. In the near term, business conditions are expected to remain challenging. The Group will strive to improve operating efficiency through cost control and new business initiatives.

Seeing improvements in the residential market sentiment, the Group has doubled efforts partnering with Midland to generate more referral commission from estate agency transactions. In the first half of 2024, the number of referrals from the Group to Midland members exceeded expectations. The Group will continue capitalising on opportunities in the relatively robust residential sector by devising measures to boost referrals.

For agency services, the Group will stay abreast of market shifts that may impact investors' property preferences. For example, the growing wealth management industry could significantly influence demand.

Non-agency businesses of the Group are expected to receive support. An influx of overseas talents and non-local students should benefit the Group's serviced apartments project. Meanwhile, the Group's property investment portfolio will be actively managed through tenancy and asset allocation reviews. Prospects for the money lending business are relatively complex as interest rate cuts could boost business but competition may intensify if borrowing costs fall. Given the weaknesses in the economy and potential downward pressure on property prices, the Group faces risks of increasing non-performing loans and bad debts. As such, the Group will closely monitor the performance of its loan portfolio.

### APPRECIATION

I would like to take this opportunity to express my sincere gratitude to our shareholders and customers, and to our management and staff for their hard work and dedication during the Interim Period.

**WONG Kin Yip, Freddie**  
*Chairman*

Hong Kong, 26 August 2024



## MANAGEMENT DISCUSSION AND ANALYSIS

The Letter from Chairman from pages 3 to 7 forms part of the Management Discussion and Analysis.

### FINANCIAL REVIEW

#### *Liquidity and financial resources*

As at 30 June 2024, the Group had cash and cash equivalents of HK\$202,338,000 (as at 31 December 2023: HK\$219,181,000), whilst bank loans amounted to HK\$380,547,000 (as at 31 December 2023: HK\$384,225,000).

The maturity profile of the Group's borrowings is set out as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Secured bank loans without repayment on demand clause		
– repayable within 1 year	<b>146,006</b>	109,356
– repayable after 1 year but within 2 years	<b>15,006</b>	138,356
– repayable after 2 years but within 5 years	<b>219,535</b>	136,513
	<b>380,547</b>	384,225

The Group's bank loans were secured by certain investment properties held by the Group of HK\$896,900,000 (as at 31 December 2023: HK\$898,200,000). As at 30 June 2024, the Group had unutilised borrowing facilities amounting to HK\$93,000,000 (as at 31 December 2023: HK\$135,000,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong dollars and the Group's bank loans are in Hong Kong dollars. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2024, the gearing ratio of the Group was 33.1% (as at 31 December 2023: 33.7%). The gearing ratio is calculated on the basis of the Group's total bank loans over total equity of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

#### *Liquidity and financial resources (continued)*

The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.2 (as at 31 December 2023: 2.5). The return on equity of the Group, which is the ratio of profit for the period over total equity was 0.81% (for the six months ended 30 June 2023: 1.50%).

With committed banking facilities in place and a solid base of recurrent income, the directors of the Company (the "Directors") are of the view that there are sufficient financial resources to satisfy the Group's on-going working capital requirements.

Consistent with the overall treasury objectives and policy, the Group undertakes treasury management activities with respect to its available cash so as to generate investment return to enhance the Group's financial position. The criteria for selection of investments will include (i) the risk profile involved and not speculative in nature; (ii) the liquidity of an investment; (iii) the after tax equivalent yield of an investment; and (iv) structured products are prohibited. In line with its liquidity objectives, the Group invests mostly in liquid instruments, products or equities with good credit quality. Investment in fixed income products are structured in different maturity profile to cater for ongoing business development.

The Group's income and monetary assets and liabilities are denominated in Hong Kong dollars. The Directors consider that the foreign exchange exposure of the Group is minimal.

#### *Fair value losses on revaluation of investment properties*

During the period, the Group recorded a fair value loss of HK\$3.4 million (for the six months ended 30 June 2023: HK\$2.9 million) on revaluation of investment properties.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

#### *Information on the Group's loan portfolio and money lending business*

As at 30 June 2024, the outstanding loan receivables was HK\$343.5 million (as at 31 December 2023: HK\$333.7 million). The outstanding loan balance involved 35 cases (as at 31 December 2023: 36 cases) with different borrowers. The largest outstanding loan receivable was HK\$60.0 million (representing approximately 17% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property and a car parking space located at a prime location with a loan to value ratio of approximately 67%. The second largest outstanding loan receivable was HK\$49.2 million (representing approximately 14% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property located at a prime location with a loan to value ratio of approximately 79%. As at 30 June 2024, the amount of loan receivables from the five largest borrowers was HK\$171.6 million (as at 31 December 2023: HK\$176.6 million), representing approximately 50% of the outstanding loan portfolio as a whole (as at 31 December 2023: 53%).

As at 30 June 2024, all the outstanding loan receivables were secured by first mortgage over residential and/or non-residential properties, with average loan to value ratio of approximately 57% (as at 31 December 2023: 60%). No impairment loss on loan was made during the period (for the six months ended 30 June 2023: nil).

The credit business of the Group is operated by Legend Credit Limited ("Legend Credit"), the Group's money lending unit. Such credit business provides a stable revenue and cash flow to the Group.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval of the credit committee.

The credit risk assessment is based on the financial strength and repayment ability of the borrower, the collateral provided, prevailing market and competitive conditions and interest rate environment.

All loans advanced by Legend Credit are subject to approval on a case-by-case basis by a credit committee, which comprises members of the senior management who possess expertise in the property and financing fields.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### FINANCIAL REVIEW (continued)

#### *Information on the Group's loan portfolio and money lending business (continued)*

Interest rates on loans are offered based on the assessed degree of credit risks, loan period, loan amount, availability of funds, and any other relevant business relationships with the borrower.

The Group manages its loan portfolio to minimise concentration by the relationship between borrowers to maintain a diversified client base and lessen credit risk exposures. Legend Credit's collection team will conduct periodic review of its portfolio to monitor risks of default. They will also monitor whether borrowers make timely repayments and fulfil covenants during the life of the loan. The collection team will follow up promptly on late repayments, and liaise with borrowers for settlement. The Group will enforce securities and take legal actions for overdue debts when necessary.

#### *Contingent Liabilities*

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the condensed consolidated financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic resources is probable.

### EMPLOYEE INFORMATION

As at 30 June 2024, the Group employed 431 full-time employees (as at 31 December 2023: 480).

The emolument policy regarding employees of the Group is largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share options may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. In respect of staff development, both in-house and external training and development programmes are conducted on a regular basis.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or otherwise, were as follows:

(i) *Long positions in the shares and underlying shares of the Company*

Name of Directors	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of the issued voting shares of the Company
	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial owner <i>(Note 1)</i>		
Mr. WONG Kin Yip, Freddie	1,106,393,428 <i>(Note 2)</i>	18,000,000	1,124,393,428	62.28%
Ms. WONG Ching Yi, Angela	-	18,000,000	18,000,000	1%
Mr. WONG Alexander Yiu Ming	-	18,000,000	18,000,000	1%

*Notes:*

- These underlying shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the share options of the Company granted to him/her. Details of the share options granted by the Company to the above Directors are set out in the section headed "SHARE OPTION SCHEME" in this interim report.
- These shares were held by Wealth Builder Holdings Limited ("Wealth Builder") which was indirectly wholly-owned by Mr. WONG Kin Yip, Freddie through his wholly-owned company, namely Luck Gain Holdings Limited ("Luck Gain").

## OTHER INFORMATION (continued)

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(iii) *Long positions in the shares and underlying shares of the associated corporations of the Company*

Name of associated corporations	Name of Directors	Number of ordinary shares			Approximate percentage of the issued voting shares of associated corporations
		Personal interest/Beneficial owner	Corporate interest/Interest of controlled corporation	Total	
Wealth Builder	Mr. WONG Kin Yip, Freddie	-	1 <i>(Note)</i>	1	100%
Powerful Surge Group Limited	Ms. WONG Ching Yi, Angela	5	-	5	4.67%

*Note:* Such share was held by Luck Gain which was directly wholly-owned by Mr. WONG Kin Yip, Freddie.

Save as disclosed above, as at 30 June 2024, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Interim Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## OTHER INFORMATION (continued)

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

*Long positions in the shares and underlying shares of the Company*

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Luck Gain	1,106,393,428 <i>(Note 1)</i>	Interest of controlled corporation/ Corporate interest	61.29%
Wealth Builder	1,106,393,428 <i>(Note 1)</i>	Beneficial owner/ Beneficial interest	61.29%
Ms. TANG Mei Lai, Metty	1,124,393,428 <i>(Note 2)</i>	Interest of spouse/ Family interest	62.28%

## OTHER INFORMATION (continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

#### *Long positions in the shares and underlying shares of the Company (continued)*

##### *Notes:*

1. Luck Gain, which was directly wholly-owned by Mr. WONG Kin Yip, Freddie, was deemed to be interested in the 1,106,393,428 ordinary shares held by its directly wholly-owned subsidiary, Wealth Builder, under the SFO. These interests are also disclosed as the interests of Mr. WONG Kin Yip, Freddie in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this interim report.
2. Such interests comprise (i) 1,106,393,428 ordinary shares held indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 18,000,000 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" in this interim report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was deemed to be interested.

Save as disclosed above, as at 30 June 2024, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.



## OTHER INFORMATION (continued)

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 18 June 2020, the Company adopted the share option scheme (the “Share Option Scheme”).

Movements in the outstanding share options of the Company granted under the Share Option Scheme during the Interim Period were as follows:

Name	Date of grant (Note 1)	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 June 2024	Exercisable period
			Balance outstanding as at 1 January 2024	Granted during the Interim Period	Lapsed during the Interim Period	Cancelled during the Interim Period	Exercised during the Interim Period		
<b>Directors</b>									
Mr. WONG Kin Yip, Freddie	3 January 2022	0.128	18,000,000	-	-	-	-	18,000,000	3 January 2023 to 2 January 2030
Ms. WONG Ching Yi, Angela	3 January 2022	0.128	18,000,000	-	-	-	-	18,000,000	3 January 2023 to 2 January 2030
Mr. WONG Alexander Yiu Ming	3 January 2022	0.128	18,000,000	-	-	-	-	18,000,000	3 January 2023 to 2 January 2030
Total			54,000,000	-	-	-	-	54,000,000	

## Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company’s share capital.
3. The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 30 June 2024 was 126,528,260.

## OTHER INFORMATION (continued)

### 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 Interim Period.

### INTERIM DIVIDEND

The board of Directors does not declare an interim dividend for the Interim Period (for the six months ended 30 June 2023: nil).

### REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed and discussed with the management the unaudited condensed consolidated interim financial information of the Group for the Interim Period, and also reviewed this interim report.

### CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of a Director subsequent to the date of the 2023 annual report of the Company is set out below:

Mr. LI Wai Keung has been re-designated from an Independent Non-executive Director to an Executive Director of Hans Energy Company Limited (a company listed on the Main Board of the Stock Exchange) with effect from 31 July 2024.

### CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code as stated in Appendix C1 to the Listing Rules throughout the Interim Period.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions at all applicable times during the Interim Period.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenues	3(a)	201,530	230,519
Other (losses)/income, net	4	(3,115)	4,350
Staff costs		(109,034)	(117,730)
Rebate incentives		(29,060)	(42,431)
Advertising and promotion expenses		(3,280)	(3,786)
Operating lease charges in respect of a shop premise		(390)	–
Amortisation of right-of-use assets		(8,961)	(12,421)
Depreciation of property and equipment		(2,355)	(2,525)
Net impairment losses on financial assets		(7,676)	(8,800)
Other operating costs	5	(17,871)	(20,658)
Operating profit		19,788	26,518
Bank interest income		3,609	3,210
Interest on bank loans		(12,023)	(9,892)
Interest on lease liabilities		(400)	(441)
Profit before taxation		10,974	19,395
Taxation	6	(1,683)	(1,991)
Profit and total comprehensive income for the period		9,291	17,404
Profit/(loss) and total comprehensive income/(loss) for the period attributable to:			
Equity holders		9,504	17,511
Non-controlling interests		(213)	(107)
		9,291	17,404
		HK cent	HK cent
Earnings per share	8		
Basic		0.526	0.970
Diluted		0.526	0.970

## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2024

	Note	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		4,788	6,938
Right-of-use assets		14,716	22,839
Investment properties	9	1,003,400	1,006,800
Deferred tax assets		11,343	10,541
		<b>1,034,247</b>	<b>1,047,118</b>
<b>Current assets</b>			
Trade and other receivables	11	112,014	89,638
Loan receivables	10	343,482	333,710
Tax recoverable		1,654	1,792
Cash and cash equivalents		202,338	219,181
		<b>659,488</b>	<b>644,321</b>
<b>Total assets</b>		<b>1,693,735</b>	<b>1,691,439</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity holders</b>			
Share capital	12	180,528	180,528
Share premium		745,086	745,086
Reserves		217,335	207,831
		<b>1,142,949</b>	<b>1,133,445</b>
<b>Non-controlling interests</b>		<b>5,815</b>	<b>6,028</b>
<b>Total equity</b>		<b>1,148,764</b>	<b>1,139,473</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)

AS AT 30 JUNE 2024

	Note	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		8,596	8,071
Lease liabilities		1,677	8,799
Bank loans	13	234,541	274,869
Other payables	14	6,894	6,887
		<b>251,708</b>	298,626
<b>Current liabilities</b>			
Trade and other payables	14	128,753	125,581
Amounts due to non-controlling interests	15	420	420
Lease liabilities		14,540	16,061
Bank loans	13	146,006	109,356
Tax payable		3,544	1,922
		<b>293,263</b>	253,340
<b>Total liabilities</b>		<b>544,971</b>	551,966
<b>Total equity and liabilities</b>		<b>1,693,735</b>	1,691,439

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company				Non- controlling interests	Total equity
	Share capital	Share premium	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	180,528	745,086	207,831	1,133,445	6,028	1,139,473
Total comprehensive income/(loss)						
Profit/(loss) for the period	-	-	9,504	9,504	(213)	9,291
At 30 June 2024	180,528	745,086	217,335	1,142,949	5,815	1,148,764
At 1 January 2023	180,528	745,086	208,522	1,134,136	6,990	1,141,126
Total comprehensive income/(loss)						
Profit/(loss) for the period	-	-	17,511	17,511	(107)	17,404
Transaction with owners						
Share option scheme – value of employee services	-	-	18	18	-	18
At 30 June 2023	180,528	745,086	226,051	1,151,665	6,883	1,158,548

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>		
– Net cash generated from operations	5,535	141,124
– Hong Kong profits tax paid	(200)	(5,210)
– Bank interest paid	(12,023)	(9,892)
– Interest element of lease payments	(400)	(441)
Net cash (used in)/generated from operating activities	(7,088)	125,581
<b>Cash flows from investing activities</b>		
– Net cash inflow from the disposal of a subsidiary	–	32,448
– Acquisition of property and equipment	(205)	(4,268)
– Bank interest received	3,609	3,210
Net cash generated from investing activities	3,404	31,390
<b>Cash flows from financing activities</b>		
– Principal element of lease payments	(9,481)	(12,772)
– Repayment of bank loans	(3,678)	(57,548)
Net cash used in financing activities	(13,159)	(70,320)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(16,843)	86,651
Cash and cash equivalents at 1 January	219,181	212,785
Cash and cash equivalents at 30 June	202,338	299,436

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

### 1 General information

Legend Upstar Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (together, the “Group”) are the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

The Company’s immediate holding company is Wealth Builder Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

The Company’s ultimate holding company is Luck Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the board of directors (the “Board”) on 26 August 2024.

### 2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared under the historical cost convention as modified by the revaluation of investment properties which are carried at fair values, and also prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies used in preparing this unaudited condensed consolidated interim financial information are consistent with those followed in preparing the Group’s consolidated financial statements for the year ended 31 December 2023, except for the adoption of the amended HKFRSs and HKASs which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2024.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 2 Basis of preparation (continued)

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 consolidated financial statements for the year ended 31 December 2023.

#### (a) Amended standards effective in 2024

The adoption of the amended standards does not have a material impact on the Group's results of operations or financial position.

#### (b) New and amended standards and interpretations which are not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these new and amended standards and interpretations is not expected to have a material impact on the Group's results of operations or financial position.

### 3 Revenues and segment information

#### (a) Revenues

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
<b>Revenues from contracts with customers within the scope of HKFRS 15</b>		
Agency fee	<b>171,657</b>	203,831
<b>Revenues from other sources</b>		
Rental income	<b>13,394</b>	13,748
Interest income from credit business	<b>16,479</b>	12,940
	<b>29,873</b>	26,688
<b>Total revenues</b>	<b>201,530</b>	230,519

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information

The chief operating decision-makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. The Executive Directors determine the operating segments based on these reports.

The Executive Directors assess the performance based on the nature of the Group's businesses principally located in Hong Kong, which comprises property agency businesses for commercial and industrial properties and shops, properties investment, credit business and securities investment.

	Six months ended 30 June 2024						Total HK\$'000
	Property agency			Properties investment HK\$'000	Credit business HK\$'000	Securities investment HK\$'000	
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000				
Segment revenues	66,986	45,340	64,424	13,394	16,479	-	206,623
Inter-segment revenues	(2,127)	(2,103)	(863)	-	-	-	(5,093)
Revenues from external customers	64,859	43,237	63,561	13,394	16,479	-	201,530
Timing of revenue recognition							
- At a point in time	64,859	43,237	63,561	-	-	-	171,657
Rental income	-	-	-	13,394	-	-	13,394
Interest income	-	-	-	-	16,479	-	16,479
	64,859	43,237	63,561	13,394	16,479	-	201,530
Segment results	2,505	4,440	474	4,262	13,858	-	25,539
Fair value loss on investment properties	-	-	-	(3,400)	-	-	(3,400)
Amortisation of right-of-use assets	(4,113)	(2,336)	(2,512)	-	-	-	(8,961)
Depreciation of property and equipment	(1,164)	(523)	(654)	(9)	(5)	-	(2,355)
Net impairment losses on financial assets	(2,288)	(872)	(4,516)	-	-	-	(7,676)
Additions to non-current assets	108	35	62	-	-	-	205

For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

	Six months ended 30 June 2023						
	Property agency			Properties investment HK\$'000	Credit business HK\$'000	Securities investment HK\$'000	Total HK\$'000
	Commercial properties HK\$'000	Industrial properties HK\$'000	Shops HK\$'000				
Segment revenues	79,978	52,348	80,544	13,748	12,940	-	239,558
Inter-segment revenues	(5,837)	(1,284)	(1,918)	-	-	-	(9,039)
Revenues from external customers	74,141	51,064	78,626	13,748	12,940	-	230,519
Timing of revenue recognition							
- At a point in time	74,141	51,064	78,626	-	-	-	203,831
Rental income	-	-	-	13,748	-	-	13,748
Interest income	-	-	-	-	12,940	-	12,940
	74,141	51,064	78,626	13,748	12,940	-	230,519
Segment results	4,163	6,668	545	12,480	10,860	-	34,716
Fair value loss on investment properties	-	-	-	(2,900)	-	-	(2,900)
Gain on disposal of a subsidiary	-	-	-	6,970	-	-	6,970
Amortisation of right-of-use assets	(4,351)	(3,173)	(4,897)	-	-	-	(12,421)
Depreciation of property and equipment	(1,099)	(725)	(676)	(19)	(6)	-	(2,525)
Net reversal of impairment/ (impairment losses) on financial assets	1,326	(969)	(9,157)	-	-	-	(8,800)
Additions to non-current assets	1,528	541	2,199	-	-	-	4,268

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, bank interest income, interest on bank loans and taxation are not included in the segment results.

Revenues between segments arose from transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the condensed consolidated statement of comprehensive income. The revenue from external customers is the same as the total revenue per condensed consolidated statement of comprehensive income.

A reconciliation of segment results to profit before taxation is provided as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Segment results for reportable segments	<b>25,539</b>	34,716
Corporate expenses	<b>(6,151)</b>	(8,639)
Bank interest income	<b>3,609</b>	3,210
Interest on bank loans	<b>(12,023)</b>	(9,892)
Profit before taxation per condensed consolidated statement of comprehensive income	<b>10,974</b>	19,395

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

Segment assets and liabilities exclude corporate assets and liabilities and deferred taxation, all of which are managed on a central basis. Set out below is an analysis of assets and liabilities by reportable segment:

	As at 30 June 2024						
	Property agency			Properties investment	Credit business	Securities investment	Total
	Commercial properties	Industrial properties	Shops				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	42,332	26,992	55,906	1,006,673	345,084	5	1,476,992
Segment liabilities	41,992	26,347	52,837	21,698	751	-	143,625

	As at 31 December 2023						
	Property agency			Properties investment	Credit business	Securities investment	Total
	Commercial properties	Industrial properties	Shops				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	37,652	25,657	44,154	1,008,968	334,304	5	1,450,740
Segment liabilities	42,500	33,907	42,690	20,777	546	-	140,420

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 3 Revenues and segment information (continued)

#### (b) Segment information (continued)

Reportable segment assets are reconciled to total assets as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Segment assets	1,476,992	1,450,740
Corporate assets	205,400	230,158
Deferred tax assets	11,343	10,541
<b>Total assets per condensed consolidated balance sheet</b>	<b>1,693,735</b>	<b>1,691,439</b>

Reportable segment liabilities are reconciled to total liabilities as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Segment liabilities	143,625	140,420
Corporate liabilities	392,750	403,475
Deferred tax liabilities	8,596	8,071
<b>Total liabilities per condensed consolidated balance sheet</b>	<b>544,971</b>	<b>551,966</b>

### 4 Other (losses)/income, net

	<b>Six months ended 30 June</b>	
	<b>2024 HK\$'000</b>	2023 HK\$'000
Fair value loss on investment properties (note 9)	(3,400)	(2,900)
Gain on disposal of a subsidiary	–	6,970
Others	285	280
	<b>(3,115)</b>	<b>4,350</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 5 Other operating costs

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Office and branch operating expenses (remark)	5,598	7,421
Government rent and rates, building management fee (leased properties and investment properties)	3,527	3,756
Legal and professional fee	1,558	2,476
Trademark licensing fee (note 20 (a))	715	809
Insurance expenses	1,923	2,330
Bank charges	1,004	863
Auditor's remuneration		
– audit services	733	629
– interim results review	–	343
Others	2,813	2,031
<b>Other operating costs</b>	<b>17,871</b>	<b>20,658</b>

For the six months ended 30 June 2024, direct operating expenses arising from investment properties that generated rental income and did not generate rental income were HK\$3,053,000 and HK\$35,000 respectively, in which HK\$1,872,000 were included in other operating costs.

For the six months ended 30 June 2023, direct operating expenses arising from investment properties that generated rental income and did not generate rental income were HK\$2,941,000 and HK\$80,000 respectively, in which HK\$1,630,000 were included in other operating costs.

Remark: Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, and repair and maintenance.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 6 Taxation

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Current		
Hong Kong profits tax	1,960	1,886
Deferred tax	(277)	105
	<b>1,683</b>	<b>1,991</b>

Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2023: 16.5%) on the estimated assessable profit for the period, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated on the same basis for the six months ended 30 June 2023.

### 7 Interim dividend

The Board does not declare an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 8 Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Profit attributable to equity holders for calculation of basic and diluted earnings per share	<b>9,504</b>	17,511
Weighted average number of shares for calculation of basic and diluted earnings per share (thousands)	<b>1,805,283</b>	1,805,283
Basic and diluted earnings per share (HK cent)	<b>0.526</b>	0.970

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2024 and 2023, the diluted earnings per share is the same as the basic earnings per share as the effect of the exercise of the share options of the Company would be anti-dilutive.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 9 Investment properties

	HK\$'000
At 31 December 2023 and 1 January 2024	1,006,800
Change in fair value recognised in the condensed consolidated statement of comprehensive income (note 4)	(3,400)
At 30 June 2024	1,003,400

Fair value loss of HK\$3,400,000 (for the six months ended 30 June 2023: HK\$2,900,000) on investment properties was recognised during the period.

Investment properties of HK\$896,900,000 (as at 31 December 2023: HK\$898,200,000) are pledged as security for the Group's bank loans (note 13).

As at 30 June 2024 and 31 December 2023, valuations were undertaken by Jones Lang LaSalle Limited, an independent qualified professional valuer. The valuer has appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties are generally derived using the income capitalisation method and direct comparison method, wherever appropriate. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on sales prices of comparable properties in close proximity which are adjusted for differences in key attributes such as size, floor level, layout, view, frontage and accessibility etc.

As at 30 June 2024 and 31 December 2023, all investment properties are included in level 3 in the fair value hierarchy.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 9 Investment properties (continued)

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer. There were no changes to the valuation techniques and transfers among the fair value hierarchy during the period.

Information about fair value measurements using significant unobservable inputs:

#### Office, industrial units and serviced apartments:

Valuation method	Range of significant unobservable inputs		
	Prevailing market rent per month	Unit price	Capitalisation rate
Income capitalisation	HK\$27.6 to HK\$37.0 per square foot (saleable) (31 December 2023: HK\$27.6 to HK\$37.3 per square foot (saleable))	N/A	2.95% to 3.50% (31 December 2023: 2.90% to 3.45%)
Direct comparison	N/A	HK\$4,280 to HK\$43,200 per square foot (saleable) (31 December 2023: HK\$4,280 to HK\$43,200 per square foot (saleable))	N/A

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 9 Investment properties (continued)

#### Shops:

Valuation method	Range of significant unobservable inputs	
	Prevailing market rent per month	Capitalisation rate
Income capitalisation	HK\$32.6 to HK\$250.0 per square foot (saleable) (31 December 2023: HK\$32.6 to HK\$250.0 per square foot (saleable))	1.85% to 3.20% (31 December 2023: 1.85% to 3.20%)

Direct comparison method is used for the car parks' valuation, the range of the unit price (significant unobservable input) as at 30 June 2024 are from HK\$1,600,000 to HK\$2,000,000 (as at 31 December 2023: HK\$1,600,000 to HK\$2,000,000).

Prevailing market rents are estimated based on the qualified valuer's view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by the qualified valuer based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 10 Loan receivables

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Loan receivables – property mortgage loans	<b>343,482</b>	333,710

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

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Past due	<b>68,315</b>	52,095
Mature within 1 year	<b>275,167</b>	281,615
	<b>343,482</b>	333,710

Loan receivables represent property mortgage loans granted to customers in Hong Kong. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The loan receivables do not contain impaired assets. The Group holds properties located in Hong Kong as collateral for property mortgage loans.

The Group's loan receivables are denominated in Hong Kong dollars.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 11 Trade and other receivables

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Trade receivables	<b>136,659</b>	106,450
Less: loss allowance	<b>(41,368)</b>	(41,612)
Trade receivables, net	<b>95,291</b>	64,838
Other receivables, prepayments and deposits	<b>16,723</b>	24,800
	<b>112,014</b>	89,638

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Current (not yet due)	<b>91,908</b>	60,097
Less than 30 days past due	<b>2,620</b>	4,741
31 to 60 days past due	<b>763</b>	-
	<b>95,291</b>	64,838

The Group's trade and other receivables are mainly denominated in Hong Kong dollars.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 12 Share capital

	Number of issued shares (HK\$0.10 each)	Nominal value HK\$'000
As at 31 December 2023, 1 January 2024 and 30 June 2024	1,805,282,608	180,528

### 13 Bank loans

The Group's bank loans comprise the following:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Current portion	146,006	109,356
Non-current portion	234,541	274,869
	<b>380,547</b>	<b>384,225</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 13 Bank loans (continued)

The Group's bank loans are repayable as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Secured bank loans without repayment on demand clause		
– repayable within 1 year	<b>146,006</b>	109,356
– repayable after 1 year but within 2 years	<b>15,006</b>	138,356
– repayable after 2 years but within 5 years	<b>219,535</b>	136,513
	<b>380,547</b>	384,225

The bank loans are secured by investment properties of HK\$896,900,000 (as at 31 December 2023: HK\$898,200,000) held by the Group (note 9) and corporate guarantee given by the Company.

The Group's bank loans are denominated in Hong Kong dollars.

The Group has the following undrawn borrowing facilities:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Floating rates		
Expiring within one year	<b>55,000</b>	135,000
Expiring after one year	<b>38,000</b>	–
	<b>93,000</b>	135,000



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 14 Trade and other payables

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Commissions and rebate payables	<b>79,470</b>	71,130
Other payables and accruals	<b>56,177</b>	61,338
	<b>135,647</b>	132,468
Categorised as		
Current portion	<b>128,753</b>	125,581
Non-current portion	<b>6,894</b>	6,887
	<b>135,647</b>	132,468

Trade payables include mainly the commissions and rebate payables to property consultants, co-operative estate agents and property buyers, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK\$9,285,000 (as at 31 December 2023: HK\$17,214,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after period end, and all the remaining commissions and rebate payables are not yet due.

The Group's trade and other payables are denominated in Hong Kong dollars.

### 15 Amounts due to non-controlling interests

The amounts are unsecured, interest free and repayable on demand.

### 16 Disposal of a subsidiary

In May 2023, the Group completed the disposal of 100% of the issued shares of Bright Eastern Limited. The principal asset of this company is the entire interest in a property located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 17 Share-based benefits

In January 2022, 54,000,000 share options were granted to certain directors of the Company under the Company's share option scheme. Each option gives the holders the right to subscribe for one ordinary share of the Company. A consideration of HK\$1 from each of the grantees was received. These share options would vest on 3 January 2023, and then be exercisable for a period of 7 years from 3 January 2023 to 2 January 2030 (both days inclusive).

The fair value of each share option granted was estimated on the date of grant using the Hull White Trinomial Model with the following assumptions:

Share price at date of grant	:	HK\$0.128
Exercise price	:	HK\$0.128
Option life	:	8 years
Expected volatility	:	49.63%
Expected dividend yield	:	0.00%
Risk-free rate	:	1.286%
Exercise multiple	:	2.80x

The expected volatility is based on the 2015-day historical volatility of the Company's share price as at the valuation date.

Based on the above assumptions, the estimated fair value of each share option was HK\$0.0631. Any changes in the parameters may materially affect the estimation of the fair value of a share option. For the six months ended 30 June 2024, the Group did not recognise share-based benefits expenses in the condensed consolidated statement of comprehensive income (for the six months ended 30 June 2023: HK\$18,000).

### 18 Capital commitments

The Group did not have any significant capital commitments as at 30 June 2024 and 31 December 2023.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 19 Contingent liabilities

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the condensed consolidated financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic resources is probable.

### 20 Significant related party transactions

The Group had the following significant transactions with related parties during the period and balances with related parties at the balance sheet date:

#### (a) Transactions with related parties

	Note	Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Agency fee from referral of property agency transactions to related companies		20,366	8,383
Agency fee income from provision of agency services to related companies		–	676
Agency fee income from related companies	(i)	20,366	9,059
Rental income from related companies	(ii)	1,186	1,598
Rebate incentives to related companies	(iii)	(8,550)	(31,406)
Trademark licensing fee to a related company (note 5)	(iv)	(715)	(809)
Management fee expenses to a related party	(v)	(383)	(369)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 20 Significant related party transactions (continued)

#### (a) Transactions with related parties (continued)

Notes:

- (i) Agency fee income from related companies includes agency fee from referral of property agency transactions to related companies and property agency services provided to related companies on terms mutually agreed by both parties.
- (ii) The Group entered into lease agreements with related companies on terms mutually agreed by both parties.
- (iii) Rebate incentives to related companies represent rebate incentives for property agency transactions referred by related companies on terms mutually agreed by both parties.
- (iv) Trademark licensing fee to a related company on terms mutually agreed by both parties.
- (v) Management fee expenses to a company, of which Mr. WONG Kin Yip, Freddie ("Mr. WONG"), a director and controlling shareholder of the Company (as defined under the Listing Rules), is the beneficial owner, for the provision of administration services on terms mutually agreed by both parties.

For the six months ended 30 June 2024, the Group shared administrative and corporate services fees on a cost basis with an aggregate amount of HK\$10,225,000 with related companies (for the six months ended 30 June 2023: HK\$7,360,000).

- (b) During the six months ended 30 June 2024, the Group did not enter into any new lease with companies of which Mr. WONG is the beneficial owner. During the six months ended 30 June 2023, the Group entered into a lease with a company, of which Mr. WONG is the beneficial owner, on terms mutually agreed by both parties. At the commencement date of the lease, the Group recognised right-of-use asset of HK\$4,770,000.

During the six months ended 30 June 2024, lease payments to this company under the lease were HK\$1,260,000 (for the six months ended 30 June 2023: HK\$1,738,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) (continued)

### 20 Significant related party transactions (continued)

(c) The balances with related companies and parties included in trade and other receivables, trade and other payables and lease liabilities are as follows:

	<b>As at 30 June 2024 HK\$'000</b>	As at 31 December 2023 HK\$'000
Trade and other receivables		
Amounts due from related companies	<b>17,410</b>	7,908
Trade and other payables		
Amounts due to related companies	<b>(15,241)</b>	(26,205)
Lease liabilities		
Amounts due to a related party (note 20(b))	<b>(2,055)</b>	(3,241)

The related companies referred in notes 20(a) and 20(c) represent the subsidiaries of Midland Holdings Limited ("Midland"). Mr. WONG is also the director and controlling shareholder (as defined under the Listing Rules) of Midland.

### (d) Key management compensation

	<b>Six months ended 30 June</b>	
	<b>2024 HK\$'000</b>	2023 HK\$'000
Fees, salaries, allowances and incentives	<b>5,020</b>	5,386
Share-based benefits	<b>–</b>	18
Retirement benefit costs	<b>27</b>	27
	<b>5,047</b>	5,431

The amount represents emolument paid or payable to Executive Directors of the Company for the period.