



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
2023/24



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. YU Pak Yan, Peter
Mr. CHI Chi Hung, Kenneth
Ms. WONG Chi Yan

COMPANY SECRETARY

Mr. CHAU Kin Cheung Alfred

AUDIT COMMITTEE

Mr. CHI Chi Hung, Kenneth (*Chairman*)
Ms. WONG Chi Yan
Mr. YU Pak Yan, Peter

REMUNERATION COMMITTEE

Mr. YU Pak Yan, Peter (*Chairman*)
Ms. WONG Chi Yan
Mr. CHI Chi Hung, Kenneth

NOMINATION COMMITTEE

Ms. WONG Chi Yan (*Chairlady*)
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>

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 2023 together with the comparative figures for the corresponding period in 2022. 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 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Revenue	3	87,998	138,359
Cost of sales		<u>(76,560)</u>	<u>(117,445)</u>
Gross profit		11,438	20,914
Other income	5	1,414	2,912
Reversal of impairment loss/(Impairment loss) on finance lease receivables	14	2,610	(2,598)
Impairment loss on trade and account receivables	15	(15,856)	(9,590)
(Impairment loss)/Reversal of impairment loss on factoring receivables	16	(831)	218
Impairment loss on loan and interest receivables	17	(1,909)	(2,308)
Impairment loss on deposit and other receivables		(2,269)	(578)
Impairment loss on intangible assets	12	–	(4,700)
Impairment loss on goodwill	12	–	(3,995)
Gain on changes in fair value of other financial assets	13	–	9,650
Gain/(Loss) on changes in fair value of held-for-trading investments		32,839	(770)
Gain on disposal of held-for-trading investments		–	9,651
Share of results of an associate	11	(1,816)	(3,297)
Administrative expenses		<u>(22,180)</u>	<u>(31,238)</u>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Operating profit/(loss)		3,440	(15,729)
Finance costs	7	(462)	(984)
Profit/(Loss) before taxation	6	2,978	(16,713)
Taxation	8	1,401	1,061
Profit/(Loss) for the period		4,379	(15,652)
Other comprehensive (loss)/income: <i>Items that may be reclassified subsequently to profit or loss:</i>			
– Share of other comprehensive income of an associate		5	42
– Exchange differences arising on translation of foreign operations		(38,927)	(71,474)
Total comprehensive loss for the period		(34,543)	(87,084)
Profit/(Loss) for the period attributable to:			
Owners of the Company		4,397	(15,632)
Non-controlling interests		(18)	(20)
Profit/(Loss) for the period		4,379	(15,652)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(35,314)	(88,523)
Non-controlling interests		771	1,439
Total comprehensive loss for the period		(34,543)	(87,084)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted profit/(loss) per share	10	HK0.11 cents	HK(0.38) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	30 September 2023 <i>Notes</i> HK\$'000 Unaudited	31 March 2023 <i>HK\$'000</i> Audited
ASSETS		
Non-current assets		
Property, plant and equipment	32,472	36,904
Investment property	37,450	39,900
Right-of-use assets	12,545	16,727
Net investment in sublease	962	1,902
Interest in an associate	<i>11</i> 12,335	14,146
Intangible assets	<i>12</i> 16,800	16,800
Goodwill	<i>12</i> 1,000	1,000
Other non-current assets	230	230
Finance lease receivables	<i>14</i> –	464
Loan and interest receivables	<i>17</i> 98,108	123,120
Deferred tax assets	19,125	17,498
	231,027	268,691
Current assets		
Amount due from an associate	4,350	3,112
Trade and account receivables	<i>15</i> 241,842	283,775
Factoring receivables	<i>16</i> 18,316	20,258
Finance lease receivables	<i>14</i> 23,076	33,423
Loan and interest receivables	<i>17</i> 77,905	55,106
Deposits, prepayments and other receivables	67,498	74,272
Tax recoverable	7,323	7,694
Held-for-trading investments	40,281	7,443
Net investment in sublease	1,858	1,815
Cash held on behalf of clients	52,701	22,016
Cash and bank balances	<i>18</i> 127,185	138,497
	662,335	647,411
Total assets	893,362	916,102
EQUITY		
Capital and reserves		
Share capital	<i>19</i> 82,412	82,412
Reserves	728,197	763,511
Total equity attributable to owners of the Company	810,609	845,923
Non-controlling interests	(12,057)	(12,828)
Total equity	798,552	833,095

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2023

		30 September 2023	31 March 2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,420	10,318
Deferred tax liabilities		3,298	3,337
		8,718	13,655
Current liabilities			
Trade and account payables	20	52,754	33,105
Lease liabilities		10,439	10,564
Accruals, other payables and deposit received		13,579	15,800
Amount due to a Director	21	1,592	1,536
Amount due to non-controlling interests	22	229	244
Tax payables		7,499	8,103
		86,092	69,352
Total liabilities		94,810	83,007
Total equity and liabilities		893,362	916,102
Net current assets		576,243	578,059
Total assets less current liabilities		807,270	846,750

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	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
For the six months ended 30 September 2022										
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
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	(15,632)	(15,632)	(20)	(15,652)
Other comprehensive income/(loss)										
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
Transactions with owners										
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
For the six months ended 30 September 2023										
At 1 April 2023	82,412	1,000,745	34,178	(37,619)	9,729	7,245	(250,767)	845,923	(12,828)	833,095
Comprehensive income										
Profit for the period	-	-	-	-	-	-	4,397	4,397	(18)	4,379
Other comprehensive income/(loss)										
Exchange difference on translation of financial statements of foreign operations	-	-	-	(39,716)	-	-	-	(39,716)	789	(38,927)
Share of other comprehensive income of an associate	-	-	-	5	-	-	-	5	-	5
Transactions with owners										
Transfer to statutory reserve	-	-	-	-	259	-	(259)	-	-	-
At 30 September 2023	82,412	1,000,745	34,178	(77,330)	9,988	7,245	(246,629)	810,609	(12,057)	798,552

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		Unaudited	Unaudited
Net cash used in operating activities		(2,166)	(55,566)
Net cash generated from investing activities		530	7,550
Net cash used in financing activities		(5,429)	(5,095)
Decrease in cash and cash equivalents		(7,065)	(53,111)
Cash and cash equivalents at beginning of period		138,497	217,023
Effect of foreign exchange rate changes, net		(4,247)	(18,123)
Cash and cash equivalents at end of period	<i>18</i>	127,185	145,789

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 30 November 2023.

2 Basis of preparation

The condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the applicable disclosure requirements as prescribed in Appendix 16 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and held-for-trading investments that is measured at fair value.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. The functional currency of the Company and its subsidiaries is HK\$.

2(a). Principal accounting policies and adoption of new/revised hong kong financial reporting standards (“HKFRS(s)”)

The significant accounting policies that have been used in the preparation of the Group’s condensed consolidated financial statements for the six months ended 30 September 2023 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2023, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 April 2023:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>

The application of these new and amendments to HKASs and HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

New/Revised HKFRSs issued but not yet effective

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

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ¹
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> ¹
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangement</i> ¹
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ⁴
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹

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

² Effective date to be determined

³ Immediately effective for the disclosure of the use of mandatory temporary exception (from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes) upon issuance of the amendments and retrospectively. The remaining disclosure requirements apply for annual periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

⁴ Effective for annual periods beginning on or after 1 January 2025.

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs 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) brokerage commission income from securities dealing; (iv) underwriting and placing commission income; and (v) asset management fee income.

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Sales of goods	76,831	119,972
Interest income from money lending, factoring, finance leasing and margin financing	10,619	12,661
Brokerage commission income from securities dealings	548	1,417
Underwriting and placing commission income	–	4,159
Asset management fee income	–	150
	87,998	138,359

Revenue from contracts with customers within HKFRS 15:

Recognised at a point of time

Sales of goods	76,831	119,972
Brokerage commission income from securities dealings	548	1,417
Underwriting and placing commission income	–	4,159
	77,379	125,548

Recognised over time

Asset management fee income	–	150
	77,379	125,698

Revenue from other sources:

Interest income from money lending, factoring,
finance leasing and margin financing calculated
using effective interest method

	10,619	12,661
	87,998	138,359

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, 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 2023				
	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	76,831	8,629	295	2,243	87,998
Segment results	(16,046)	3,483	1,658	(9,492)	(20,397)
Impairment loss on intangible assets	-	-	-	-	-
Impairment loss on goodwill	-	-	-	-	-
	<u>(16,046)</u>	<u>3,483</u>	<u>1,658</u>	<u>(9,492)</u>	<u>(20,397)</u>
Corporate expenses					<u>(8,731)</u>
Operating loss					<u>(29,128)</u>
Corporate income					1,290
Gain on changes in fair value of held-for-trading investments					32,839
Share of results of an associate					(1,816)
Finance costs					<u>(207)</u>
Profit before taxation					2,978
Taxation					<u>1,401</u>
Profit for the period					<u>4,379</u>

4 Segment information (Continued)

(a) Segment revenue and results (Continued)

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	119,972	8,408	1,109	8,870	138,359
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	-	-	-	(3,995)	(3,995)
	<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)
(b) Segment assets and liabilities

	As at 30 September 2023 and six months ended 30 September 2023				
	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
Segment assets					
Non-current assets					
Property, plant and equipment	655	670	29,458	1,487	32,270
Right-of-use assets	-	-	-	8,495	8,495
Intangible assets	-	-	-	16,800	16,800
Goodwill	-	-	1,000	-	1,000
Other non-current assets	-	-	-	230	230
Loan and interest receivables	-	98,108	-	-	98,108
	<u>655</u>	<u>98,778</u>	<u>30,458</u>	<u>27,012</u>	<u>156,903</u>
Current assets	<u>224,803</u>	<u>96,705</u>	<u>24,000</u>	<u>85,692</u>	<u>431,200</u>
	<u>225,458</u>	<u>195,483</u>	<u>54,458</u>	<u>112,704</u>	<u>588,103</u>
Unallocated:					
Net investment in sublease					2,820
Interest in an associate					12,335
Cash and bank balances					127,185
Others					<u>162,919</u>
Total assets per statement of financial position					<u>893,362</u>
Segment liabilities					
	<u>3,765</u>	<u>294</u>	<u>6,089</u>	<u>62,144</u>	<u>72,292</u>
Unallocated:					
Amount due to a Director					1,592
Others					<u>20,926</u>
Total liabilities per statement of financial position					<u>94,810</u>
Other segment information					
Capital expenditure	62	9	-	2	73
Unallocated capital expenditure					<u>-</u>
					<u>73</u>
Depreciation					
- Right-of-use assets	-	-	-	2,832	2,832
- Property, plant and equipment	321	33	565	1,437	2,356
Unallocated depreciation					<u>1,434</u>
					<u>6,622</u>

4 Segment information (Continued)

(b) Segment assets and liabilities (Continued)

	As at 30 September 2022 and six months ended 30 September 2022				
	Trading	Money	Finance	Financial	Total
	HK\$'000	lending	leasing	services	HK\$'000
	Unaudited	and	Unaudited	Unaudited	Unaudited
		factoring	HK\$'000	HK\$'000	
		Unaudited	Unaudited	Unaudited	
Segment assets					
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 receivables	-	55,000	-	-	55,000
	1,018	56,082	34,894	35,525	127,519
Current assets	252,247	101,727	49,395	80,967	484,336
	253,265	157,809	84,289	116,492	611,855
Unallocated:					
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					932,420
Segment liabilities					
	3,745	588	8,605	37,641	50,579
Unallocated:					
Amount due to a Director					1,198
Others					43,391
Total liabilities per statement of financial position					95,168
Other segment information					
Capital expenditure	-	-	14	8	22
Unallocated capital expenditure					-
					22
Depreciation					
- Right-of-use assets	-	-	-	2,832	2,832
- Property, plant and equipment	249	236	661	1,450	2,596
Unallocated depreciation					1,435
					6,863

5 Other income

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Bank interest income	603	927
Sublease interest income	79	123
Rental income	606	644
Government grants (<i>Note</i>)	–	728
Others	126	490
	1,414	2,912

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):

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Cost of inventories sold	76,560	117,404
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	2,700	2,826
Salaries, wages and other benefits (excluding directors' emoluments)	7,895	7,503
Contribution to defined contribution plans (excluding directors)	452	494
	11,047	10,823
Auditor's remuneration	134	239
Depreciation of property, plant and equipment	2,440	2,681
Depreciation of right-of-use-assets	4,182	4,182
Rental expenses in respect of short-term lease (Reversal of impairment loss)/Impairment loss on finance lease receivables	(2,610)	2,598
Impairment loss on trade and account receivables	15,856	9,590
Impairment loss/(Reversal of impairment loss) on factoring receivables	831	(218)
Impairment loss on loan and interest receivables	1,909	2,308
Impairment loss on deposit and other receivables	2,269	578
Impairment loss on intangible assets	-	4,700
Impairment loss on goodwill	-	3,995
Gain on changes in fair value of other financial assets (Gain)/loss on changes in fair value of held-for-trading investments	(32,839)	770
Gain on disposal of held-for-trading investments	-	(9,651)
Share of results of an associate	1,816	3,297

7 Finance costs

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest on lease liabilities	462	659
Interest on retained consideration payables	–	325
	462	984

8 Taxation

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporation income tax	934	1,223
	934	1,223
Deferred tax	(2,335)	(2,284)
	(1,401)	(1,061)

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%.

No Hong Kong profits tax has been provided as the Group has no estimated assessable profits for the six months ended 30 September 2023 and 2022.

PRC corporate income tax

The PRC corporate income tax in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

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 2023 (six months ended 30 September 2022: Nil).

10 Profit/Loss per share

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Profit/(Loss) attributable to shareholders	4,397	(15,632)
Weighted average number of ordinary shares, for the purposes of calculating basic profit/(loss) per share (<i>shares in thousands</i>)	4,120,600	4,120,600
Basic and diluted profit/(loss) per share	HK\$0.11 cents	HK\$(0.38) cents

As there are no dilutive potential ordinary shares outstanding as at 30 September 2023 and 2022, the diluted profit/loss per share is equal to the basic profit/loss per share.

11 Interest in an associate

Interest in an associate represents the Group's 29.48% equity investment in Royal Century Resources Holdings Limited ("Royal Century").

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
At beginning of reporting period	14,146	19,964
Acquisition of additional equity interest in an associate	–	238
Profit or loss:		
– Gains on bargain purchase at dates of acquisition of interest in an associate	–	820
– Share of post-acquisition results	(1,816)	(6,913)
– Share of post-acquisition other comprehensive income	5	37
At end of reporting period	12,335	14,146
Fair value of listed investments in an associate (<i>Note</i>)	2,265	2,496

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

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 2023	31 March 2023	
Royal Century	Hong Kong	29.48%	29.48%	(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 2023 and 31 March 2023 which represents amounts shown in the consolidated financial statements of Royal Century prepared in accordance with Hong Kong Financial Reporting Standards is as follows:

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Current assets	56,745	58,977
Non-current assets	16,854	25,423
Current liabilities	(24,836)	(27,823)
Non-current liabilities	(6,923)	(8,595)
Net assets attributable to owners of Royal Century	41,840	47,982
Revenue	29,321	55,761
Loss for the period/year	(6,160)	(24,564)
Other comprehensive income for the period/year	18	136
Total comprehensive loss for the period/year	(6,142)	(24,428)
The Group's share of loss of an associate	(1,816)	(6,913)
Gains on bargain purchase of interest in an associate	–	820
Results attributable to interest in an associate	(1,816)	(6,093)
Share of other comprehensive income of an associate	5	37
	(1,811)	(6,056)
Net assets attributable to owners of Royal Century	41,840	47,982
Proportion of the Group's equity interest in Royal Century	29.48%	29.48%
	12,335	14,146

12 Intangible assets and goodwill

Intangible assets	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Cost		
Trading right	500	500
Licences	21,000	21,000
	21,500	21,500
Less: Impairment loss	(4,700)	(4,700)
	16,800	16,800

Trading right represents the right that allows the Group 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.

Goodwill	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Cost	76,695	76,695
Less: Impairment loss	(75,695)	(75,695)
	1,000	1,000

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 ("CGUs"):

- 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 CGUs as at 30 September 2023 and 31 March 2023 are as follows:

As at 30 September 2023	Intangible assets HK\$'000 Unaudited	Goodwill HK\$'000 Unaudited	Total HK\$'000 Unaudited
Comercializadora Ven 2010 CGU			
Cost	–	1,000	1,000
Less: Impairment loss	–	–	–
	<u>–</u>	<u>1,000</u>	<u>1,000</u>
ChaoShang Financial CGU			
Cost	21,500	75,695	97,195
Less: Impairment loss	(4,700)	(75,695)	(80,395)
	<u>16,800</u>	<u>–</u>	<u>16,800</u>
	<u>16,800</u>	<u>1,000</u>	<u>17,800</u>
As at 31 March 2023			
	Intangible assets HK\$'000 Audited	Goodwill HK\$'000 Audited	Total HK\$'000 Audited
Comercializadora Ven 2010 CGU			
Cost	–	1,000	1,000
Less: Impairment loss	–	–	–
	<u>–</u>	<u>1,000</u>	<u>1,000</u>
ChaoShang Financial CGU			
Cost	21,500	75,695	97,195
Less: Impairment loss	(4,700)	(75,695)	(80,395)
	<u>16,800</u>	<u>–</u>	<u>16,800</u>
	<u>16,800</u>	<u>1,000</u>	<u>17,800</u>

12 Intangible assets and goodwill (Continued)

Intangible assets and goodwill with indefinite useful lives are tested for impairment at least annually or when there is impairment indicator. Details of impairment testing are set out below.

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 12.5% (31 March 2023: 11.8%), and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.5% (31 March 2023: 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 2023 and 31 March 2023.

Since the recoverable amounts of the ChaoShang Financial CGU determined based on value in use calculation was less than their carrying amounts, the goodwill has been fully impaired with a further recognition of impairment loss of approximately HK\$3,995,000 during the period ended 30 September 2023 whilst impairment loss on intangible assets of approximately HK\$4,700,000 was recognised during the period ended 30 September 2022 and as at 30 September 2023 and 31 March 2023.

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 considered necessary for the Comercializadora Ven 2010 CGU (six months ended 30 September 2022: Nil).

13 Other financial assets

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Fair value at beginning of the reporting period	–	43,250
Changes in fair value	–	11,806
Fair value at end of the reporting period	–	55,056
Reclassified to other receivables upon completion of the Year 1 PG and Year 2 PG	–	(55,056)
	–	–

13 Other financial assets (Continued) ChaoShang Financial

The other financial assets of the Group represented the profit guarantee (the “CS Profit Guarantee”) provided by the vendors (the “CS Vendors”) to the Group arising from the acquisition of ChaoShang Financial in December 2019.

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 (the “Year 1 PG”), 2021 (the “Year 2 PG”) and 2022 (the “Year 3 PG”) 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 (the “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 represented a right to the return of previously transferred consideration for the acquisition of ChaoShang Financial when the specified conditions were met and hence constituted 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.

As at 31 March 2023, the fair value of the CS Profit Guarantee was determined to be approximately HK\$55,056,000 resulting with a fair value gain on other financial assets of approximately HK\$11,806,000 being recognized in profit or loss for the year then ended. As the guarantee periods have been completed and the Shortfall was reclassified to other receivables, the carrying amount of the CS Profit Guarantee was zero as at 31 March 2023. Details of the valuation techniques and key input used for other financial assets are disclosed in the Company’s annual report for the year ended 31 March 2023.

14 Finance lease receivables

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Current portion of finance lease receivables	32,985	46,681
Non-current portion of finance lease receivables	–	468
	32,985	47,149
Less: Impairment loss	(9,909)	(13,262)
	23,076	33,887

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Within one year	23,389	33,802	23,076	33,423
In the second to fifth years, inclusive	–	474	–	464
	23,389	34,276	23,076	33,887
Less: Unearned finance income	(313)	(389)	N/A	N/A
Present value of minimum finance lease receivables	23,076	33,887	23,076	33,887
Less: Current portion of finance lease receivables			(23,076)	(33,423)
Non-current portion of finance lease receivables			–	464

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	13,262	10,105
(Reversal of)/Provision for impairment	(2,610)	3,931
Currency translation difference	(743)	(774)
At end of the reporting period	9,909	13,262

14 Finance lease receivables (Continued)

As at 30 September 2023 and 31 March 2023, 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 5 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 2023: 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 2023 and 31 March 2023. 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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Receivables arising from securities broking business:		
– Loans to margin clients	51,422	60,438
– Clearing houses	378	–
	51,800	60,438
Less: Impairment loss	(28,330)	(28,431)
	23,470	32,007
Receivables arising from asset management business	–	–
Receivables arising from trading business	274,789	295,339
	274,789	295,339
Less: Impairment loss	(56,417)	(43,571)
	218,372	251,768
Total trade and account receivables	241,842	283,775

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 2023, the total market value of securities pledged as collateral in respect of the loans to margin clients amounted to approximately HK\$115,068,000 (31 March 2023: HK\$172,897,000). 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 2023: 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:

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
HK\$	23,470	32,007
RMB	218,372	251,768
	241,842	283,775

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:

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
0 to 30 days	21,152	26,967
31 to 60 days	21,903	3,526
61 to 90 days	10,086	–
91 to 180 days	29,560	11,702
More than 180 days	135,671	209,573
	218,372	251,768

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 maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the trade and account receivables.

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	72,002	61,949
Provision for impairment	15,856	13,092
Currency translation difference	(3,111)	(3,039)
At end of the reporting period	84,747	72,002

16 Factoring receivables

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Factoring receivables	19,581	20,862
Interest receivables	131	22
	19,712	20,884
Less: Impairment loss	(1,396)	(626)
	18,316	20,258

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	626	1,564
Provision for impairment/(Reversal of impairment)	831	(831)
Currency translation difference	(61)	(107)
At end of reporting period	1,396	626

The carrying amounts of factoring receivables are denominated in RMB.

The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for factoring receivables. The management assessed the expected loss on factoring receivables individually. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the factoring receivables.

17 Loan and interest receivables

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Loan receivables	180,062	182,951
Interest receivables	28,404	26,952
	<hr/>	<hr/>
Loan and interest receivables	208,466	209,903
Less: Impairment loss	(32,453)	(31,677)
	<hr/>	<hr/>
	176,013	178,226
	<hr/>	<hr/>
Current portion of loan and interest receivables	77,905	55,106
Non-current portion of loan and interest receivables	98,108	123,120
	<hr/>	<hr/>
	176,013	178,226
	<hr/>	<hr/>
Analysed as:		
Within one year	98,108	55,106
In the second to fifth years, inclusive	77,905	123,120
	<hr/>	<hr/>
	176,013	178,226
	<hr/>	<hr/>

17 Loan and interest receivables (Continued)

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
HK\$	43,529	35,608
RMB	132,484	142,618
	176,013	178,226

Loan receivables are interest-bearing at approximately 8% to 18% (31 March 2023: 8% to 18%) and are repayable with fixed terms agreed with the Group's customers. The maturity date for each loan contract is normally not more than 3 years and is unsecured. 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.

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	31,677	29,424
Provision for impairment	1,909	3,569
Currency translation difference	(1,133)	(1,316)
At end of the reporting period	32,453	31,677

18 Cash and cash equivalents

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Cash at bank and on hand	127,185	138,497

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
HK\$	29,809	30,251
US\$	4,414	4,408
EUR	4	4
RMB	92,958	103,834
	127,185	138,497

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**

	Number of shares	Nominal value HK\$'000
As at 1 April 2022, 31 March 2023 (audited) and 30 September 2023 (unaudited), ordinary shares of HK\$0.02 each	5,000,000,000	100,000

(b) Issued and fully paid capital

	Number of shares	Nominal value HK\$'000
As at 1 April 2022, 31 March 2023 (audited) and 30 September 2023 (unaudited), ordinary shares of HK\$0.02 each	4,120,600,000	82,412

20 Account payables

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Payables arising from securities broking business:		
– Cash clients account payables	2,134	1,903
– Margin clients account payables	50,620	19,746
– Clearing houses	–	55
Payables arising from trading business	–	11,401
	52,754	33,105
Total trade and account payables	52,754	33,105

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	
		2023 HK\$'000 Unaudited	2022 HK\$'000 Unaudited
Associate company and companies controlled by the associate company	Rental income in relation to sub-lease of office premises	(975)	(975)
	Commission expenses	–	24
		<u> </u>	<u> </u>

(b) Key management compensation

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

	30 September 2023 HK\$'000 Unaudited	30 September 2022 HK\$'000 Unaudited
Salaries, allowances and other benefits	4,370	4,609
Contribution to defined contribution plans	71	80
	<u> </u>	<u> </u>
	4,441	4,689

24 Commitments**The Group as lessee**

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

	30 September 2023 HK\$'000 Unaudited	31 March 2023 HK\$'000 Audited
Not later than 1 year	<u> </u>	<u> </u>
	23	23

None of the leases include contingent rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$88.0 million with a gross profit of approximately HK\$11.4 million for the six months ended 30 September 2023 as compared to approximately HK\$138.4 million and HK\$20.9 million respectively for the last corresponding period. The profit for the current period was approximately HK\$4.4 million as compared to a loss of approximately HK\$15.7 million for the last corresponding period. The turnaround was mainly attributable to the net effect of the followings:

- (i) an increase in aggregate amount of gain on changes in fair values and disposal of held-for-trading investments of approximately HK\$24.0 million;
- (ii) a decrease in gross profit and other income of approximately HK\$9.9 million and HK\$1.5 million respectively;
- (iii) an increase in aggregate amount of impairment losses on receivables of approximately HK\$3.4 million; and
- (iv) a decrease in administrative expenses of approximately HK\$9.1 million.

As at 30 September 2023, the total assets and net assets of the Group amounted to approximately HK\$893.4 million (31 March 2023: HK\$916.1 million) and HK\$798.6 million (31 March 2023: HK\$833.1 million) respectively. The decrease in total assets and net assets were mainly caused by the recognition of exchange losses due to the depreciation of Renminbi against Hong Kong Dollars during the current period.

BUSINESS REVIEW

Trading Business

The Group is principally engaged in trading of foodstuff and electronic products in the PRC. The Group recorded a turnover of approximately HK\$76.8 million with a loss of approximately HK\$16.0 million from its trading business for the six months ended 30 September 2023 as compared to approximately HK\$120.0 million with a loss of approximately HK\$1.6 million for the same period in 2022. The increase in the loss recorded for the current period was mainly caused by a decrease in revenue and an increase in provision for impairment losses for trade and accounts receivables.

During the current period, anti-pandemic measures were finally relaxed in early 2023. It was expected that in light with the introduction of economic enhancement measurements by the PRC government, consumption demand in the retail markets was expected to be increased. However, as the sentiments of both the PRC real estate and stock markets were not very positive with the debt issues of the companies from the PRC property sector still not yet been fully resolved, the economic environment surrounding the Group's trading business was less than satisfactory. During the last corresponding period in 2022, as people adapted to living with the pandemic and the disrupted supply chains gradually improving, the Group recorded a period by period increase in sales for the last corresponding period. But such improvement in the market conditions was not carried over to the current period, the general market was also plagued by unfavorable news such as the insolvency of certain large companies in the PRC. As the Group's trading business focused on electronic products and imported seafood which are not mandatory for people's everyday lives, the above factors resulted in a negative impact on the Group's trading business and led to a decrease in revenue. The Group will remain vigilant in the development of the economic environment.

Under such circumstances, the management of the Group prudently re-assessed the individual conditions of our customers to evaluate the businesses and credit risks with reference to historical trading and repayment patterns, and conditions of the market as a whole. With the assistance of an independent professional valuer on the computation of expected credit losses, impairment loss on trade receivables amounted to approximately HK\$16.0 million was provided for during the current period. This provision includes certain customers which were severely affected by the impact of the pandemic and defaulted in repayments as mentioned by the Group in prior years. During the years, despite appropriate measures including legal proceedings against such customers were taken by the Group with judgement in favour of the Group by the Court and certain of the customers' assets were seized and recovered by the Group thereon, the management considered that the recoverability of one of the customers was less than satisfactory. Accordingly, after due and careful assessment, a specific impairment loss of approximately HK\$12.3 million was fully provided for on the carrying amount of that particular customer during the current period.

BUSINESS REVIEW (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 with 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 loan portfolios in Hong Kong and the PRC with carrying amounts of approximately HK\$176.0 million and factoring receivables with carrying amounts of approximately HK\$18.3 million as at 30 September 2023. The Group recognised an aggregate interest income of approximately HK\$8.6 million and a profit of approximately HK\$3.5 million for the current period as compared to approximately HK\$8.4 million and HK\$5.1 million respectively for the last corresponding period. The decrease in profit was mainly caused by an increase in administrative expenses.

Collaterals and guarantors would be obtained from 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 (CONTINUED)

Money Lending and Factoring Business (Continued)

As previously mentioned, the Group has cautiously adjusted its loan portfolio to take advantage of the market opportunities presented by policies such as the introduction of policy-easing measures in the PRC. Management of the Group considered that the current loan portfolio of the Group during the current period was appropriate under the current economic environment as the return on the loans being commensurate with the related risks. The Group will assess and closely monitor the credit worthiness of our new and existing clients respectively, in accordance with our internal control measures as discussed below 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 5 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 carrying amount of approximately HK\$23.1 million as at 30 September 2023. The finance leasing portfolio has attributed a turnover of approximately HK\$0.3 million with a profit of approximately HK\$1.7 million to the Group during the current period as compared to approximately HK\$1.1 million and a loss of approximately HK\$3.6 million respectively for the last corresponding period. As previously reported, there were certain customers from the finance leasing business deeply impacted by the pandemic due to their industry nature, who default in repayments on schedules, and the Group has taken necessary legal proceedings to seize and safeguard the assets. The interest income from the current period was lower than that of last corresponding periods, as no interest income was recognized by the Group on credit-impaired customers. 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 current period, which further attributed to the decrease in interest income generated. Nevertheless with the effort of the management of the Group in collection of the overdue amount, the Group successfully recovered from certain customers and recorded a reversal of impairment loss on finance lease receivables of approximately HK\$2.7 million leading to the turnaround from loss to profit making for the current period. The Group will closely monitor the credit worthiness of the clients and formulate appropriate actions for recovery of the other outstanding finance lease receivables.

BUSINESS REVIEW (CONTINUED)

Loan Portfolio Summary

In respect of our money lending and factoring business and finance leasing business, in order to diversify the clients and lower the concentration of our loan portfolio, our portfolio include corporations from different industries such as hotel management, health management, computer software and trading and individuals. As at 30 September 2023, the Group's lending businesses has 23 clients with outstanding balances from different types of loans and fell within the following bands.

Types of loans	Number of customers
Finance leases	5
Factoring loans	2
Corporate loans	7
Personal loans	9
	<hr/>
	23

Carrying amounts of loans	Number of loans
Less than HK\$5,000,000	11
HK\$5,000,001 – HK\$10,000,000	2
HK\$10,000,001 – HK\$20,000,000	7
Above HK\$20,000,001	3
	<hr/>
	23

As at 30 September 2023, the top five clients constituted approximately 47% of the total carrying amounts of the Group's loan portfolio of the lending businesses.

In addition to minimising the risks by restricting the Group's source of funds to its internally generated cash resources, the Group has appointed the directors and senior management personnel of the subsidiaries whom are in charge of each of the lending businesses (the "Management Teams") to be responsible for the credit assessment, granting of and supervision of loans. Each of the Management Teams have vast experiences and knowledge in the industries.

BUSINESS REVIEW (CONTINUED)

Loan Portfolio Summary (Continued)

Notwithstanding the nature of the loans granted, the internal control measures are in general very similar to each other. Each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of procedures the Group conducts on potential clients assessment.

- (i) identity checks must be performed on potential clients and the ultimate beneficial owner(s) of the potential clients by obtaining, including but not limited to, constitution documents, business registrations, identity cards or passports;
- (ii) background checks must be performed by understanding the business operations, occupation and employment, the source and origin of funds and obtaining address proof of the potential clients, which included utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body;
- (iii) repayment ability of potential clients must be assessed through their financial statements, assets portfolio (e.g. properties held) and the related leverage level, liquidity condition, bankruptcy or winding up or litigation searches, media and news searches, past payment record (where applicable) and any other available information to evaluate their repayment ability;
- (iv) check the availability of guarantor(s), if any; and
- (v) in case of security being provided as collateral for the loan, the validity, title and value of the security must be assessed.

Furthermore, guarantors who provide personal/corporate guarantee in favour of a loan, where applicable, are also required to meet the same basic eligibility and approval criteria as the borrower of loans, and will be required to go through the same verification and approval procedures.

After credit assessment, with the terms determined (having taken into consideration factors such as the credit quality of the clients, their recoverability and the prevalent market interest rates), loan documents will be prepared and the loans will be recommended for the Management Teams' review and approval. The Management Teams will monitor on a continued basis the credit quality of such loans and may require other credit enhancement measures from the borrowers from time to time. The Management Teams are primarily responsible for the approval of loans by considering whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole.

BUSINESS REVIEW (CONTINUED)

Loan Portfolio Summary (Continued)

The Management Teams conduct regular review and carry out follow up actions on a continuing basis in respect of overdue amounts to minimise the Group's exposure to credit risk and follows up closely with its clients as to the repayment deadlines. An aging analysis of the borrowers is prepared and reviewed on a monthly basis. As for loan collection, in case of any minor defaults, the Management Teams shall send reminders and/or demand letters to its clients. In case the default persists, the Group may engage lawyers to advise on the recovery and take out enforcement actions as and when appropriate.

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 financial services business attributed a turnover of approximately HK\$2.2 million with a loss (excluding impairment losses on intangible assets and goodwill) of approximately HK\$9.5 million to the Group during the current period, as compared to approximately HK\$8.9 million and a loss (excluding impairment losses on goodwill) of approximately HK\$15.3 million respectively for the last corresponding period. The decrease in loss recorded for the current period was mainly caused by better cost controls and the decrease in provision for impairment loss on account receivables from margin clients as the necessary provisions were already made in previous years.

The stock market was under-performed during the years. The market sentiment and economic downturn of Hong Kong attributed to the decrease in revenue from brokerage, margin financing and underwriting and placing during the current period. Nonetheless, the management actively searched for business opportunities and after the end of the reporting period, the Group assisted in the completion of an IPO project. Besides, in order to increase the Group's exposure within the capital markets, the management has actively explored the possibility on the development of the debt financing market and other financial services so as to enlarge the sources of income.

During the Company's preparation of the condensed consolidated financial statements, based on the latest information available, 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, if any. Based on the impairment assessment on the assets of this business unit, no further impairment was considered necessary to provide for intangible assets for the period.

BUSINESS REVIEW (CONTINUED)

Financial Services Business (Continued)

In respect of the profit guarantee given by the vendors of the Acquisition, the Group has actively negotiated with the vendors for the settlement and has instructed our lawyers to issue a writ of summons to initiate legal proceedings against the vendors for recovery of the amount receivable in December 2022. In May 2023, the Company and the vendors agreed on a settlement arrangement, under which the vendors agreed to pay jointly and severally of the amounts due from them under the second guaranteed year in five instalments. The Company is in the process of continuing negotiations with the vendors on settlement of outstanding installments as well as the settlement schedule for the amounts due under the third guaranteed year. Further updates regarding this profit guarantee will be announced by the Company as and when appropriate.

Potential Business Development

In May 2023, the Company entered into a non-legally binding memorandum of understanding with two potential vendors, pursuant to which the Company intends to acquire an equity interest in a target company which is principally engaged in (a) marketing and sales of medical equipment and nutritional supplements, (b) marketing of medicine, and (c) provision of operation systems and training for clinics in the PRC. Further to the enter of a supplemental agreement in November 2023, the Group is granted a period up to 4 May 2024 for examination of the due diligence documents of the target company. As at the date of this report, the Group has not yet entered into any formal agreements in respect of this proposed acquisition.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base and may consider restructuring its business segments pursuant to the ever-changing economic environment in the PRC and Hong Kong. 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 2023, the Group had cash and bank balances of approximately HK\$127.2 million (31 March 2023: approximately HK\$138.5 million) and total borrowings of approximately HK\$17.5 million (31 March 2023: approximately HK\$22.4 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 2.18% (31 March 2023: 2.69%) and liquidity ratio, being the ratio of current assets over current liabilities, was 7.69 (31 March 2023: 9.33) as at 30 September 2023.

The increase in gearing ratio was mainly due to the decrease in lease liabilities. The decrease in liquidity ratio was mainly due to the increase in trade and account payables which arose from increase in cash held on behalf of clients.

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 2023.

CAPITAL STRUCTURE

As at 30 September 2023, 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 2023, none of the Group's asset was pledged.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save for 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 2023, the Group had held-for-trading investments in securities in Hong Kong (the "Securities Investments") with a market value of approximately HK\$40.3 million. Other details of the Securities Investments as at 30 September 2023 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition <i>HK\$ '000</i>	Fair value as at 30 September 2023 <i>HK\$ '000</i>	% of net assets of the Group as at 30 September 2023	Gain/(Loss) on changes in fair value for the period <i>HK\$ '000</i>
1 Unity Enterprise Holdings Limited	2195	provision of repair, maintenance, alteration and addition works services in Hong Kong	63,050,000	6.31%	8,367,000	37,830,000	4.74%	33,101
2 Vicon Holdings Limited	3878	Provision of foundation works and ancillary services and leasing of construction machinery in Hong Kong	21,886,000	4.6%	3,915,000	2,451,000	0.31%	(262)
								32,839

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2023.

COMMITMENTS

Details of the Group's commitments as at 30 September 2023 are set out in Note 24 to the condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 38 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 2023 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 2023, 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 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 2023, 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 2023.

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

As at 30 September 2023, 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 (ii))	20.26%	Interest of controlled corporations
Superb Smart Limited	Long position 834,767,140 shares (Notes (ii))	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
Mr. Lau Hoi Kit	Long position 248,280,000 shares (Note (iii))	6.03%	Beneficial owner and interest of controlled corporations

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

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.
- (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.
- (iii) 199,680,000 shares were beneficially owned by Mr. Lau Hoi Kit and the remaining 48,600,000 shares were held by Costrade Group Limited, a company wholly and beneficially owned by Mr. Lau Hoi Kit. Accordingly, Mr. Lau Hoi Kit is deemed to be interested in all of the above mentioned relevant shares under the SFO. Mr. Lau Hoi Kit is a son of Ms. Zheng Juhua, an executive Director and the Chairlady of the Company.

Save as disclosed above, the Directors are not aware of any other corporations or persons who, as at 30 September 2023, 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 28 September 2023 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 29 September 2023, the Company adopted the Share Option Scheme in replacement of a share option scheme adopted on 2 September 2013 which had been expired on 1 September 2023. The Share Option Scheme shall be valid and effective for a period of 10 years from 28 September 2023, 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.

SHARE OPTIONS SCHEME (CONTINUED)

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.

Maximum number of shares available for subscription

The total number of share options to be granted, at the beginning and end of the reporting period, under the Share Option Scheme shall not exceed 10% of the issued shares of the Company as at 28 September 2023, which was 412,060,000 shares, with a service provider sublimit at 1% of the issued shares of the Company as at 28 September, which was 41,206,000 shares. 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. 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

The vesting period of options granted under the Share Option Scheme shall be determined by the Board subject to a minimum period set out in the rules of the Share Option Scheme. Save for the circumstances prescribed in paragraph 6.5 of the Share Option Scheme, the vesting period for options granted under the Share Option Scheme shall not be less than twelve months.

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 28 September 2023 (which can be terminated before expiration).

As at 30 September 2023 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 2023.

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 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

Director	Name of company	Nature of businesses	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
Ms. Wong Chi Yan	Zhong Jia Securities Limited ("Zhong Jia")	Financial services business	Non-executive director of Zhong Jia

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

Save as disclosed above, none of the Directors was interested in any businesses (apart from the Group's businesses) which compete or are likely to compete, either directly or indirectly, with the businesses 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 2023.

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 Ms. Wong Chi Yan. 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 2023.

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 Ms. Yu Pak Yan, Peter, Mr. Chi Chi Hung, Kenneth and Ms. Wong Chi Yan.

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, 30 November 2023