

PHOENICIAN INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Reports and Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

**PHOENICIAN INTERNATIONAL LIMITED
REPORTS AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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PHOENICIAN INTERNATIONAL LIMITED
DIRECTORS' REPORT

The directors present the interim financial information of the Group for the half-year ended 30 June 2024.

1. DIRECTORS

The names of directors who held office during or since the end of the half-year:

Mr. Kwan Chan
Mr. Yiu Man Lo
Mr. James Stephen Barrie

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

The loss after income tax was HK\$59,430,205 for the half-year end 30 June 2024 (30 June 2023 loss after income tax: HK\$132,881,777).

During the half-year ended 30 June 2024, the loss from ordinary activities after tax equal to HK\$59,430,205, down 55.3% compared to the half-year ended 30 June 2023. The decrease in the loss after income tax was mostly driven by lower unrealised capital losses on financial assets at fair value through profit or loss HK\$47,940,026 in the half-year ended 30 June 2024 versus HK\$126,424,220 in the half-year ended 30 June 2023.

During the half-year ended 30 June 2024, the Company recorded revenues equal to HK\$56,894, down 96.6% compared to the half-year ended 30 June 2023.

The Company's administrative and other expenses increased from HK\$5,769,873 in the half-year ended 30 June 2023 to HK\$7,269,006 in the half-year ended 30 June 2024, mostly due to the impact of depreciation of Right-of-Use Assets.

The directors do not propose any dividend.

The Company's finance costs increased by 13% to HK\$2,396,023 as a result of a slight increase in the unsecured loan monthly balance, which as at 30 June 2024 was HK\$106,707,511 (30 June 2023: HK\$94,859,068).

The Company's current assets, after the amortisation and impairment loss of prepayments incurred during the half-year ended 30 June 2024, equal to HK\$71,616,164 (30 June 2023: HK\$193,556,004). And net tangible assets during the half-year ended 30 June 2024, equal to -HK\$33,022,323 (30 June 2023: HK\$26,262,999).

This directors' report is signed in accordance with a resolution of the Board of Directors.

Mr. Kwan Chan, Executive Chair
Hong Kong, 10 September 2024

PHOENICIAN INTERNATIONAL LIMITED
DIRECTORS' DECLARATION

The directors of Phoenixian International Limited (the "Company") declare that:

1. The condensed consolidated financial statements and notes for the six months ended 30 June 2024 as set out on pages 5 to 23,
 - a. are in accordance with International Accounting Standard 34 "Interim Financial Reporting",
 - b. give a true and fair view of the condensed consolidated financial position of the Company and its subsidiaries (the "Group") as at 30 June 2024 and of its condensed consolidated financial performance for the six-month period then ended.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors.



Mr. Kwan Chan, Executive Chair
Hong Kong, 10 September 2024

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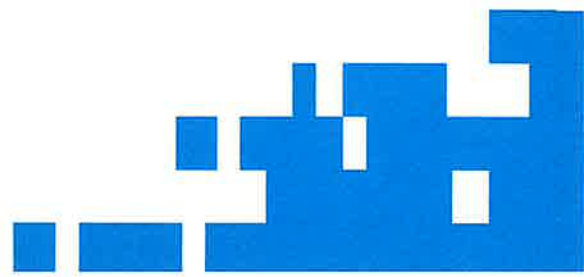
**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
PHOENICIAN INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)**

Introduction

We have reviewed the interim financial information set out on pages 5 to 23 which comprises the condensed consolidated statement of financial position of Phoenician International Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). 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 International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. 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 International 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.



**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
PHOENICIAN INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands with limited liability)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

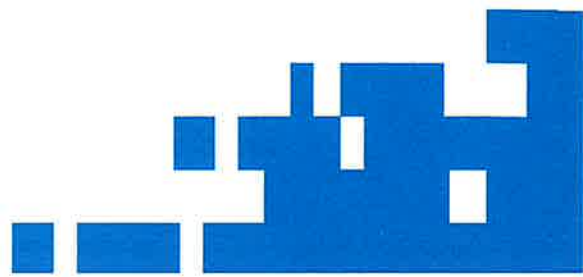
Material Uncertainty Related to Going Concern

We draw attention to note 1 to the condensed consolidated financial statements, which indicates that the Group incurred a net loss of HK\$59,430,205 during the six months ended 30 June 2024 and, as of that date, the Group's current liabilities exceed its current assets and total assets by HK\$39,519,834 and HK\$33,022,323 respectively. As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Certified Public Accountants

10 September 2024



PHOENICIAN INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Unaudited	
		Six months ended 30 June	
	Note	<u>2024</u>	<u>2023</u>
		HK\$	HK\$
Revenue	5	56,894	1,682,960
Other income		11,996	7,087
Other gains and losses	6	(48,034,066)	(126,682,139)
Impairment losses on right-of-use assets and prepayments	7	(1,800,000)	-
Administrative and other operating expenses		<u>(7,269,006)</u>	<u>(5,769,873)</u>
Loss from operations		(57,034,182)	(130,761,965)
Finance costs - loan interest	18	<u>(2,396,023)</u>	<u>(2,119,812)</u>
Loss before tax		(59,430,205)	(132,881,777)
Income tax expense	8	<u>-</u>	<u>-</u>
Loss for the period	7	(59,430,205)	(132,881,777)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(59,430,205)</u>	<u>(132,881,777)</u>
Attributable to:			
Owners of the Company		<u>(59,430,205)</u>	<u>(132,881,777)</u>
Loss per share	10		
Basic		<u>(0.57)</u>	<u>(1.27)</u>
Diluted		<u>(0.57)</u>	<u>(1.27)</u>

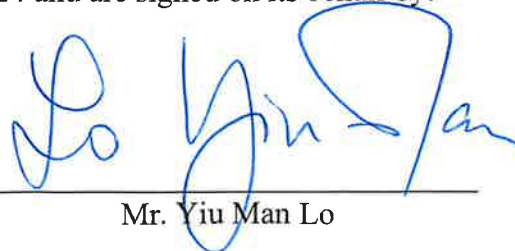
PHOENICIAN INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	Note	Unaudited 30 June 2024 HK\$	Audited 31 December 2023 HK\$
Non-current assets			
Property, plant and equipment		-	-
Right-of-use assets	11	4,138,577	6,200,000
Prepayments	12	2,358,934	4,150,333
		<u>6,497,511</u>	<u>10,350,333</u>
Current assets			
Trade and client receivables	13	1,442,720	3,032,640
Other receivables and prepayments	12	5,091,424	5,709,025
Deposits		105,000	105,000
Financial assets at fair value through profit or loss	14	55,639,793	103,774,011
Bank and cash balances	15	9,337,227	22,873,425
		<u>71,616,164</u>	<u>135,494,101</u>
Current liabilities			
Trade and client payables	16	2,493,469	17,478,730
Accruals and other payables	17	1,935,018	1,291,217
Unsecured loan	18	106,707,511	100,811,488
		<u>111,135,998</u>	<u>119,581,435</u>
Net current (liabilities)/assets		<u>(39,519,834)</u>	<u>15,912,666</u>
NET (LIABILITIES)/ASSETS		<u>(33,022,323)</u>	<u>26,262,999</u>
Capital and reserves			
Share capital	19	86	86
Reserves		(33,022,409)	26,262,913
(CAPITAL DEFICIENCY)/TOTAL EQUITY		<u>(33,022,323)</u>	<u>26,262,999</u>

Approved by the Board of Directors on 10 September 2024 and are signed on its behalf by:



Mr. Kwan Chan



Mr. Yiu Man Lo

PHOENICIAN INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited				Total HK\$
	Share capital HK\$	Share premium account HK\$	Share-based payments reserve HK\$	Retained profits/ (accumulated losses) HK\$	
At 1 January 2023	86	25,091,937	-	183,029,817	208,121,840
Total comprehensive income for the period	-	-	-	(132,881,777)	(132,881,777)
Share-based payments (note 20)	-	-	553,886	-	553,886
At 30 June 2023	86	25,091,937	553,886	50,148,040	75,793,949
At 1 January 2024	86	25,091,937	1,311,916	(140,940)	26,262,999
Total comprehensive income for the period	-	-	-	(59,430,205)	(59,430,205)
Share-based payments (note 20)	-	-	144,883	-	144,883
Vesting of shares under share award scheme	-	791,304	(791,304)	-	-
At 30 June 2024	86	25,883,241	665,495	(59,571,145)	(33,022,323)

PHOENICIAN INTERNATIONAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited	
	Six months ended 30 June	
Note	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,062,921)</u>	<u>(2,695,223)</u>
NET CASH GENERATED FROM INVESTING ACTIVITY	<u>11,996</u>	<u>7,087</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Inception of unsecured loan	3,700,000	3,556,600
Repayment of unsecured loan	<u>(200,000)</u>	<u>-</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>3,500,000</u>	<u>3,556,600</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,449,075	868,464
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>5,394,682</u>	<u>4,976,639</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>6,843,757</u></u>	<u><u>5,845,103</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	9,337,227	26,741,191
Less: Client trust monies	15 <u>(2,493,470)</u>	<u>(20,896,088)</u>
	<u><u>6,843,757</u></u>	<u><u>5,845,103</u></u>

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements of Pheonician International Limited (the “Company”) and its subsidiaries (the “Group”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

Going concern basis

The Group incurred a net loss of HK\$59,430,205 during the six months ended 30 June 2024 and, as of that date, the Group’s current liabilities exceed its current assets and total assets by HK\$39,519,834 and HK\$33,022,323 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have estimated the Group’s cash requirements by preparing a cashflow forecast for the 18 months ending 31 December 2025. The Group has been negotiating with a non-controlling shareholder and obtained its confirmation that, subject to the completion of the legal documentation, the non-controlling shareholder intends to extend the maturity of the outstanding unsecured loan of HK\$106,707,511 as at 30 June 2024 for at least two years to 31 December 2026, and maintain the total facilities amounting to HK\$150,000,000 for the same extended period. The directors of the Company are of the opinion that the Group has sufficient financial resources to finance the Group’s operations and meet its financial obligations as and when they fall due. Accordingly, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these condensed consolidated financial statements.

Notwithstanding the above, material uncertainty exists as to whether the Group will be able to continue as a going concern, would depend upon the following:

- (a) Whether the loan repayment date of the outstanding unsecured loan and the availability of the loan facilities will be successfully extended by the non-controlling shareholder for at least two years to 31 December 2026; and
- (b) Whether the Group can successfully drawdown from the available facilities provided by the non-controlling shareholder as and when needed.

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION (CONT'D)

Going concern basis (cont'd)

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in these condensed consolidated financial statements.

2. NEW AND AMENDED IFRS ACCOUNTING STANDARDS

A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

B. Impact of new and amended standards issued but not yet adopted by the Group

In August 2023, the International Accounting Standards Board (“IASB”) amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

2. NEW AND AMENDED IFRS ACCOUNTING STANDARDS (CONT'D)

B. Impact of new and amended standards issued but not yet adopted by the Group (cont'd)

In April 2024, IASB issued International Financial Reporting Standard (“IFRS”) 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. FAIR VALUE MEASUREMENTS (CONT'D)

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Disclosures of level in fair value hierarchy at 30 June 2024:

Description	Fair value measurements as at 30 June 2024			Total
	Level 1 HK\$ (unaudited)	Level 2 HK\$ (unaudited)	Level 3 HK\$ (unaudited)	<u>2024</u> HK\$ (unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss ("FVTPL")				
Listed equity securities	<u>55,639,793</u>	<u>-</u>	<u>-</u>	<u>55,639,793</u>

Description	Fair value measurements as at 31 December 2023			Total
	Level 1 HK\$ (audited)	Level 2 HK\$ (audited)	Level 3 HK\$ (audited)	<u>2023</u> HK\$ (audited)
Recurring fair value measurements:				
Financial assets at FVTPL				
Listed equity securities	<u>103,774,011</u>	<u>-</u>	<u>-</u>	<u>103,774,011</u>

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. SEGMENT INFORMATION

The Group has identified three reportable segments as follows:

- Wealth management** - The wealth management unit is specialised in advising private and institutional clients to preserve and manage their wealth and achieve their financial goals.
- Investment management** - The investment management unit manages discretionary accounts on behalf of the institutional and private clients to capture global investment opportunities leveraging on both the investment professionals and external investment managers.
- Investment banking** - The investment banking unit advises corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to institutional and private clients.

The Group's reportable segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

	Wealth management HK\$ (unaudited)	Investment management HK\$ (unaudited)	Investment banking HK\$ (unaudited)	Total HK\$ (unaudited)
For the six months ended 30 June 2024:				
Revenue	20,000	23,400	13,494	56,894
Segment loss	<u>10,346,736</u>	<u>34,469,582</u>	<u>14,613,887</u>	<u>59,430,205</u>
As at 30 June 2024:				
Segment assets	12,407,666	41,172,110	24,533,899	78,113,675
Segment liabilities	<u>19,074,571</u>	<u>63,199,904</u>	<u>28,861,523</u>	<u>111,135,998</u>
For the six months ended 30 June 2023:				
Revenue	20,000	23,400	1,639,560	1,682,960
Segment loss	<u>23,409,035</u>	<u>78,647,088</u>	<u>30,825,654</u>	<u>132,881,777</u>
	(audited)	(audited)	(audited)	(audited)
As at 31 December 2023:				
Segment assets	21,305,725	71,062,003	53,476,706	145,844,434
Segment liabilities	<u>18,136,440</u>	<u>59,442,019</u>	<u>42,002,976</u>	<u>119,581,435</u>

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical markets and timing of revenue recognition.

	Corporate advisory fees (note a)		Commission fees (note b)		Investment advisory fees (note c)		Investment management fees (note c)		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
For the six months ended 30 June (unaudited)										
Primary geographical markets										
- Hong Kong	-	-	13,494	235,560	-	-	-	-	13,494	235,560
- Australia	-	1,404,000	-	-	-	-	-	-	-	1,404,000
- Others	-	-	-	-	20,000	20,000	23,400	23,400	43,400	43,400
	-	1,404,000	13,494	235,560	20,000	20,000	23,400	23,400	56,894	1,682,960
Timing of revenue recognition										
Services transferred at a point in time	-	-	13,494	235,560	-	-	-	-	13,494	235,560
Services transferred over time	-	1,404,000	-	-	20,000	20,000	23,400	23,400	43,400	1,447,400
	-	1,404,000	13,494	235,560	20,000	20,000	23,400	23,400	56,894	1,682,960

Notes:

- (a) Corporate advisory fees were received from an investee company (note 14) in respect of financial advisory services provided.
- (b) Included in commission fees were amounts totalling HK\$7,779 (2023: HK\$119,663) received from non-controlling shareholders of the Company.
- (c) Included in investment advisory fees and investment management fees were totalling HK\$Nil (2023: HK\$43,400) received from a non-controlling shareholder of the Company.

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
	(unaudited)	(unaudited)
Fair value losses on financial assets at FVTPL (note)	(47,940,026)	(126,424,220)
Net foreign exchange losses except gains/losses arising from financial assets at FVTPL	(94,040)	(257,919)
	<u>(48,034,066)</u>	<u>(126,682,139)</u>

Note:

Fair value losses on financial assets at FVTPL include foreign exchange losses of HK\$580,648 (2023: gains of HK\$6,188,975) arising from the re-translation of balances in foreign currencies at fair value.

7. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging the following:

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
	(unaudited)	(unaudited)
Consulting service fees paid to a non-controlling shareholder	360,000	360,000
Employee benefits expense		
Salaries, bonuses and allowances	2,850,260	2,757,500
Equity-settled share-based payments	44,420	345,577
Retirement benefit - defined contribution plans	36,000	45,000
	2,930,680	3,148,077
Equity-settled share-based payments to a consultant which is a non-controlling shareholder	100,463	208,309
Impairment losses on right-of-use assets and prepayments (note)	1,800,000	-

Note:

During the period, impairment losses have been provided on right-of-use assets and prepayments of HK\$861,423 (2023: HK\$Nil) and HK\$938,577 (2023: HK\$Nil) respectively. For details, refer to note 11.

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and Australia, the Company is not subject to any income taxes in the Cayman Islands and Australia.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements since the Group has either sufficient tax losses brought forward to set off against current period's assessable profit or no assessable profit for the period.

9. DIVIDEND

The directors do not recommend the payment of a dividend.

10. LOSS PER SHARE

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

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	<u>(59,430,205)</u>	<u>(132,881,777)</u>
Number of shares		
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	<u>105,104,835</u>	<u>105,000,000</u>

The 180,500 (2023: 320,000) share awards granted and remaining unexercised are not included in the calculation of diluted loss per share because they are anti-dilutive for the six months ended 30 June 2024 (2023: same).

PHOENICIAN INTERNATIONAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. RIGHT-OF-USE ASSETS

In 2023, the Group leased an office premise for its operations. A sub-lease contract is entered into for a fixed term of 3 years. The 3-year lease rental amount to HK\$7,200,000 was settled in advance during the year ended 31 December 2023 by transferring the same amount from other receivables from a Cayman broker (note 12(a)). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In view of the unsatisfactory financial performance of the Group's businesses, particularly those in the People's Republic of China that commenced in 2023, the Group conducted an impairment assessment for its right-of-use assets and prepayments, amounting to HK\$5,000,000 and HK\$5,447,833 (before impairment losses respectively), as of 30 June 2024.

The recoverable amounts of right-of-use assets and prepayments are determined based on the value-in-use calculation using discounted cash flow projections derived from the approved financial budgets covering 5 forecasted years with key assumptions such as i) budgeted revenue generated mainly from three potential projects with 20% probability of success as at 30 June 2024; ii) revenue growth rate and; iii) discount rate, which involve significant management judgement and estimation. As a result of the impairment testing, an impairment loss of HK\$1,800,000 was recognised at 30 June 2024, of which HK\$861,423 and HK\$938,577 were recognised in right-of-use assets and prepayments respectively.

12. OTHER RECEIVABLES AND PREPAYMENTS

	30 June	31 December
	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
	(unaudited)	(audited)
Receivable from a Cayman broker (note (a))	3,396,798	3,470,433
Less: Allowance for expected credit losses	(820,000)	(820,000)
	<u>2,576,798</u>	<u>2,650,433</u>
Receivables from other brokers	364,304	456,361
	<u>2,941,102</u>	<u>3,106,794</u>
Prepayments (note (b))	5,447,833	6,752,564
Less: Impairment losses	(938,577)	-
	<u>4,509,256</u>	<u>6,752,564</u>
	<u>7,450,358</u>	<u>9,859,358</u>
Analysed as:		
Current assets	5,091,424	5,709,025
Non-current assets	2,358,934	4,150,333
	<u>7,450,358</u>	<u>9,859,358</u>

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12. OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Notes:

- (a) The receivable from a Cayman broker, which is a non-controlling shareholder of the Company, represented the remaining proceeds received from issue of the Company's shares during the year ended 31 December 2022, after the payment of operating expenses and partial repayment of the unsecured loan. The Cayman broker is an Excluded Person registered in accordance with the Securities Investment Business Law (2004 Revision) of the Cayman Islands from the Cayman Islands Monetary Authority ("CIMA") and is exempted from obtaining a licence from CIMA to conduct securities investment business.
- (b) In 2023, the Group entered into a comprehensive service agreement and an assignment agreement for IT services, management services, utilities and assignment of employees. Both agreements are with fixed term of 3 years. These 3-year service fees totalling HK\$7,800,000 were settled in advance during the year ended 31 December 2023 by transferring the same amount from other receivables from a Cayman broker (note 12(a)). For details of the impairment assessment, refer to note 11.

13. TRADE AND CLIENT RECEIVABLES

The ageing analysis of trade and client receivables, based on the invoice date, is as follows:

	30 June	31 December
	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
	(unaudited)	(audited)
0 - 90 days	21,700	3,032,640
91 - 180 days	21,700	-
Over 180 days	<u>1,399,320</u>	<u>-</u>
	<u>1,442,720</u>	<u>3,032,640</u>

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14. FINANCIAL ASSETS AT FVTPL

	30 June 2024 HK\$ (unaudited)	31 December 2023 HK\$ (audited)
Equity securities, at fair value Listed outside Hong Kong	<u>55,639,793</u>	<u>103,774,011</u>

Included in the financial assets at FVTPL was investment with carrying value of HK\$55,639,793 (At 31 December 2023: HK\$103,554,520) in a listed company, the shares of which are dual listed on National Stock Exchange of Australia Limited and The London Stock Exchange (“LSE”) (the “Shares”). As at 30 June 2024, the Group held 13.55% (At 31 December 2023: 13.63%) interest in this listed company. The fair values of the Shares are based on current bid prices of LSE, in which the directors considered LSE to be the principal market of trading of these listed securities.

The fair values of other listed securities are based on current bid prices.

The investments offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

15. BANK AND CASH BALANCES

As at 30 June 2024, the Group held client trust monies of HK\$2,493,470 (At 31 December 2023: HK\$17,478,743) in segregated bank accounts.

16. TRADE AND CLIENT PAYABLES

The aging analysis of trade and client payables, based on the invoice date, is as follows:

	30 June 2024 HK\$ (unaudited)	31 December 2023 HK\$ (audited)
0 to 90 days	<u>2,493,469</u>	<u>17,478,730</u>

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17. ACCRUALS AND OTHER PAYABLES

Included in accruals and other payables were amounts due to a non-controlling shareholder and directors of HK\$540,000 (At 31 December 2023: HK\$180,000) and HK\$78,443 (At 31 December 2023: HK\$79,737) respectively.

The amounts due to a non-controlling shareholder and directors are unsecured, interest-free and have no fixed repayment terms.

18. UNSECURED LOAN

The unsecured loan represents a borrowing from a non-controlling shareholder of the Company. It is interest-bearing at 4.7% (At 31 December 2023: 4.7%) per annum and repayable on 31 December 2024.

During the period, the Group incurred loan interest of HK\$2,396,023 (2023: HK\$2,119,812) to the non-controlling shareholder of the Company.

19. SHARE CAPITAL

	30 June 2024 (unaudited)	31 December 2023 (audited)
Authorised:		
1,000,000,000 ordinary shares of US\$0.0000001 each	<u>US\$100</u>	<u>US\$100</u>
Issued and fully paid:		
105,160,000 (At 31 December 2023: 105,000,000) ordinary shares of US\$0.0000001 each	<u>US\$11</u>	<u>US\$11</u>
Equivalent to:	<u>HK\$86</u>	<u>HK\$86</u>

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19. **SHARE CAPITAL (CONT'D)**

A summary of the movements in the issued share capital of the Company is as follows:

	<u>Number of shares issued</u>	<u>Amount US\$</u>
At 1 January 2023, 31 December 2023 and 1 January 2024	105,000,000	11
Vesting of shares under share award scheme (note)	<u>106,000</u>	<u>-</u>
At 30 June 2024	<u>105,106,000</u>	<u>11</u>

Note:

In January 2024, 106,000 ordinary shares of the Company were issued for vesting of share awards under 2023 Stock Incentive Plan.

20. **SHARE-BASED PAYMENTS**

Equity-settled share award scheme

The Group operates a share award scheme (the “Scheme”) for the purpose of establishing a method by which eligible participants can participate in the future growth and profitability of the Group, providing incentives and rewards to eligible participants for their contributions to the Group; and attracting and retaining a high standard of managerial and technical personnel for the benefit of the Group. Eligible participants include the full-time employees, executives, officers, directors, business consultants of the Company and the Company’s subsidiaries. The number of shares to be received on exercise of awards offered under an offer will not exceed 5% of the total number of shares on issue at the date of the offer. The Scheme became effective on 22 April 2022 and, unless otherwise cancelled or amended, will remain in force from that date.

Details of the awards are as follows:

	<u>Date of award</u>	<u>Vesting period</u>	<u>Fair value per share at the date of award HK\$</u>
2023 Stock Incentive Plan	13 January 2023	13 January 2023 - 31 December 2025	7.47

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20. **SHARE-BASED PAYMENTS (CONT'D)**

Equity-settled share award scheme (cont'd)

The share awards under the 2023 Stock Incentive Plan are subject to a vesting schedule measured by a service condition. Other than satisfying the service condition, eligible participants are not required to provide any consideration in order to acquire the shares awarded to him under the 2023 Stock Incentive Plan.

The fair value of the shares awarded is measured by the quoted market price of the shares at the award date.

Details of the movement of share awards during the period are as follows:

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	Number of share awards (unaudited)	Number of share awards (unaudited)
Outstanding at the beginning of the period	320,000	-
Granted during the period	-	320,000
Forfeited during the period	(33,500)	-
Exercised during the period	<u>(106,000)</u>	<u>-</u>
Outstanding at the end of the period	<u>180,500</u>	<u>320,000</u>

The awards outstanding at the end of the period have an average remaining contractual life of 1 year (At 30 June 2023: 1.5 years).

The Group recognised share-based payments in profit or loss for the six months ended 30 June 2024 amounted to HK\$144,883 (2023: HK\$553,886).

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21. RELATED PARTY TRANSACTIONS

Key management compensation:

The remuneration of directors and other members of key management personnel during the period was as follows:

	Six months ended 30 June	
	<u>2024</u> HK\$ (unaudited)	<u>2023</u> HK\$ (unaudited)
Short-term benefits	2,168,949	2,053,529
Post-employment benefits	18,000	18,000
Share-based payments	<u>83,882</u>	<u>172,788</u>
	<u><u>2,270,831</u></u>	<u><u>2,244,317</u></u>

22. CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (At 31 December 2023: Nil).

23. EVENTS AFTER THE REPORTING PERIOD

On the date of authorisation of this interim report, the market value of the financial assets at FVTPL (note 14) has declined by approximately HK\$18,852,000 compared with the market value as at 30 June 2024, which resulted in fair value losses of HK\$18,852,000.

24. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 10 September 2024.