



**HONG KONG CHAOSHANG GROUP LIMITED**

**香港潮商集團有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 2322)



Interim Report  
**2022/23**





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Ms. ZHENG Juhua (*Chairlady*)  
Mr. CHAN Chi Yuen (*Chief Executive Officer*)

#### Independent Non-executive Directors

Mr. MAN Kwok Leung  
Mr. YU Pak Yan, Peter  
Mr. CHI Chi Hung, Kenneth

### COMPANY SECRETARY

Mr. CHAU Kin Cheung Alfred

### AUDIT COMMITTEE

Mr. CHI Chi Hung, Kenneth (*Chairman*)  
Mr. MAN Kwok Leung  
Mr. YU Pak Yan, Peter

### REMUNERATION COMMITTEE

Mr. YU Pak Yan, Peter (*Chairman*)  
Mr. MAN Kwok Leung  
Mr. CHI Chi Hung, Kenneth

### NOMINATION COMMITTEE

Mr. MAN Kwok Leung (*Chairman*)  
Mr. YU Pak Yan, Peter  
Mr. CHI Chi Hung, Kenneth  
Ms. ZHENG Juhua

### AUDITOR

Lau & Au Yeung C.P.A. Limited

### PRINCIPAL BANKERS

The Bank of East Asia Limited  
OCBC Wing Hang Bank Limited  
Bank of Communications (Hong Kong) Limited  
Bank of China (Hong Kong) Limited

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2202, 22/F., China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### STOCK CODE

2322

### WEBSITE

<http://www.chaoshang.hk>



This interim report is printed on environmentally friendly paper



The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2022 together with the comparative figures for the corresponding period in 2021. The unaudited condensed consolidated financial statements have been reviewed by the Company’s audit committee.

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Revenue	3	<b>138,359</b>	90,499
Cost of sales		<b>(117,445)</b>	(67,742)
Gross profit		<b>20,914</b>	22,757
Other income	5	<b>2,912</b>	2,048
Impairment loss on finance lease receivables		<b>(2,598)</b>	(3,786)
Impairment loss on trade receivables		<b>(1,979)</b>	(6,807)
Impairment loss on account receivables from margin clients		<b>(7,611)</b>	(1,839)
Reversal of impairment loss/(Impairment loss) on factoring receivables		<b>218</b>	(88)
Impairment loss on loan and interest receivables		<b>(2,308)</b>	(10,133)
Impairment loss on deposit and other receivables		<b>(578)</b>	(202)
Impairment loss on intangible assets	12	<b>(4,700)</b>	–
Impairment loss on goodwill	12	<b>(3,995)</b>	(58,000)
Gain on changes in fair value of other financial assets	13	<b>9,650</b>	54,579
Loss on changes in fair value of held-for-trading investments		<b>(770)</b>	(2,668)
Gain on disposal of held-for-trading investments		<b>9,651</b>	5,919
Gains on bargain purchase of interest in an associate	11	–	12,636
Share of results of an associate	11	<b>(3,297)</b>	(1,724)
Administrative expenses		<b>(31,238)</b>	(31,077)



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Operating loss		<b>(15,729)</b>	(18,385)
Finance costs	7	<b>(984)</b>	(1,015)
Loss before taxation	6	<b>(16,713)</b>	(19,400)
Taxation	8	<b>1,061</b>	1,472
Loss for the period		<b>(15,652)</b>	(17,928)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Share of other comprehensive income of an associate		<b>42</b>	–
– Exchange differences arising on translation of foreign operations		<b>(71,474)</b>	11,013
Total comprehensive loss for the period		<b>(87,084)</b>	(6,915)
Loss for the period attributable to:			
Owners of the Company		<b>(15,632)</b>	(17,249)
Non-controlling interests		<b>(20)</b>	(679)
Loss for the period		<b>(15,652)</b>	(17,928)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		<b>(88,523)</b>	(6,016)
Non-controlling interests		<b>1,439</b>	(899)
Total comprehensive loss for the period		<b>(87,084)</b>	(6,915)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share	10	<b>HK(0.38) cents</b>	HK(0.42) cents



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	30 September 2022 <i>Notes</i> <b>HK\$'000</b> <b>Unaudited</b>	31 March 2022 <i>HK\$'000</i> Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>38,186</b>	44,810
Investment property	<b>40,590</b>	45,387
Right-of-use assets	<b>20,908</b>	8,100
Net investment in sublease	<b>2,821</b>	3,717
Interest in an associate	<i>11</i> <b>16,709</b>	19,964
Intangible assets	<i>12</i> <b>16,800</b>	21,500
Goodwill	<i>12</i> <b>1,000</b>	4,995
Other non-current assets	<b>230</b>	230
Other financial assets	<i>13</i> <b>–</b>	43,250
Finance lease receivables	<i>14</i> <b>2,513</b>	7,827
Loan and interest receivables	<i>17</i> <b>55,000</b>	18,450
Deferred tax assets	<b>15,510</b>	14,203
	<b>210,267</b>	232,433
<b>Current assets</b>		
Amount due from an associate	<b>1,868</b>	175
Trade and account receivables	<i>15</i> <b>297,766</b>	288,791
Factoring receivables	<i>16</i> <b>40,502</b>	51,483
Finance lease receivables	<i>14</i> <b>47,201</b>	59,518
Loan and interest receivables	<i>17</i> <b>61,201</b>	77,678
Deposits, prepayments and other receivables	<b>35,642</b>	38,798
Tax recoverable	<b>7,757</b>	7,476
Other financial assets	<i>13</i> <b>52,900</b>	–
Held-for-trading investments	<b>10,230</b>	7,987
Net investment in sublease	<b>1,771</b>	2,214
Cash held on behalf of clients	<b>19,526</b>	35,081
Cash and bank balances	<i>18</i> <b>145,789</b>	217,023
	<b>722,153</b>	786,224
<b>Total assets</b>	<b>932,420</b>	1,018,657
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	<i>19</i> <b>82,412</b>	82,412
Reserves	<b>767,196</b>	855,719
Total equity attributable to owners of the Company	<b>849,608</b>	938,131
Non-controlling interests	<b>(12,356)</b>	(13,795)
<b>Total equity</b>	<b>837,252</b>	924,336



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2022

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>Unaudited</b>	Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retained consideration payables		–	14,211
Lease liabilities		<b>15,482</b>	8,901
Deferred tax liabilities		<b>4,613</b>	4,748
		<u>20,095</u>	<u>27,860</u>
<b>Current liabilities</b>			
Account payables	20	<b>22,148</b>	34,915
Retained consideration payables		<b>14,537</b>	–
Lease liabilities		<b>10,296</b>	4,308
Accruals, other payables and deposit received		<b>18,577</b>	18,217
Amount due to a Director	21	<b>1,198</b>	1,214
Amount due to non-controlling interests	22	<b>235</b>	263
Tax payables		<b>8,082</b>	7,544
		<u>75,073</u>	<u>66,461</u>
<b>Total liabilities</b>		<u><b>95,168</b></u>	<u>94,321</u>
<b>Total equity and liabilities</b>		<u><b>932,420</b></u>	<u>1,018,657</u>
<b>Net current assets</b>		<u><b>647,080</b></u>	<u>719,763</u>
<b>Total assets less current liabilities</b>		<u><b>857,347</b></u>	<u>952,196</u>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company							Non-controlling interests		Total
	Share capital	Share premium	Contributed surplus	Exchange reserve	Surplus reserve	Property revaluation reserve	Accumulated losses	Sub-total	Share of net assets of a subsidiary	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>For the six months ended 30 September 2021</b>										
At 1 April 2021	82,412	1,000,745	34,178	(15,250)	7,457	7,245	(179,883)	936,904	(12,929)	923,975
<b>Comprehensive loss</b>										
Loss for the period	-	-	-	-	-	-	(17,249)	(17,249)	(679)	(17,928)
<b>Other comprehensive income/(loss)</b>										
Exchange difference on translation of financial statements of foreign operations	-	-	-	11,233	-	-	-	11,233	(220)	11,013
<b>Transactions with owners</b>										
Transfer to statutory reserve	-	-	-	-	717	-	(717)	-	-	-
At 30 September 2021	82,412	1,000,745	34,178	(4,017)	8,174	7,245	(197,849)	930,888	(13,828)	917,060
<b>For the six months ended 30 September 2022</b>										
At 1 April 2022	82,412	1,000,745	34,178	12,819	9,172	7,245	(208,440)	938,131	(13,795)	924,336
<b>Comprehensive loss</b>										
Loss for the period	-	-	-	-	-	-	(15,632)	(15,632)	(20)	(15,652)
<b>Other comprehensive income/(loss)</b>										
Exchange difference on translation of financial statements of foreign operations	-	-	-	(72,933)	-	-	-	(72,933)	1,459	(71,474)
Share of other comprehensive income of an associate	-	-	-	42	-	-	-	42	-	42
<b>Transactions with owners</b>										
Transfer to statutory reserve	-	-	-	-	130	-	(130)	-	-	-
At 30 September 2022	82,412	1,000,745	34,178	(60,072)	9,302	7,245	(224,202)	849,608	(12,356)	837,252



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
		<b>Unaudited</b>	Unaudited
Net cash used in operating activities		<b>(55,566)</b>	(8,604)
Net cash generated from investing activities		<b>7,550</b>	2,741
Net cash used in financing activities		<b>(5,095)</b>	(13,888)
Decrease in cash and cash equivalents		<b>(53,111)</b>	(19,751)
Cash and cash equivalents at beginning of period		<b>217,023</b>	246,791
Effect of foreign exchange rate changes, net		<b>(18,123)</b>	10,474
Cash and cash equivalents at end of period	<i>18</i>	<b>145,789</b>	237,514





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1 General information

The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of the Company’s business in Hong Kong is situated at Suite 2202, 22/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company and approved for issue by the Board on 28 November 2022.

### 2 Basis of preparation

These condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2022.

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment property, held-for-trading investments and other financial assets, which have been measured at fair value.

The accounting policies adopted for preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2022 except as disclosed below.



## 2 Basis of preparation (Continued)

### (a) Amended standards adopted by the Group

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

Those amendments that are expected to be applicable to the Group are described below, but the application of the above amendments in the current period has no material impact on the Group's financial performance and positions for the current or prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### **Amendments to HKAS 16**

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

#### **Amendments to HKAS 37**

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g. direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.



## 2 Basis of preparation (Continued)

### (a) Amended standards adopted by the Group (Continued)

#### **Amendments to HKFRS 3**

Amendments to HKFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

#### **Annual Improvements to HKFRSs 2018-2020**

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 9 *Financial Instruments***: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements.
- **HKFRS 16 *Leases***: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.



## 2 Basis of preparation (Continued)

### (b) Amended standards not yet adopted

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>1</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts and the related Amendments <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making a detailed assessment of the possible impacts on the future adoption of the amended standards. So far it is expected that the adoption of the amended standards will not have any significant impact on these condensed consolidated financial statements.



### 3 Revenue

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discount; (ii) interest income from money lending, factoring, finance leasing and margin financing; (iii) consultancy fee and handling fee income from money lending, factoring and finance leasing; (iv) brokerage commission income from securities dealing; (v) underwriting and placing commission income; and (vi) asset management fee income.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Sales of goods	<b>119,972</b>	68,939
Interest income from money lending, factoring, finance leasing and margin financing	<b>12,661</b>	14,908
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	–	124
Brokerage commission income from securities dealings	<b>1,417</b>	2,347
Underwriting and placing commission income	<b>4,159</b>	4,021
Asset management fee income	<b>150</b>	160
	<b>138,359</b>	90,499
<b>Revenue from contracts with customers within HKFRS 15:</b>		
<i>Recognised at a point of time</i>		
Sales of goods	<b>119,972</b>	68,939
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	–	124
Brokerage commission income from securities dealings	<b>1,417</b>	2,347
Underwriting and placing commission income	<b>4,159</b>	4,021
	<b>125,548</b>	75,431
<i>Recognised over time</i>		
Asset management fee income	<b>150</b>	160
	<b>125,698</b>	75,591
<b>Revenue from other sources:</b>		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	<b>12,661</b>	14,908
	<b>138,359</b>	90,499



### 3 Revenue (Continued)

- \* Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognised in revenue in the period when performance obligations are fulfilled.

During the period, the Group did not have revenue (six months ended 30 September 2021: approximately HK\$40,000) recognised from consultancy fee income that was included in contract liabilities at the beginning of the period.

As at 30 September 2022, no transaction price was allocated to the remaining performance obligation under the Group's existing contracts (31 March 2022: Nil), which represents revenue expected to be recognised in the future from the consultancy contracts entered into with the Group's customers.

### 4 Segment information

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable operating segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segment.

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

- Trading segment engaged in trading of goods in the PRC;
- Money lending and factoring segment engaged in provision of loan financing in Hong Kong, loan and factoring financing in the PRC;
- Finance leasing segment engaged in provision of finance leasing and sale-leaseback in the PRC; and
- Financial services segment engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group's operating performance, including central administration costs, Directors' emoluments, gain/loss on changes in fair value of investment property, gain/loss on changes in fair value of other financial assets, gain/loss on changes in fair value of held-for-trading investments, gain/loss on disposal of held-for-trading investments, gains on bargain purchase of interest in an associate, share of results of an associate, finance costs, impairment loss on deposits and other receivables (non-trading nature), exchange gain/loss, rental income, sublease interest income and interest income from cash and bank balances.



#### 4 Segment information (Continued)

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than investment property, net investment in sublease, interest in an associate, other financial assets, deferred tax assets, amount due from an associate, tax recoverable, held-for-trading investments, cash and bank balances and other corporate assets. All liabilities are allocated to operating segments other than retained consideration payables, deferred tax liabilities, amount due to a Director, tax payables and other corporate liabilities.

##### (a) Segment revenue and results

Segment revenue and results	Six months ended 30 September 2022				
	Trading HK\$'000 Unaudited	Money lending and factoring HK\$'000 Unaudited	Finance leasing HK\$'000 Unaudited	Financial services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue	<u>119,972</u>	<u>8,408</u>	<u>1,109</u>	<u>8,870</u>	<u>138,359</u>
Segment results	(1,573)	5,081	(3,605)	(15,331)	(15,428)
Impairment loss on intangible assets	-	-	-	(4,700)	(4,700)
Impairment loss on goodwill	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,995)</u>	<u>(3,995)</u>
	<u>(1,573)</u>	<u>5,081</u>	<u>(3,605)</u>	<u>(24,026)</u>	<u>(24,123)</u>
Corporate expenses					<u>(8,544)</u>
Operating loss					(32,667)
Corporate income					1,704
Gain on changes in fair value of other financial assets					9,650
Loss on changes in fair value of held-for-trading investments					(770)
Gain on disposal of held-for-trading investments					9,651
Share of results of an associate					(3,297)
Finance costs					<u>(984)</u>
Loss before taxation					(16,713)
Taxation					<u>1,061</u>
Loss for the period					<u>(15,652)</u>



#### 4 Segment information (Continued)

##### (a) Segment revenue and results (Continued)

Segment revenue and results	Six months ended 30 September 2021				Total HK\$'000 Unaudited
	Trading HK\$'000 Unaudited	Money lending and factoring HK\$'000 Unaudited	Finance leasing HK\$'000 Unaudited	Financial services HK\$'000 Unaudited	
Segment revenue	68,939	8,171	3,500	9,889	90,499
Segment results	(7,791)	(3,035)	(4,195)	(6,076)	(21,097)
Impairment loss on goodwill	—	—	—	(58,000)	(58,000)
	<u>(7,791)</u>	<u>(3,035)</u>	<u>(4,195)</u>	<u>(64,076)</u>	<u>(79,097)</u>
Corporate expenses					<u>(9,683)</u>
Operating loss					(88,780)
Corporate income					1,653
Gain on changes in fair value of other financial assets					54,579
Loss on changes in fair value of held-for-trading investments					(2,668)
Gain on disposal of held-for-trading investments					5,919
Gains on bargain purchase of interest in an associate					12,636
Share of results of an associate					(1,724)
Finance costs					<u>(1,015)</u>
Loss before taxation					(19,400)
Taxation					<u>1,472</u>
Loss for the period					<u>(17,928)</u>





#### 4 Segment information (Continued)

##### (b) Segment assets and liabilities

	As at 30 September 2022 and six months ended 30 September 2022				
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Total HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Segment assets</b>					
Non-current assets					
Property, plant and equipment	1,018	1,082	31,381	4,337	37,818
Right-of-use assets	-	-	-	14,158	14,158
Intangible assets	-	-	-	16,800	16,800
Goodwill	-	-	1,000	-	1,000
Other non-current assets	-	-	-	230	230
Finance lease receivables	-	-	2,513	-	2,513
Loan and interest receivable	-	55,000	-	-	55,000
	<u>1,018</u>	<u>56,082</u>	<u>34,894</u>	<u>35,525</u>	<u>127,519</u>
Current assets	<u>252,247</u>	<u>101,727</u>	<u>49,395</u>	<u>80,967</u>	<u>484,336</u>
	<u>253,265</u>	<u>157,809</u>	<u>84,289</u>	<u>116,492</u>	<u>611,855</u>
<b>Unallocated:</b>					
Net investment in sublease					4,592
Interest in an associate					16,709
Cash and bank balances					145,789
Others					153,475
Total assets per statement of financial position					<u>932,420</u>
<b>Segment liabilities</b>					
	<u>3,745</u>	<u>588</u>	<u>8,605</u>	<u>37,641</u>	<u>50,579</u>
<b>Unallocated:</b>					
Amount due to a Director					1,198
Others					43,391
Total liabilities per statement of financial position					<u>95,168</u>
<b>Other segment information</b>					
Capital expenditure	-	-	14	8	22
Unallocated capital expenditure					-
					<u>22</u>
Depreciation					
- Right-of-use assets	-	-	-	2,832	2,832
- Property, plant and equipment	249	236	661	1,450	2,596
Unallocated depreciation					1,435
					<u>6,863</u>



#### 4 Segment information (Continued)

##### (b) Segment assets and liabilities (Continued)

	As at 30 September 2021 and six months ended 30 September 2021				
	Trading	Money	Finance	Financial	Total
	HK\$'000	lending	leasing	services	HK\$'000
	Unaudited	and	Unaudited	Unaudited	Unaudited
	Unaudited	factoring	Unaudited	Unaudited	Unaudited
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Segment assets</b>					
Non-current assets					
Property, plant and equipment	932	1,650	35,550	7,512	45,644
Right-of-use assets	-	-	-	4,195	4,195
Intangible assets	-	-	-	21,500	21,500
Goodwill	-	-	1,000	17,695	18,695
Other non-current assets	-	-	-	230	230
Finance lease receivables	-	-	16,531	-	16,531
	932	1,650	53,081	51,132	106,795
Current assets	222,899	139,938	62,738	97,829	523,404
	223,831	141,588	115,819	148,961	630,199
<b>Unallocated:</b>					
Interest in an associate					23,887
Cash and bank balances					237,514
Others					134,494
Total assets per statement of financial position					1,026,094
<b>Segment liabilities</b>					
	3,925	668	12,219	33,481	50,293
<b>Unallocated:</b>					
Amount due to a Director					1,262
Others					57,479
Total liabilities per statement of financial position					109,034
<b>Other segment information</b>					
Capital expenditure	-	-	4	275	279
Unallocated capital expenditure					10
					289
Depreciation					
- Right-of-use assets	-	-	-	4,195	4,195
- Property, plant and equipment	193	242	749	1,698	2,882
Unallocated depreciation					1,903
					8,980



## 5 Other income

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Bank interest income	<b>927</b>	991
Sublease interest income	<b>123</b>	–
Rental income	<b>644</b>	661
Government grants ( <i>Note</i> )	<b>728</b>	–
Others	<b>490</b>	396
	<b>2,912</b>	2,048

*Note:* Government grants were mainly government subsidies received by the Group from relevant government bodies for, including but not limited to, relieving pressures from businesses during the COVID-19 pandemic.



## 6 Loss before taxation

The Group's loss before taxation has been arrived at after charging/(crediting):

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Cost of inventories sold	<b>117,404</b>	67,657
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	<b>2,826</b>	2,826
Salaries, wages and other benefits (excluding directors' emoluments)	<b>7,503</b>	9,506
Contribution to defined contribution plans (excluding directors)	<b>494</b>	554
	<b>10,823</b>	12,886
Auditor's remuneration	<b>239</b>	198
Depreciation of property, plant and equipment	<b>2,681</b>	3,025
Depreciation of right-of-use-assets	<b>4,182</b>	5,955
Rental expenses in respect of short-term lease	<b>354</b>	173
Impairment loss on finance lease receivables	<b>2,598</b>	3,786
Impairment loss on trade receivables	<b>1,979</b>	6,807
Impairment loss on account receivables from margin clients	<b>7,611</b>	1,839
(Reversal of impairment loss)/Impairment loss on factoring receivables	<b>(218)</b>	88
Impairment loss on loan and interest receivables	<b>2,308</b>	10,133
Impairment loss on deposit and other receivables	<b>578</b>	202
Impairment loss on intangible assets	<b>4,700</b>	-
Impairment loss on goodwill	<b>3,995</b>	58,000
Gain on changes in fair value of other financial assets	<b>(9,650)</b>	(54,579)
Loss on changes in fair value of held-for-trading investments	<b>770</b>	2,668
Gain on disposal of held-for-trading investments	<b>(9,651)</b>	(5,919)
Gains on bargain purchase of interest in an associate	<b>-</b>	(12,636)
Share of results of an associate	<b>3,297</b>	1,724



## 7 Finance costs

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Interest on bond payable	–	53
Interest on lease liabilities	<b>659</b>	225
Interest on retained consideration payables	<b>325</b>	737
	<u><b>984</b></u>	<u>1,015</u>

## 8 Taxation

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Current income tax		
– Hong Kong profits tax	–	3
– PRC corporation income tax	<b>1,223</b>	1,518
	<u><b>1,223</b></u>	<u>1,521</u>
Deferred tax	<b>(2,284)</b>	(2,993)
	<u><b>(1,061)</b></u>	<u>(1,472)</u>

### Hong Kong profits tax

Under the two-tiered profits tax rates regime, Hong Kong profits tax is provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying entity of the Group and 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

### PRC corporate income tax

PRC corporate income tax has been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and on the estimated assessable profit of entities within the Group established in PRC. The general tax rate is 25%. A subsidiary of the Company is entitled to the preferential tax rate of 5% upon fulfillment of certain requirements.



## 8 Taxation (Continued)

### Withholding tax on distributed/undistributed profits

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

Deferred taxation has not been provided in the condensed consolidated financial statements in respect of the temporary difference attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not release in the foreseeable future.

## 9 Interim dividends

The Directors do not recommend the payment of interim dividends for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 10 Loss per share

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Loss attributable to shareholders	<b>(15,632)</b>	(17,249)
Weighted average number of ordinary shares, for the purposes of calculating basic loss per share ( <i>shares in thousands</i> )	<b>4,120,600</b>	4,120,600
Basic and diluted loss per share	<b>HK\$(0.38) cents</b>	HK\$(0.42) cents

As there are no dilutive potential ordinary shares outstanding as at 30 September 2022 and 2021, the diluted loss per share is equal to the basic loss per share.



## 11 Interest in an associate

Interest in an associate represents the Group's 27.57% equity investment in Royal Century Resources Holdings Limited ("Royal Century").

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
<b>At beginning of reporting period</b>	<b>19,964</b>	–
Fair value of held-for-trading investments in Royal Century immediately before its accounted for as an associate	–	9,976
Acquisition of additional equity interest in an associate	–	2,999
Profit or loss:		
– Gains on bargain purchase of interest in an associate	–	12,636
– Share of post-acquisition results and other comprehensive loss	<b>(3,255)</b>	(5,647)
<b>At end of reporting period</b>	<b>16,709</b>	19,964
Fair value of listed investments in an associate ( <i>Note</i> )	<b>5,403</b>	7,434

*Note:* The fair values of the listed shares are determined based on quoted market bid prices available on the Stock Exchange.



## 11 Interest in an associate (Continued)

Details of the Group's associate at the end of the reporting period are as follows:

Name of associate	Place of incorporation and operation	Proportion of nominal value of issued share capital held by the Group		Principal activities
		30 September 2022	31 March 2022	
Royal Century	Hong Kong	27.57%	27.57%	(i) Provision of design, fitting out and engineering and procurement of furnishings and related products services, (ii) Leasing of construction equipment and provision of related installation services, (iii) Sourcing and merchandising of fine and rare wines and (iv) Provision of financial services.





## 11 Interest in an associate (Continued)

The associate is accounted for using the equity method in the Group's condensed consolidated financial statements.

The summarised financial information in respect of the Group's associate as at 30 September 2022 and 31 March 2022 which represents amounts shown in the consolidated financial statements of Royal Century prepared in accordance with Hong Kong Financial Reporting Standards is as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Current assets	<b>29,916</b>	33,918
Non-current assets	<b>61,412</b>	68,296
Current liabilities	<b>(17,307)</b>	(19,894)
Non-current liabilities	<b>(13,417)</b>	(9,910)
	<b>60,604</b>	72,410
Revenue for the period/year	<b>25,190</b>	57,660
Loss for the period/year	<b>(11,959)</b>	(21,068)
Other comprehensive income/(loss) for the period/year	<b>153</b>	(6)
Total comprehensive loss for the period/year	<b>(11,806)</b>	(21,074)
The Group's share of loss of an associate	<b>(3,297)</b>	(5,647)
Gains on bargain purchase of interest in an associate	-	12,636
Results attributable to interest in an associate	<b>(3,297)</b>	6,989
The Group's share of other comprehensive income of an associate	<b>42</b>	-
	<b>(3,255)</b>	6,989
Net assets attributable to owners of Royal Century	<b>60,604</b>	72,410
Proportion of the Group's equity interest in Royal Century	<b>27.57%</b>	27.57%
	<b>16,709</b>	19,964



## 12 Intangible assets and goodwill

<b>Intangible assets</b>	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Cost		
Trading right	<b>500</b>	500
Licences	<b>21,000</b>	21,000
	<b>21,500</b>	21,500
Less: Impairment loss	<b>(4,700)</b>	–
	<b>16,800</b>	21,500

Trading right represents the right that allows Chaoshang Financial (as defined below) to trade securities in the Stock Exchange. Licences comprise the licences of Type 1, 2, 4 and 9 regulated activities under the Securities and Futures Ordinance.

<b>Goodwill</b>	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Cost	<b>76,695</b>	76,695
Less: Impairment loss	<b>(75,695)</b>	71,700
	<b>1,000</b>	4,995

Goodwill arose from the acquisition of (i) 100% equity interest in Comercializadora Ven 2010 C.A Limited and its subsidiary ("Comercializadora Ven 2010") on 9 July 2014; and (ii) 100% equity interest in ChaoShang Financial Holding Limited and its subsidiaries ("ChaoShang Financial") on 31 December 2019.

### Impairment testing of intangible assets and goodwill

Intangible assets and goodwill have been allocated for impairment testing purposes to the following cash-generating units:

- the operating activities of Comercializadora Ven 2010 which is engaged in finance leasing business (the "Comercializadora Ven 2010 CGU"); and
- the operating activities of ChaoShang Financial which is engaged in provision of financial services business (the "ChaoShang Financial CGU").



## 12 Intangible assets and goodwill (Continued)

The carrying amounts of intangible assets and goodwill allocated to the cash generating units as at 30 September 2022 and 31 March 2022 are as follows:

<b>As at 30 September 2022</b>	<b>Intangible assets HK\$'000 Unaudited</b>	<b>Goodwill HK\$'000 Unaudited</b>	<b>Total HK\$'000 Unaudited</b>
<b>Comercializadora Ven 2010 CGU</b>			
Cost	–	1,000	1,000
Less: Impairment loss	–	–	–
	–	1,000	1,000
<b>ChaoShang Financial CGU</b>			
Cost	21,500	75,695	97,195
Less: Impairment loss	(4,700)	(75,695)	(80,395)
	16,800	–	16,800
	16,800	1,000	17,800
<b>As at 31 March 2022</b>			
	<b>Intangible assets HK\$'000 Audited</b>	<b>Goodwill HK\$'000 Audited</b>	<b>Total HK\$'000 Audited</b>
<b>Comercializadora Ven 2010 CGU</b>			
Cost	–	1,000	1,000
Less: Impairment loss	–	–	–
	–	1,000	1,000
<b>ChaoShang Financial CGU</b>			
Cost	21,500	75,695	97,195
Less: Impairment loss	–	(71,700)	(71,700)
	21,500	3,995	25,495
	21,500	4,995	26,495



## 12 Intangible assets and goodwill (Continued)

Intangible assets and goodwill acquired through business combination is allocated to the Comercializadora Ven 2010 CGU and the ChaoShang Financial CGU for impairment testing.

### ChaoShang Financial CGU

An independent professional valuer was engaged by the Company to perform an impairment test for intangible assets and goodwill allocated to the ChaoShang Financial CGU by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period. The recoverable amounts of the ChaoShang Financial CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 10.7% (31 March 2022: 10.2%), and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.5% (31 March 2022: 2.5%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance and management's expectations for the market development of the ChaoShang Financial CGU. There was no change in the basis on determination of the recoverable amounts as at 30 September 2022 and 31 March 2022.

Since the recoverable amounts of the ChaoShang Financial CGU determined based on value in use calculation was less than their carrying amounts, impairment losses on intangible assets and goodwill of approximately HK\$4,700,000 (six months ended 30 September 2021: Nil) and HK\$3,995,000 (six months ended 30 September 2021: HK\$58,000,000) respectively were recognised as at 30 September 2022.

### Comercializadora Ven 2010 CGU

During the period, the management reviewed and assessed the value in use of the Comercializadora Ven 2010 CGU to determine its recoverable amount. No impairment loss was recognised for the Comercializadora Ven 2010 CGU (six months ended 30 September 2021: Nil).

## 13 Other financial assets

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Fair value at beginning of the reporting period	<b>78,810</b>	4,721
Changes in fair value	<b>9,650</b>	74,089
Fair value at end of the reporting period	<b>88,460</b>	78,810
Reclassified to other receivables upon completion of the Year 1 PG and Year 2 PG	<b>(35,560)</b>	(35,560)
	<b>52,900</b>	43,250



### 13 Other financial assets (Continued) ChaoShang Financial

The other financial assets of the Group represent the profit guarantee (the “CS Profit Guarantee”) provided by the vendors (the “CS Vendors”) to the Group arising from the acquisition of ChaoShang Financial.

The CS Profit Guarantee provided that for the period of three-years commencing from the date of completion (i.e. years ending 31 December 2020 (“Year 1 PG”), 2021 (“Year 2 PG”) and 2022 respectively), the audited profit after tax of ChaoShang Financial shall not be less than HK\$20,000,000, HK\$25,000,000 and HK\$30,000,000 respectively. Any shortfall between the guaranteed profit and the actual profit for the relevant guaranteed period shall be compensated by the CS Vendors. On the contrary, if the actual profit is higher than the guaranteed profit, 50% of the difference between the guaranteed profit and the actual profit for the relevant guaranteed period shall be shared by the CS Vendors.

The CS Profit Guarantee represents a right to the return of previously transferred consideration for the acquisition of ChaoShang Financial when the specified conditions are met and hence constitutes a kind of contingent consideration arrangement to be accounted for as a financial asset at fair value through profit or loss in accordance with HKFRS 3 and HKFRS 9. The CS Profit Guarantee was initially recognised in the consolidated statement of financial position at the acquisition date at a fair value determined by an independent professional qualified valuer.

The fair value of the CS Profit Guarantee was determined to be approximately HK\$88,460,000 (31 March 2022: HK\$78,810,000) by an independent professional qualified valuer as at 30 September 2022, using a discount rate of 15.2% (31 March 2022: 9.41% to 10.44%) per annum, under Monte Carlo simulation and taking into consideration of whether the CS Profit Guarantee is probable to meet. The fair value gain on other financial assets was recognised in profit or loss. Details of the valuation techniques and key input used for other financial assets are disclosed in Note 3.1(f) the Company’s 2022 annual report.

The audited profit after tax of ChaoShang Financial for the year ended 31 December 2020 is higher than HK\$20,000,000, as such, 50% of the difference between the guaranteed profit and the actual profit in the amount of approximately HK\$3,460,000 shall be shared by the CS Vendors (the “Year 1 Shared Profits”).

The audited loss after tax of ChaoShang Financial for the year ended 31 December 2021 was approximately HK\$14,020,000 (the “Year 2 Loss”). The Year 2 PG was not met and as such, the CS Vendors shall compensate approximately HK\$39,020,000 (the “Year 2 Compensation”) to the Group which represents an amount equal to the Year 2 Loss plus the Year 2 PG. The Year 1 Shared Profit together with the Year 2 Compensation with a net amount of approximately HK\$35,560,000 was reclassified to other receivables as at 30 September 2022 and 31 March 2022.



## 14 Finance lease receivables

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Current portion of finance lease receivables	<b>58,667</b>	69,545
Non-current portion of finance lease receivables	<b>2,526</b>	7,905
	<b>61,193</b>	77,450
Less: Impairment loss	<b>(11,479)</b>	(10,105)
	<b>49,714</b>	67,345

	<b>Minimum finance lease receivables</b>		<b>Present value of minimum finance lease receivables</b>	
	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Within one year	<b>48,115</b>	61,408	<b>47,201</b>	59,518
In the second to fifth years, inclusive	<b>2,591</b>	8,250	<b>2,513</b>	7,827
	<b>50,706</b>	69,658	<b>49,714</b>	67,345
Less: Unearned finance income	<b>(992)</b>	(2,313)	<b>N/A</b>	N/A
Present value of minimum finance lease receivables	<b>49,714</b>	67,345	<b>49,714</b>	67,345
Less: Current portion of finance lease receivables			<b>(47,201)</b>	(59,518)
Non-current portion of finance lease receivables			<b>2,513</b>	7,827

The movement of provision for impairment of finance lease receivables is as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
At beginning of the reporting period	<b>10,105</b>	6,998
Provision for impairment	<b>2,598</b>	2,765
Currency translation difference	<b>(1,224)</b>	342
At end of the reporting period	<b>11,479</b>	10,105



#### 14 Finance lease receivables (Continued)

As at 30 September 2022 and 31 March 2022, the finance lease receivables were secured over the leased assets mainly by machineries and equipment. The carrying amounts of finance lease receivables are denominated in RMB.

The maturity date for each finance lease contract is normally not more than 3 years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rate is approximately 10% to 15% (31 March 2022: 10% to 15%) per annum. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the finance lease receivables.

There was no unguaranteed residual values of assets leased under finance leases as at 30 September 2022 and 31 March 2022. The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for finance lease receivables. The management assessed the expected loss on all finance lease receivables individually and the credit quality of finance lease receivables has been assessed by reference to historical information about counterparty default rates and fair value of collaterals, if any.

#### 15 Trade and account receivables

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Receivables arising from securities broking business:		
– Loans to margin clients	<b>61,592</b>	67,411
– Clearing houses	<b>16,441</b>	327
	<b>78,033</b>	67,738
Less: Impairment loss	<b>(28,697)</b>	(21,086)
	<b>49,336</b>	46,652
Receivables arising from trading business	<b>286,835</b>	283,002
Less: Impairment loss	<b>(38,405)</b>	(40,863)
	<b>248,430</b>	242,139
Total trade and account receivables	<b>297,766</b>	288,791



## 15 Trade and account receivables (Continued)

### Receivables arising from securities broking

With regard to receivables arising from securities broking, the Group seeks to maintain tight control over its outstanding receivables and has procedures and policies to assess its clients' credit quality and define credit limits for each client. All client acceptances and credit limits are approved by designated approvers according to the clients' credit quality.

The normal settlement term of cash clients and clearing houses receivables arising from the ordinary course of business of securities broking is two trading days after the trade date.

Loans to margin clients are secured by the underlying pledged securities, repayable on demand and bear interest at commercial rates. As at 30 September 2022, the total market value of securities pledged as collateral in respect of the loans to margin clients amounted to approximately HK\$187,367,000 (31 March 2022: HK\$255,114,000). Securities are assigned with specific margin ratios for calculating their margin values.

### Receivables arising from trading business

The Group's trade receivables are generally with credit periods of 60 to 120 days (31 March 2022: 60 to 120 days).

The maximum exposure to credit risk at each of the end of the reporting period is the carrying amount value of the trade and account receivables. The Group does not hold any collateral as security.

The carrying amounts of trade and account receivables are denominated in following currencies:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
HK\$	<b>49,336</b>	46,652
RMB	<b>248,430</b>	242,139
	<b>297,766</b>	288,791





## 15 Trade and account receivables (Continued)

No ageing analysis of cash client receivables and loans to margin clients is disclosed as in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of the cash client receivables arising from securities broking and the revolving margin loans.

An aged analysis of receivables arising from trading business, net of allowance for impairment, at the end of the reporting period, based on the date of invoice (or date of revenue recognition, if earlier), is as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
0 to 30 days	<b>3,100</b>	6,831
31 to 60 days	<b>10,797</b>	5,921
61 to 90 days	<b>563</b>	25,263
91 to 180 days	<b>107,074</b>	25,482
More than 180 days	<b>126,896</b>	178,642
	<b>248,430</b>	242,139

The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for all trade and account receivables. The management assessed the expected loss on trade and account receivables individually.

The individually impaired trade and account receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions and are adjusted for forward-looking information that is available without undue cost or effort.

The movement of provision for impairment of trade and account receivables is as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
At beginning of the reporting period	<b>61,949</b>	49,155
Provision for impairment	<b>9,590</b>	11,275
Currency translation difference	<b>(4,437)</b>	1,519
At end of the reporting period	<b>67,102</b>	61,949



## 16 Factoring receivables

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Factoring receivables	<b>39,820</b>	52,152
Interest receivables	<b>1,877</b>	895
	<b>41,697</b>	53,047
Less: Impairment loss	<b>(1,195)</b>	(1,564)
	<b>40,502</b>	51,483

The movement of provision for impairment of factoring receivables is as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
At beginning of the reporting period	<b>1,564</b>	531
(Reversal of)/Provision for impairment	<b>(218)</b>	993
Currency translation difference	<b>(151)</b>	40
At end of reporting period	<b>1,195</b>	1,564

The carrying amounts of factoring receivables are denominated in RMB.

The initial terms of factoring loans on trade receivables is generally not more than 6 months and are interest-bearing at approximately 10% to 15% (31 March 2022: 10% to 15%). The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the factoring receivables.

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 for factoring receivables, which permits the use of the 12 months ECL provision for these factoring receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL.



## 17 Loan and interest receivables

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Loan receivables	<b>124,213</b>	105,167
Interest receivables	<b>21,792</b>	20,385
	<hr/>	<hr/>
Loan and interest receivables	<b>146,005</b>	125,552
Less: Impairment loss	<b>(29,804)</b>	(29,424)
	<hr/>	<hr/>
	<b>116,201</b>	96,128
	<hr/>	<hr/>
Current portion of loan and interest receivables	<b>61,201</b>	77,678
Non-current portion of loan and interest receivables	<b>55,000</b>	18,450
	<hr/>	<hr/>
	<b>116,201</b>	96,128
	<hr/>	<hr/>
Analysed as:		
Within one year	<b>61,201</b>	77,678
In the second to fifth years, inclusive	<b>55,000</b>	18,450
	<hr/>	<hr/>
	<b>116,201</b>	96,128
	<hr/>	<hr/>



## 17 Loan and interest receivables (Continued)

The movement of provision for impairment on loan and interest receivables are as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
At beginning of the reporting period	<b>29,424</b>	14,760
Written off	–	(2,325)
Provision for impairment	<b>2,308</b>	16,403
Currency translation difference	<b>(1,928)</b>	586
	<b>29,804</b>	29,424

The carrying amounts of loan and interest receivables are denominated in the following currencies:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
HK\$	<b>35,222</b>	35,501
RMB	<b>80,979</b>	60,627
	<b>116,201</b>	96,128

Loan receivables are interest-bearing at approximately 8% to 18% (31 March 2022: 8% to 18%) and are repayable with fixed terms agreed with the Group's clients. The maturity date for each loan contract is normally not more than 3 years and is unsecured, which the performance of certain loans are covered by personal guarantees. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan and interest receivables.

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 for loan and interest receivables, which permits the use of the 12 months ECL provision for these loan and interest receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL. The management assessed the expected loss on all loan and interest receivables individually and the credit quality of loan and interest receivables has been assessed by reference to historical information about counterparty default rates and credit enhancement measures taken out by the clients, if any.



## 18 Cash and cash equivalents

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Cash at bank and on hand	<b><u>145,789</u></b>	<u>217,023</u>

The carrying amounts of cash and bank balances are denominated in the following currencies:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
HK\$	<b>28,713</b>	40,769
US\$	<b>4,403</b>	4,049
EUR	<b>4</b>	4
RMB	<b><u>112,669</u></b>	<u>172,201</u>
	<b><u>145,789</u></b>	<u>217,023</u>

The conversion of RMB-denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

**19 Share capital****(a) Authorised capital**

	<b>Number of shares</b>	<b>Nominal value</b> <i>HK\$'000</i>
As at 1 April 2021, 31 March 2022 (audited) and 30 September 2022 (unaudited), ordinary shares of HK\$0.02 each	<u>5,000,000,000</u>	<u>100,000</u>

**(b) Issued and fully paid capital**

	<b>Number of shares</b>	<b>Nominal value</b> <i>HK\$'000</i>
As at 1 April 2021, 31 March 2022 (audited) and 30 September 2022 (unaudited), ordinary shares of HK\$0.02 each	<u>4,120,600,000</u>	<u>82,412</u>

**20 Account payables**

	<b>30 September 2022</b> <i>HK\$'000</i> <b>Unaudited</b>	31 March 2022 <i>HK\$'000</i> Audited
Payables arising from securities broking business:		
– Cash clients account payables	<b>5,305</b>	7,120
– Margin clients account payables	<b>16,843</b>	25,185
– Clearing houses	<u>–</u>	<u>2,610</u>
Total account payables	<u><b>22,148</b></u>	<u>34,915</u>

The carrying amounts account payables are denominated in HK\$.

No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of the payables arising from securities broking. The normal settlement terms of payables due to clearing houses are two trading days after the trade date.

**21 Amount due to a Director**

Amount due to a Director is unsecured, interest free and repayable on demand.

The carrying amount is denominated in HK\$.



## 22 Amount due to non-controlling interests

Amount due to non-controlling interests is unsecured, interest free and repayable on demand.

The carrying amount is denominated in RMB.

## 23 Related party transactions

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties during the period:

### (a) Transactions with related parties

Related parties relationship	Nature of transaction	Six months ended	
		30 September 2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Associate company and companies controlled by the associate company	Commission expenses	<b>24</b>	<b>13</b>

*Note:* The Group acquired a further 11.16% equity interest in Royal Century during the year ended 31 March 2022, and Royal Century was not accounted for as an associate of the Group as at 31 March 2021. Royal Century was still a related party of the Group throughout the last corresponding period as Mr. Chan Chi Yuen, who is an executive Director of the Company, is also an executive director of Royal Century.

### (b) Key management compensation

The remuneration of key management personnel of the Group during the period was as follows:

	30 September 2022 HK\$'000 Unaudited	30 September 2021 HK\$'000 Unaudited
Salaries, allowances and other benefits	<b>4,609</b>	4,492
Contribution to defined contribution plans	<b>80</b>	74
	<b>4,689</b>	4,566



## 24 Commitments

### The Group as lessee

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	<b>30 September 2022 HK\$'000 Unaudited</b>	31 March 2022 HK\$'000 Audited
Not later than 1 year	<b><u>26</u></b>	<u>26</u>

None of the leases include contingent rentals.





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$138.4 million with a gross profit of approximately HK\$20.9 million for the six months ended 30 September 2022 as compared to approximately HK\$90.5 million and HK\$22.8 million respectively for the last corresponding period. The loss for the current period was approximately HK\$15.7 million as compared to approximately HK\$17.9 million for the last corresponding period. The decrease in loss for the period was mainly attributable to the followings:

- i. a decrease in provision for impairment loss on receivables of approximately 8.0 million;
- ii. an increase in gain on disposal/changes in fair value of held-for-trading investments of approximately HK\$5.6 million;
- iii. a decrease in impairment loss on intangible assets and goodwill of approximately HK\$49.3 million, which was offset by a decrease in gain on changes in fair value of other financial assets (which represents the fair value of the profit guarantee) of approximately HK\$44.9 million, please refer to “Financial Services Business” section under “Business Review and Outlook” below for further details;
- iv. an increase in share of loss of an associate of approximately HK\$1.6 million; and
- v. there were gains on bargain purchase of approximately HK\$12.6 million arising from the acquisition of interest and additional interest in an associate during the last corresponding period.

As at 30 September 2022, the total assets and net assets of the Group amounted to approximately HK\$932.4 million (31 March 2022: HK\$1,018.7 million) and HK\$837.3 million (31 March 2022: HK\$924.3 million) respectively. The decreases in total assets and net assets were mainly caused by the exchange losses recognised as other comprehensive loss due to the depreciation of Renminbi against Hong Kong Dollars in the current period.



## BUSINESS REVIEW AND OUTLOOK

### Trading Business

The Group is principally engaged in trading of food and electronic products in the PRC. The Group recorded a turnover of approximately HK\$120.0 million with a loss of approximately HK\$1.6 million from its trading business during the current period as compared to approximately HK\$68.9 million with a loss of approximately HK\$7.8 million for the last corresponding period. The decrease in loss recorded for the current period was mainly caused by the increase in gross profit generated as a result of the increase in revenue and a decrease in provision for impairment loss on trade receivables.

Turnover of approximately HK\$53.4 million was attributed from trading of food products for the current period, as compared to approximately HK\$22.6 million for the last corresponding period. In addition, the Group also recorded a turnover of approximately HK\$66.6 million for the current period from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC, as compared to approximately HK\$46.3 million for the last corresponding period. The gross profit attributed by the trading business was approximately HK\$2.6 million for the current period whilst it was approximately HK\$1.3 million for the last corresponding period.

During the last corresponding period, the continued impact of the COVID-19 pandemic and the signs of the down-turning economy in the PRC affected the demand of higher-priced food products which led to the management of the Group taking a more prudent business strategy to minimise the Group's business risk. The management has noted the increase in the ageing of trade receivables regarding certain customers of the seafood trading business. One of whom even defaulted in settlement and legal proceeding has been taken by the Group for recovery of the amount outstanding. Hence, the management prudently decided to hold up further businesses with these customers during the last corresponding period. However, as the COVID-19 pandemic has persisted for over 2 years since its outbreak, people is becoming more adapted in living with the pandemic around and anti-pandemic measures are gradually optimised and relaxed. The disrupted supply chains are gradually improving, and in light with the introduction of the economic dual circulation strategy by the PRC government with an emphasis on the domestic market, the management has been sourcing new potential customers for our trading business. According to the statistics from the National Bureau of Statistics of the PRC, there were increases in both dispensable income and personal spending during the first half of 2022. All of the above contributed to the increase in revenue from the trading business during the current period. The Group is prudently optimistic of the prospects of the trading business while remains vigilant in the development of the pandemic.



## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Money Lending and Factoring Business

The Group offers corporate and personal loans in Hong Kong and the PRC to well-established businesses and affluent individuals of occupations ranging from executives, businessmen and professionals. Clients are generally solicited through (i) the directors and senior management of the subsidiaries whom are in charge of each of the lending businesses; (ii) direct approaches from clients; and (iii) referral from existing clients.

The loan portfolio consists of loans with initial terms generally ranging from 1 to 3 years and outstanding balances of approximately HK\$5 million to HK\$30 million which are principally for the development and expansion of their businesses and their corporate and personal needs. The Group also offers factoring loans on trade receivables in the PRC with initial terms of not more than 6 months and sizes ranging from approximately RMB10 million to RMB20 million in general. The financing purpose of the Group's clients is principally for their operation requirements.

The Group has outstanding loan portfolios in Hong Kong and the PRC amounted to approximately HK\$146.0 million and factoring receivables of approximately HK\$41.7 million as at 30 September 2022. The Group recognised an aggregate interest income of approximately HK\$8.4 million and a profit of approximately HK\$5.1 million for the current period as compared to approximately HK\$8.2 million and a loss of approximately HK\$3.0 million respectively for the last corresponding period. The turnaround was mainly caused by the decrease in provision for impairment loss on loan and interest receivables for the current period, as expected credit losses for the clients who were more severely affected by the COVID-19 pandemic have been provided for during the last corresponding period.

Collaterals and guarantors would be obtained from the clients as appropriate on a case-by-case basis by considering the background, repayment ability and credit worthiness of the potential clients a whole. While the Group aims to have securities over the loans granted in accordance with the industry practice and in compliance with the relevant regulations, if applicable, unsecured loans may also be granted which is considered by the Group as a balance of our product-mix and part of our portfolio. Nevertheless, the Group is conservatively prudent in assessing the creditworthiness of the unsecured loans including but not limited to the review and inspection of asset title, asset portfolio, leverage level and liquidity conditions before approval.



## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Money Lending and Factoring Business (Continued)

Since the start of 2022, the lending prime rate of the PRC has been decreasing and new bank lendings in the PRC has been increasing. Amid the introduction of policy-easing measures including policies to stabilise economy by the PRC government, the Group will keep on cautiously adjusting its loan portfolio to take advantage of the market opportunities to generate revenue for the shareholders of the Company under acceptable and controllable levels of risk. The Group will closely monitor the credit worthiness of our clients and, when necessary, formulate the appropriate actions to reduce our credit risk and recovery of the outstanding amounts.

### Finance Leasing Business

The Group is engaged in finance leasing business in the PRC and mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from 1 to 3 years and the size of which generally ranges from RMB5 million to RMB30 million. The Group provides both direct leasing and sale-leaseback services to customers and the financing purpose of the Group's customers is principally for the development and expansion of their business.

The finance leasing business maintained a portfolio with outstanding principal amount of approximately HK\$61.2 million as at 30 September 2022. The finance leasing portfolio has attributed a turnover of approximately HK\$1.1 million with a loss of approximately HK\$3.6 million to the Group during the current period as compared to approximately HK\$3.5 million and HK\$4.2 million respectively for the last corresponding period. As the management considered asset-heavy clients faces more business risks in this turbulent economic environment and hence was more prudent in accepting new businesses, no finance lease was granted during the period, resulting with decrease in interest income generated. As previously reported, there were clients who were severely affected by the down-turning economy and the incidental disruption of supply chains caused by the COVID-19 pandemic, resulting with default in repayments on schedules. While the Group has taken necessary legal proceedings to seize and safeguard the assets secured, a further provision for impairment loss on finance lease receivables of approximately HK\$2.6 million was made which attributed to the loss recorded for the current period. The provision for impairment loss on finance lease receivables decreased during the current period as expected credit losses have been provided for during the prior years/periods. The Group will closely monitor the credit worthiness of the clients and formulate appropriate actions for recovery of the outstanding lease receivables.



## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Financial Services Business

The Group acquired the financial services business in December 2019 (the “Acquisition”) which is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The market sentiment was generally positive and the market was flourishing since the Acquisition, meanwhile the Hong Kong stock market reached its highest point during the first half of 2021. Thereafter, the stock market was dragged by unfavorable news including government policies reforms in the PRC, the sky-rocketing inflation in the United States and the outbreak of the Russia-Ukraine war etc. Since then, the market sentiment deteriorated and investors’ mentality eroded. The market downturn of Hong Kong persisted and plummeted to a new low point during the period. The management expects the stock market sentiment may not recover soon and will remain very volatile and turmoil.

The financial services business has attributed a turnover of approximately HK\$8.9 million with a loss of approximately HK\$15.3 million to the Group during the current period, as compared to approximately HK\$9.9 million and HK\$6.1 million respectively for the last corresponding period. The increase in loss recorded for the current period was mainly caused by increased provision for impairment loss on account receivables from margin clients and costs for soliciting bond placing clients.

Considering that the stock market was under-performing, in order to increase the Group’s exposure within the capital markets, the management has actively explored the probability on the development of the debt financing market so as to enlarge the sources of income. However, due to unstable economic conditions, the bond market was also not performing well with many firms have delayed their plans.

During the Company’s preparation of these condensed consolidated financial statements, based on the latest financial information available and the deteriorating market conditions as mentioned above, the Group re-assesses its position, with reference to the actual results up to the date of this report and the prospects of the financial services business. As such, the profit and cashflow forecast prepared by the Group for the assessment of the recoverable amounts of the financial services business has incorporated the most updated information for the best estimate of the impairment of intangible assets and goodwill, if any, and the corresponding changes in fair value of other financial assets arising from the profit guarantee given by the vendors of this business unit.



## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Financial Services Business (Continued)

Based on the impairment assessment on the assets of this business unit, the Group noted that the carrying amounts of this business unit exceeded their recoverable amounts, and thus, impairment losses on intangible assets and goodwill of approximately HK\$4.7 million and HK\$4.0 million respectively were recognised in the current period. The Group has also re-assessed the fair value of the profit guarantee. As a result of the actual and expected shortfall of the profit guarantee, a fair value gain on other financial assets of approximately HK\$9.7 million was recognised in the current period. The net effect in aggregate of the impairments and changes in fair value of other financial assets is not significant to the Company's consolidated net assets or operating results for the period as they were substantially compensated by each other.

In respect of the profit guarantee given by the vendors of the Acquisition, there is a net amount receivable from the vendors of approximately HK\$13.1 million after setting off the amounts payable by the Group to the vendors including the relevant retained considerations as at the end of the reporting period. During the period, the Group has actively negotiated with the vendors for the settlement but no concrete plan has yet been received. The Group has instructed our lawyers to issue a writ of summons to initiate legal proceedings against the vendors for recovery of the amount receivable. Further updates regarding this profit guarantee will be announced by the Company as and when appropriate.

### The COVID-19 Pandemic

The rebounds of COVID-19 pandemic has significant impact on and brought uncertainty to the global economy and the Group would review and adjust its business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current economic situation. Save as disclosed above, as at the date of this report, the Group was not aware of any material adverse impact on the condensed consolidated financial statements as a result of the COVID-19 outbreak.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.



## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group generally finances its operations with internally generated resources.

As at 30 September 2022, the Group had cash and bank balances of approximately HK\$145.8 million (31 March 2022: approximately HK\$217.0 million) and total borrowings of approximately HK\$27.0 million (31 March 2022: approximately HK\$14.4 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 3.22% (31 March 2022: 1.56%) and liquidity ratio, being the ratio of current assets over current liabilities, was 9.62 (31 March 2022: 11.83) as at 30 September 2022.

The increase in gearing ratio is mainly due to the increase in lease liabilities which arose from the Group's entering into new lease agreements during the current period. The decrease in liquidity ratio was mainly due to the depreciation of assets denominated in Renminbi and re-classification of retained consideration payable from non-current to current liabilities during the current period.

## FOREIGN EXCHANGE EXPOSURE

Operations of the Group are mainly conducted in Hong Kong dollar ("HK\$"), Renminbi ("RMB") and US dollar ("US\$"), and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, RMB and US\$.

The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk as appropriate.

## INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2022.

## CAPITAL STRUCTURE

As at 30 September 2022, the total number of issued shares of the Company was 4,120,600,000.

There was no change in the capital structure of the Company during the period.

## CHARGES ON GROUP ASSETS

As at 30 September 2022, none of the Group's asset was pledged.



## SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save as the acquisition and disposal of held-for-trading investments in securities, there has been no significant acquisition and disposal of assets by the Group during the period.

## SECURITIES INVESTMENTS HELD

As at 30 September 2022, the Group had held-for-trading investments in securities in Hong Kong (the "Securities Investments") with a market value of approximately HK\$10.2 million. The Group recorded a realised gain of approximately HK\$9.7 million in respect of the Securities Investments during the six months ended 30 September 2022. The other details of the Securities Investments as at 30 September 2022 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition <i>HK\$ '000</i>	Fair value	% of	Loss
						as at 30 September 2022 <i>HK\$ '000</i>	net assets of the Group as at 30 September 2022	on changes in fair value for the period <i>HK\$ '000</i>
1 Yue Kan Holdings Limited	2110	Provision of marine construction works, other civil engineering works and vessel chartering services	110,000,000	4.95%	11,000	10,230	1.22%	(770)

## CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2022.

## COMMITMENTS

Details of the Group's commitments as at 30 September 2022 are set out in Note 24 to the condensed consolidated financial statements.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed 51 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.





## DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions as disclosed in Note 23 to the condensed consolidated financial statements, no contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party in which a Director had a material interest, whether directly or indirectly, subsisted at 30 September 2022 or at any time during the period then ended.

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

As at 30 September 2022, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

### Directors' interest in the Company:

Name of director	Number of shares	Approximate percentage of shareholding	Capacity
Ms. Zheng Juhua	Long position 834,767,140 shares (Note)	20.26%	Interest of the controlled corporations

Note: 834,767,140 shares were held by Superb Smart Limited (the "Superb Smart"), a company wholly and beneficially owned by Ms. Zheng Juhua, and accordingly, Ms. Zheng Juhua is deemed to be interested in the relevant shares under the SFO.

Save as disclosed above, as at 30 September 2022, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and/or debentures of the Company or 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 otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



## ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the “Share Option Scheme” section below, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the period ended 30 September 2022.

## SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, so far as it is known by or otherwise notified by any Director or chief executives of the Company, the particulars of the corporations or persons who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the “Voting Entitlements”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Name of substantial shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Ms. Zheng Juhua	Long position 834,767,140 shares (Notes (i))	20.26%	Interest of the controlled corporations
Superb Smart Limited	Long position 834,767,140 shares (Notes (i))	20.26%	Beneficial owner
Dragon Mind Holdings Limited	Long position 341,132,000 shares (Note (iii))	8.28%	Beneficial owner
Managecorp Limited	Long position 341,132,000 shares (Note (iii))	8.28%	Trustee
Mr. Zhang Lirui	Long position 341,132,000 shares (Note (iii))	8.28%	Founder of a discretionary trust

### Notes:

- (i) 834,767,140 shares were held by Superb Smart, a company wholly and beneficially owned by Ms. Zheng Juhua, an executive Director and the Chairlady of the Company. Accordingly, Ms. Zheng Juhua is deemed to be interested in the relevant shares under the SFO.



## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON(S) INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**

*Notes: (Continued)*

- (ii) 341,132,000 shares were held by Dragon Mind Holdings Limited which is wholly-owned by a discretionary trust of which Mr. Zhang Lirui ("Mr. Zhang") is the settlor and Managecorp Limited ("Managecorp") is the trustee, and accordingly, Mr. Zhang and Managecorp are deemed to be interested in the relevant shares under the SFO.

Save as disclosed above, the Directors are not aware of any other corporations or persons who, as at 30 September 2022, had the Voting Entitlements or any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

## **SHARE OPTIONS SCHEME**

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 2 September 2013 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "Share Option Scheme") on 3 September 2013, the Company adopted the Share Option Scheme in replacement of a share option scheme adopted on 25 March 2003 which had been expired on 24 March 2013. The Share Option Scheme shall be valid and effective for a period of 10 years from 2 September 2013, unless otherwise terminated. The followings is a summary of the Share Option Scheme:

### **Purpose**

The Share Option Scheme aims to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to the Directors, employees and other participants of the Company and the Group.

### **Participants**

The Directors may, in accordance with the provisions of the Share Option Scheme and the Listing Rules, invite person(s) who or which is/are eligible to participate as grantee(s) and receive options under the Share Option Scheme, to take up share options to subscribe for shares.



## SHARE OPTIONS SCHEME (CONTINUED)

### Maximum number of shares available for subscription

The total number of share options to be granted under the Share Option Scheme shall not exceed 10% of the issued shares of the Company as at 2 September 2013. Upon approval by the shareholders, the Company may renew the scheme mandate limit, provided that each renewal shall not exceed 10% of the issued shares as at the date of approval by the shareholders, and a circular regarding the proposed renewal of the scheme mandate limit has been dispatched to the shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. Pursuant to an ordinary resolution passed by the shareholders of the Company at an annual general meeting on 26 August 2016, the 10% limit under the Share Option Scheme was refreshed, such that the maximum number of shares available for subscription was 73,612,000 shares. Subsequent to this refreshment, pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 5 September 2016, every one share of the Company of HK\$0.10 each was subdivided into five subdivided shares of HK\$0.02 each. Hence, the maximum number of shares available for subscription was adjusted to 368,060,000 shares, and there were no further changes since then up to 30 September 2022 and the date of this report. The aggregate maximum number of shares which may be issued upon exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

### Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Any excess over 1% shall be subject to the approval of the shareholders at general meeting with such participant and his/her close associates abstaining from voting and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

### Time of acceptance and exercise of a share option

The grantee may accept the offer of the share option within twenty-one days from the date of the offer letter issued by the Company. The grantee shall pay HK\$1 as consideration for accepting the offer of the share option granted. The grantee may subscribe for shares during such period as may be determined by the Board (the said period shall not in whatever case be later than the last day of the 10-year period after the day on which the offer relating to the option is duly approved by the Board in accordance with the Share Option Scheme (subject to early termination)).



## SHARE OPTIONS SCHEME (CONTINUED)

### Minimum period for which an option must be held before it can be exercised

Unless the Directors determine otherwise and state in the offer of the grant of option to the grantee, the Share Option Scheme does not provide for any minimum period for which share options must be held before it can be exercised.

### Basis for determining the exercise price

The exercise price of share option granted pursuant to the Share Option Scheme shall be determined by the Board and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares.

### The life of the Share Option Scheme

The Share Option Scheme will remain in force for ten years starting from 2 September 2013 (which can be terminated before expiration).

As at 30 September 2022 and up to the date of this report, no share options has been granted under the Share Option Scheme since its adoption.

## CORPORATE GOVERNANCE

The Company endeavors in maintaining good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the CG Code throughout the six months ended 30 September 2022.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2022.



## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period under review and up to the date of this report, the Directors having an interest in business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Director	Name of company	Nature of business	Nature of interests
Mr. Chan Chi Yuen	Royal Century Resources Holdings Limited ("Royal Century") and its subsidiaries	Money lending and financial services business	Chairman and executive director of Royal Century

As the Board is independent to the boards of the above mentioned companies, the Group is capable of carrying on its business independently of, and at arm's length, from the business of those companies.

Save as disclosed above, none of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the period.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2022.

## AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Yu Pak Yan, Peter and Mr. Man Kwok Leung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022.



## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the best knowledge of the Directors, the Company has complied with the sufficiency of public float requirement under the Listing Rules at any time during the reporting period and up to the date of this report.

## BOARD OF DIRECTORS

As at the date of this report, the executive Directors are Ms. Zheng Juhua and Mr. Chan Chi Yuen; the independent non-executive Directors are Mr. Man Kwok Leung, Mr. Yu Pak Yan, Peter and Mr. Chi Chi Hung, Kenneth.

## APPRECIATION

On behalf of the Board, I would like to thank all of our shareholders, employees, customers and suppliers for their continued support.

By order of the Board  
**HONG KONG CHAOSHANG GROUP LIMITED**  
**Ms. Zheng Juhua**  
*Chairlady*

Hong Kong, 28 November 2022