



LFG Investment Holdings Limited

LFG 投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3938

2024/25

Interim Report



CONTENTS

02	Corporate Information
03	Management Discussion and Analysis
10	Corporate Governance/Other Information
19	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
20	Condensed Consolidated Statement of Financial Position
22	Condensed Consolidated Statement of Changes in Equity
24	Condensed Consolidated Statement of Cash Flows
25	Notes to Condensed Consolidated Interim Financial Statements

Corporate Information

DIRECTORS

Executive Directors

Mr. Mui Ho Cheung Gary
(Chairman and Chief Executive Officer)
Mr. Liu Chi Wai
Mr. Ng Siu Hin Stanley
Ms. Ho Sze Man Kristie
Mr. Tang Chun Fai Billy

Independent Non-executive Directors

Ms. Lim Yan Xin Reina
Mr. Poon Lai Yin Michael
Dr. Wong Ho Ki

AUDIT COMMITTEE

Ms. Lim Yan Xin Reina *(Chairlady)*
Mr. Poon Lai Yin Michael
Dr. Wong Ho Ki

REMUNERATION COMMITTEE

Mr. Poon Lai Yin Michael *(Chairman)*
Ms. Lim Yan Xin Reina
Dr. Wong Ho Ki

NOMINATION COMMITTEE

Mr. Mui Ho Cheung Gary *(Chairman)*
Ms. Lim Yan Xin Reina
Mr. Poon Lai Yin Michael
Dr. Wong Ho Ki

AUTHORISED REPRESENTATIVES

Mr. Mui Ho Cheung Gary
Mr. Ng Siu Hin Stanley

COMPANY SECRETARY

Mr. Ng Siu Hin Stanley

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1505, 15/F
Wheelock House
20 Pedder Street
Central, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICER

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33rd Floor, ICBC Tower
3 Garden Road
Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

www.legogroup.hk

STOCK CODE

3938

Management Discussion and Analysis

OVERVIEW

LFG Investment Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, margin financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the six months ended 30 September 2024 (the “Period”), the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Period, the Group has completed one underwriting and placing project. Regarding the asset management services, as at 30 September 2024, the net assets of the funds under management and/or investment advisory amounted to approximately US\$5.7 million (equivalent to approximately HK\$44.7 million) (31 March 2024: approximately US\$4.5 million or equivalent to approximately HK\$34.7 million).

Management Discussion and Analysis (Continued)

REVIEW

Market Review

During the Period, business environment in Hong Kong in general remained difficult but started to show signal of recovery. The closing price of the Hang Seng Index has seen rebound from 16,541.42 as at 28 March 2024 to 21,133.68 as at 30 September 2024, representing a rise of approximately 27.8% during the six-month period. The average daily trading value of the Main Board also returned to above HK\$100 billion during the six-month period, in particular, the trading value of 30 September 2024 surf over HK\$500 billion. Notwithstanding the rebound of Hong Kong stock market, the overall pace of recovery remained uncertain caused by, among others, the continued Russo-Ukrainian war and the Israel-Palestine war, the stubbornly high inflation, the credit crisis of certain property developers in the People's Republic of China (the "PRC") and the residual impact of COVID-19, in particular to the PRC.

The Group adopts prudent risk management and cost control under this challenging business environment. The Group maintains a strong reputable team of professionals to provide one-stop services to recurring clients and auxiliary business to tackle their needs. The Group maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations. The Group has adopted conservative credit control approach to monitor the outstanding receivables in order to control potential credit risks and effectively manage liquidity risks. While the demand for corporate finance advisory and underwriting services was impacted by the uncertainties as discussed above, the Group's project pipeline remains solid.

Business Review

Looking back on the past six months, the Group has been facing a challenging business environment hit by the volatile stock market and deteriorating financial conditions of certain clients. The Group leveraged its reputation and continued to diversify its income source and maintain a prudent cost and capital management strategy.

The Group continued to derive its revenue primarily from its corporate finance advisory services during the Period, which accounted for approximately 131.9% (2023: approximately 77.4%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; (ii) asset management services; and (iii) investment fund, accounted for approximately 54.2%, 1.1% and negative 87.2% (2023: approximately 20.7%, 4.0% and negative 2.1%) of its total revenue during the Period, respectively.

Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a decrease in revenue of approximately 77.0%, from approximately HK\$49.2 million for the six months ended 30 September 2023 to approximately HK\$11.3 million during the Period.

During the Period, the Group was engaged in a total of 70 corporate finance advisory projects, which included 2 IPO sponsorship projects, 66 financial and independent financial advisory projects and 2 compliance advisory projects, while the Group had engaged in a total of 67 corporate finance advisory projects, which included 7 IPO sponsorship projects, 56 financial and independent financial advisory projects and 4 compliance advisory projects during the six months ended 30 September 2023.

Management Discussion and Analysis (Continued)

(i) *IPO sponsorship services*

During the Period, the Group was engaged in 2 IPO sponsorship projects (2023: 7 projects).

No revenue was generated from IPO sponsorship services during the Period (2023: approximately HK\$5.5 million).

(ii) *Financial and independent financial advisory services*

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK\$11.1 million during the Period (2023: approximately HK\$43.3 million). During the Period, the Group was engaged in 49 financial advisory projects and 17 independent financial advisory projects (2023: 38 and 18, respectively).

(iii) *Compliance advisory services*

The Group acts as compliance advisers to listed companies in Hong Kong advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK\$0.2 million during the Period (2023: approximately HK\$0.4 million). During the Period, the Group was engaged in 2 compliance advisory projects (2023: 4 projects).

Securities and Financing Services

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Period, the Group recorded revenue from placing and underwriting business of approximately HK\$0.1 million (2023: approximately HK\$1.6 million) which was mainly due to decrease in number of placing and underwriting projects during the Period. The Group completed nil transaction as underwriter for IPOs and one transaction as underwriter and/or placing agent for secondary market fund raising exercise (2023: one and two, respectively).

The revenue generated from securities dealing and brokerage was approximately HK\$0.8 million during the Period (2023: approximately HK\$5.4 million) as the securities trading activities by the clients decreased during the Period.

As at 30 September 2024, the total outstanding balance of margin loans amounted to approximately HK\$60.5 million (31 March 2024: approximately HK\$85.4 million) and the interest income generated from securities financing services was approximately HK\$3.8 million during the Period (2023: approximately HK\$6.2 million).

Management Discussion and Analysis (Continued)

Asset Management Services and Investment Fund Income

The Group provides fund management services to its clients.

As at 30 September 2024, the net assets of the funds under management and/or investment advisory by the Group was approximately US\$5.7 million (equivalent to approximately HK\$44.7 million) (31 March 2024: approximately US\$4.5 million, or equivalent to approximately HK\$34.7 million). The revenue generated from asset management services was approximately HK\$66,000 during the Period (2023: approximately HK\$2.5 million).

The investment fund generated revenue of approximately negative HK\$7.5 million during the Period (2023: approximately negative HK\$1.3 million) arising from interest income from listed bonds, dividend income from listed securities and net change in financial assets at fair value through profit or loss.

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK\$63.6 million for the six months ended 30 September 2023 to approximately HK\$8.6 million for the Period, representing a decrease of approximately 86.5%, mainly as a result of decrease in revenue of the corporate finance advisory services, increase in losses from investment fund income, decrease in revenue from securities and financing services and interest income from margin financing services.

Other Income and Gains or Losses, Net

Other income and gains or losses, net mainly includes interest income from bank deposits, foreign currency translation differences and share of results of consolidated investment fund attributable to other redeemable participating shareholders. Other income and gains or losses, net increased from approximately HK\$1.7 million for the six months ended 30 September 2023 to approximately HK\$3.4 million for the Period, representing an increase of approximately HK\$1.7 million. Such increase was mainly due to increase in share of results of consolidated investment fund attributable to other redeemable participating shareholders.

Other Expenses

The Group's other expenses decreased by approximately 14.5% from approximately HK\$12.1 million for the six months ended 30 September 2023 to approximately HK\$10.4 million for the Period, primarily due to decrease in legal and professional fees and depreciation of right-of-use assets during the Period.

Staff Costs

Staff costs decreased by approximately 42.7% from approximately HK\$29.7 million for the six months ended 30 September 2023 to approximately HK\$17.0 million for the Period primarily due to decrease in head count and decrease in discretionary bonus during the Period.

Expected Credit Loss on Accounts and Other Receivables and Bad Debt Expenses

During the Period, the Group recorded expected credit loss on accounts receivable of approximately HK\$2.5 million (2023: approximately HK\$11.1 million) and reversal of expected credit loss on other receivable of approximately HK\$1.5 million (2023: reversal of expected credit loss of approximately HK\$0.3 million). The further recognition of expected credit loss was mainly due to the continual weakening financial condition of the debts in 2024 after the COVID-19 pandemic which resulted in prolonged ageing of the receivables from more debtors arising from corporate advisory and other services and the further decline in valuation of collateral due to market volatility held by certain debtors arising from securities margin financing services.

Management Discussion and Analysis (Continued)

The Group applies the simplified approach to providing expected credit loss prescribed by HKFRS 9 for accounts receivable arising from corporate advisory services. The Group performs impairment assessment by applying the HKFRS 9 general approach for all accounts receivable arising from securities margin financing services on the basis of allowance of 12-month expected credit losses ("ECL") for items without significant increase in credit risk and lifetime ECL for items with significant increase in credit risk with reference to ECL valuation prepared by Vincorn Consulting and Appraisal Limited. Certain accounts receivable arising from securities margin financing service were considered as significant increase in credit risk due to the decline in market value of securities collateral during the Period. As a result, the assessment of the expected credit losses of these accounts receivable were based on lifetime ECL. The credit rating of each of these debtors is estimated with reference to the following factors: (1) gross credit exposure; (2) overdue dates; (3) repayment schedule and repayment track record; and (4) capability of settlement. The expected credit loss rates are calculated by assigning the credit rating based on factors above and adjusted with forward-looking economic adjustment, proxied by the real growth domestic product (GDP) percentage change in Hong Kong. The calculation reflects the probability-weighted outcome, the time value of money and the best available forward looking information. Details of the expected credit loss on accounts and other receivables are set out in notes 14 and 15 to the condensed consolidated interim financial statements of this report.

The Group performed periodic assessment on the recoverability of the accounts and other receivable and the sufficiency of impairment based on information including credit profile of difference customers, historical settlement records, expected timing and amount realisation of outstanding balances. The Group has also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit loss.

Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for bank borrowings and margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK\$1.3 million during the Period (2023: approximately HK\$1.0 million). The increase in finance costs was mainly due to increase in interest on lease liabilities during the Period.

(Loss)/Profit Attributable to the Owners of the Company

Loss for the Period attributable to the owners of the Company was approximately HK\$17.5 million (2023: profit of approximately HK\$11.0 million) primarily due to decrease in revenue, partially offset by decrease in expected credit loss on accounts receivable and increase in other income and gains or losses, net.

Liquidity, Financial Resources and Capital Structure

During the Period, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations, bank borrowings, margin financing and capital.

As at 30 September 2024, the Group's net current assets amounted to approximately HK\$105.3 million (31 March 2024: approximately HK\$125.0 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.4 times (31 March 2024: approximately 2.3 times). Cash and bank balances and pledged bank deposit in aggregate amounted to approximately HK\$43.7 million (31 March 2024: approximately HK\$51.3 million). As at 30 September 2024, the Group has bank borrowings, accounts payable to broker, convertible bonds and lease liabilities of approximately HK\$5.6 million, HK\$1.8 million, HK\$1.3 million and HK\$17.0 million respectively (31 March 2024: approximately HK\$24.6 million, HK\$7.3 million, HK\$0.7 million and HK\$0.4 million respectively). As at 30 September 2024, the Group's total debt incurred (including bank borrowings, accounts payable to broker, convertible bonds and lease liabilities) were approximately HK\$25.7 million (31 March 2024: approximately HK\$33.0 million), representing a gearing ratio of approximately 22.0% (31 March 2024: approximately 24.7%).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Period.

Management Discussion and Analysis (Continued)

Pledge of Assets

As at 30 September 2024, the Group (i) had pledged bank deposit of HK\$10.0 million (31 March 2024: HK\$10.0 million); and (ii) assigned the life insurance policy valued at HK\$3.7 million to a bank as security for a bank borrowing (31 March 2024: HK\$3.6 million).

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and US dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

Capital Commitments and Contingent Liabilities

As at 30 September 2024, the Group did not have any significant capital commitment and contingent liabilities (31 March 2024: nil).

Employees and Remuneration Policies

As at 30 September 2024, the Group employed 41 staff (including executive Directors) (31 March 2024: 42). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. The Company adopted the 2024 share scheme on 13 August 2024 (the "2024 Share Scheme") to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Significant Investments Held by the Group

Up to 30 September 2024, the Group has invested US\$3.0 million (equivalent to approximately HK\$23.4 million) into Lego Vision Fund SP ("LVF"), a fund under management by the Group, as seed money. LVF focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth.

As at 30 September 2024, the Group held 28,807,172 non-voting shares in LVF (which represented approximately 48.8% of total non-voting shares of LVF) with aggregate value of approximately US\$1.8 million (equivalent to approximately HK\$13.9 million), which represented approximately 6.7% of the total assets of the Group. The net asset value per share in respect of LVF decreased from approximately US\$75.3 (equivalent to approximately HK\$587.5) on 31 March 2024 to approximately US\$62.0 (equivalent to approximately HK\$483.6), representing an overall negative return of approximately 17.7%.

LVF suffered during the Period, mainly due to interest rate hike triggered by high inflation and the risk-off continued. The market remains nervous but the management of LVF is cautiously optimistic that further downside will be limited.

Management Discussion and Analysis (Continued)

Material Acquisitions and Disposal of Subsidiaries, Associates, Joint Ventures and Capital Assets

The Group did not have any material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the Period.

Future Plans for Material Investments or Capital Assets

Save for the investments of LVF, the Group did not have any plan for material investments and capital assets as at 30 September 2024.

Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

Outlook and Prospect

Looking ahead, with various stimulus measures to boost economy post-COVID in Hong Kong and the PRC, it is expected that the Hong Kong economy and financial market in general would recover gradually but maybe in a bumpy manner. There are still a number of factors which may cause significant uncertainties to the global financial markets, such as the new policies which may be implemented by the US government to be led by the newly elected president, the outcome of the Russo-Ukrainian war and Israel-Palestine war, interest rate hike triggered by high inflation followed by the possible recession in the global economy and impact of market volatility and liquidity will continue to hinder the recovery of the financial markets in Hong Kong. Any adverse market condition or market sentiment may affect the clients' timeline and willingness to kick off the transactions, as well as their decision and outcome on the scale, timing and geographical market to undertake fund raising exercise and merger and acquisition plans.

One of the competitive advantages of the Group is to provide one-stop financial solutions to clients with an aim to fulfill their specific needs in a professional manner. The Group's corporate finance arm is experienced in a full spectrum corporate finance related services such as IPO sponsorship, primary and secondary market fund raising activities, mergers and acquisitions, takeovers, corporate and debt restructuring, financial due diligence and general compliance services. The Group's securities arm covers retail and corporate securities services, including secondary market trading, IPO subscription, margin and takeovers financing, equity fund raising and underwriting and pre-IPO fund raising activities. Last but not least, the Group's asset management arm covers fund management and investment advisory services. The Group believes that with the broad spectrum of financial services offered by the Group, the Group is in a competitive position to capture new mandates and maintain a healthy project pipeline.

While the Group continues to adhere to its strict and prudent risk management and compliance approach in delivering quality services to clients under current regulatory environment, the Group will also enhance its marketing efforts to solicit new opportunities targeting not only Hong Kong and the PRC, but also Southeast Asia, Oceania, Europe and also the Americas. With the Group's international network and strong professional teams, the Group is well positioned to capture market opportunities when the capital market gradually revives. The Group will aim to cement its strong reputation as an integrated platform for providing financial services and leverage its market position and solid experience to diversify income stream and client base.

Corporate Governance/Other Information

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the “Shareholders”) and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

Compliance with Corporate Governance Code

As of 30 September 2024, the Company has complied with all applicable code provisions under the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules and adopted most of the best practices set out therein except for the following provision.

Under code provision C.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the “comply or explain” principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the members of the board (the “Board”) of Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Period.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2024 (2023: HK\$0.025 per share).

Corporate Governance/Other Information (Continued)

AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”), which comprises three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina (Chairlady), Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended 30 September 2024 and is of the view that the interim results for the six months ended 30 September 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, there is no treasury shares held by the Company.

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

There is no material subsequent event undertaken by the Group after 30 September 2024 and up to the date of this report.

Corporate Governance/Other Information (Continued)

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

As at 30 September 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. Mui Ho Cheung Gary ("Mr. Mui")	Interest of controlled corporation ⁽³⁾	299,492,188 (L)	73.77%
	Beneficial owner ⁽⁴⁾	14,858,070 (L)	3.66%
Mr. Liu Chi Wai ("Mr. Liu")	Beneficial owner ⁽⁵⁾	1,439,298 (L)	0.35%
Mr. Ng Siu Hin Stanley ("Mr. Ng")	Beneficial owner ⁽⁶⁾	1,439,298 (L)	0.35%
Ms. Ho Sze Man Kristie ("Ms. Ho")	Beneficial owner ⁽⁷⁾	1,439,298 (L)	0.35%
Mr. Tang Chun Fai Billy ("Mr. Tang")	Beneficial owner ⁽⁸⁾	789,737 (L)	0.19%
Ms. Lim Yan Xin Reina ("Ms. Lim")	Beneficial owner ⁽⁹⁾	400,000 (L)	0.10%
Mr. Poon Lai Yin Michael ("Mr. Poon")	Beneficial owner ⁽¹⁰⁾	400,000 (L)	0.10%
Dr. Wong Ho Ki ("Dr. Wong")	Beneficial owner ⁽¹¹⁾	400,000 (L)	0.10%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 30 September 2024.
- (3) Mr. Mui legally and beneficially owns approximately 90.38% of the issued shares of Lego Financial Group Limited and is its sole director. Accordingly, Mr. Mui is deemed to be interested in the 299,492,188 Shares held by Lego Financial Group Limited by virtue of the SFO.
- (4) Mr. Mui is interested in the 2,858,070 and 12,000,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the pre-IPO share option scheme approved and adopted by the Company on 6 March 2019 (the "Pre-IPO Share Option Scheme") and the share option scheme approved and adopted by the Company on 10 September 2019 (the "Share Option Scheme"), respectively.
- (5) Mr. Liu is interested in the 1,039,298 and 400,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively.

Corporate Governance/Other Information (Continued)

- (6) Mr. Ng is interested in the 1,039,298 and 400,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively.
- (7) Ms. Ho is interested in the 1,039,298 and 400,000 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively.
- (8) Mr. Tang is interested in the 389,737 and 400,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively.
- (9) Ms. Lim is interested in the 400,000 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Share Option Scheme.
- (10) Mr. Poon is interested in the 400,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Share Option Scheme.
- (11) Dr. Wong is interested in the 400,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Share Option Scheme.

(ii) Interests in shares of the associated corporation

Name of Director	Associated corporation	Capacity/ Nature of Interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholding in the associated corporation
Mr. Mui	Lego Financial Group Limited	Beneficial owner	8,450 (L)	90.38%
Mr. Liu	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Mr. Ng	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Ms. Ho	Lego Financial Group Limited	Beneficial owner	200 (L)	2.14%

Note:

- (1) The letter "L" denotes the person's long position in the relevant shares of the associated corporation.

Save as disclosed above, as at 30 September 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance/Other Information (Continued)

CHANGES TO DIRECTORS' INFORMATION

Ms. Ho Sze Man Kristie was appointed as an independent non-executive director of Novacon Technology Group Limited (a company listed on GEM of the Stock Exchange (stock code: 8635)) with effect from 22 November 2024.

Save for the above, there was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the annual report of the Company for the year ended 31 March 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Lego Financial Group Limited	Beneficial owner	299,492,188 (L)	73.77%
Mr. Wong Wing Shing	Beneficial owner	20,820,312 (L)	5.13%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

(2) There were 405,962,965 Shares in issue as at 30 September 2024.

Save as disclosed above, as at 30 September 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Corporate Governance/Other Information (Continued)

SHARE OPTION SCHEMES

The Company has adopted three share schemes, namely, (1) the Pre-IPO Share Option Scheme; (2) the Share Option Scheme; and (3) the 2024 Share Scheme.

The number of Shares that may be issued in respect of options granted under all schemes of the Company at the end of the Period divided by the weighted average number of issued Shares (excluding treasury shares) for the Period was approximately 5.6%.

(a) Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme, which was approved by the written resolution of the then sole shareholder passed on 6 March 2019. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain staff of the Group who have contributed and/or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group. No further share options shall be granted under the Pre-IPO Share Option Scheme.

An option shall vest unto a grantee and may be exercised by the grantee during the option period (the "Option Period"), being a period commencing from the listing date (i.e. 30 September 2019) (the "Listing Date") and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. As at 30 September 2024, the remaining life of the Pre-IPO Share Option Scheme is approximately 2 years and 5 months. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

Corporate Governance/Other Information (Continued)

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Number of Shares in relation to outstanding options as at 30 September 2024
Directors									
Mr. Mui	6 March 2019	First Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Second Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
Mr. Liu	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Mr. Ng	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Ms. Ho	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Mr. Tang	6 March 2019	Second Vesting Period	0.6	389,737	-	-	-	-	389,737
Subtotal				6,365,701	-	-	-	-	6,365,701
Senior management and other employees in aggregate	6 March 2019	Second Vesting Period	0.6	1,714,839	-	-	-	-	1,714,839
Total				8,080,540	-	-	-	-	8,080,540

For details of the Pre-IPO Share Option Scheme, please refer to Appendix IV to the prospectus of the Company dated 17 September 2019 (the "Prospectus").

Notes:

1. During the Period, none of the options was exercised.
2. All of the above grants were made without any performance targets.
3. All of the above grants were made prior to the Listing Date and the amendment to Chapter 17 of the Listing Rules taking effect.
4. None of the grants of options to any participant is in excess of the 1% individual limit.
5. Details of the valuation of options under Pre-IPO Share Option Scheme during the Period, including the accounting standard and policy adopted for the Pre-IPO Share Option Scheme, are set out in note 25 to the condensed consolidated interim financial statements of this report.

Corporate Governance/Other Information (Continued)

(b) Share Option Scheme

The Company has adopted the Share Option Scheme, which was approved by the written resolutions of the then Shareholders passed on 10 September 2019 and became effective on the Listing Date. Upon the approval by the Shareholders for adoption of the 2024 Share Scheme at the annual general meeting held on 13 August 2024, the Share Option Scheme has been terminated and no further grants will be made thereunder (the “Termination of Scheme”), while the outstanding share options granted under the Share Option Scheme shall continue to vest, be valid and exercisable in accordance with the terms of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group. For details of the Share Option Scheme, please refer to Appendix IV to the Prospectus and the circular of the Company dated 12 July 2024.

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Vesting date	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Number of Shares in relation to outstanding options as at 30 September 2024
Directors										
Mr. Mui	1 April 2021 ⁽⁵⁾	1 April 2021 to 31 March 2031	N/A	0.285	4,000,000	-	-	-	-	4,000,000
	14 July 2022 ⁽⁵⁾	14 July 2022 to 13 July 2032	N/A	0.170	4,000,000	-	-	-	-	4,000,000
	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	4,000,000	-	-	-	4,000,000
Mr. Liu	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Mr. Ng	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Ms. Ho	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Mr. Tang	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Ms. Lim	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Mr. Poon	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Dr. Wong	23 April 2024	23 April 2024 to 22 April 2034	23 April 2025	0.136	-	400,000	-	-	-	400,000
Total					8,000,000	6,800,000	-	-	-	14,800,000

Corporate Governance/Other Information (Continued)

Notes:

- (1) The closing price of Shares immediately before the date of which the options granted on 22 April 2024 was HK\$0.136.
- (2) The fair value of the options granted on 23 April 2024 was HK\$0.0748 per Share at the date of grant.
- (3) During the Period, none of the options was exercised or cancelled.
- (4) All of the above grants were made without any performance targets and any vesting periods.
- (5) All of the grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
- (6) None of the grants of options to any participant is in excess of the 1% individual limit during the Period.
- (7) Details of the valuation of options under Share Option Scheme during Period, including the accounting standard and policy adopted for the Share Option Scheme, are set out in note 25 to the consolidated financial statements of this report.

The number of share options available for grant under the Share Option Scheme is 36,596,296 as at 1 April 2024. Due to the Termination of Scheme, it follows that, as at 30 September 2024, no further options would be granted under the Share Option Scheme. The number of ordinary shares that may be issued in respect of share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme divided by the weighted average number of ordinary shares (excluding treasury shares) for the six months ended 30 September 2024 is approximately 5.6% (2023: approximately 4.0%).

(c) 2024 Share Scheme

The Company has adopted the 2024 Share Scheme on 13 August 2024 (the "Adoption Date") for the purpose of providing the Company with a flexible means of, attracting, remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning the interests of eligible participants with those of the Company and Shareholders by providing them with an opportunity to acquire shareholding interests in the Company and to encourage eligible participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole. For details of the 2024 Share Scheme, please refer to Appendix III of the circular of the Company dated 12 July 2024.

The number of Shares which may be issued upon exercise of all options and awards to be granted pursuant to the scheme mandate limit under the 2024 Share Scheme shall not exceed 40,596,296 (the "Scheme Mandate Limit"), representing 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date. The number of Shares which may be issued upon exercise of all options and awards to be granted pursuant to the service provider sublimit under the 2024 Share Scheme shall not exceed 4,059,629 (the "Service Provider Sublimit"), representing 1% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date. No option and award were granted under the 2024 Share Scheme since the Adoption Date.

As at the Adoption Date and 30 September 2024, the number of options and share awards available for grant under the Scheme Mandate Limit and the Service Provider Sublimit were 40,596,296 and 4,059,629, respectively.

By order of the Board
Mui Ho Cheung Gary
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 22 November 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4		
Corporate finance advisory services		11,311	49,219
Securities and underwriting services		868	6,931
Interest income from margin financing services		3,781	6,233
Asset management services		66	2,520
Investment fund		(7,450)	(1,296)
Total revenue		8,576	63,607
Other income and gains or losses, net	5	3,435	1,693
Staff costs	7	(16,950)	(29,695)
Other expenses		(10,385)	(12,144)
Expected credit loss on accounts receivable	14	(2,499)	(11,120)
Reversal of expected credit loss on other receivables		1,465	276
Finance costs	6	(1,276)	(957)
(Loss)/profit before income tax expenses	7	(17,634)	11,660
Income tax expenses	8	(14)	(722)
(Loss)/profit for the period		(17,648)	10,938
Other comprehensive expense for the period:			
Item that may not be reclassified subsequently to profit or loss:			
– Net change in financial assets at fair value through other comprehensive income		–	–
Other comprehensive expense for the period		–	–
Total comprehensive (expense)/income for the period		(17,648)	10,938
(Loss)/profit for the period attributable to:			
Owners of the Company		(17,503)	10,992
Non-controlling interests		(145)	(54)
		(17,648)	10,938
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		(17,503)	10,992
Non-controlling interests		(145)	(54)
		(17,648)	10,938
(Loss)/earnings per share from profit/(loss) for the period attributable to owners of the Company:	10		
Basic		(4.3) HK cents	2.7 HK cents
Diluted		(4.3) HK cents	2.7 HK cents

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	2,619	2,240
Intangible asset		500	500
Deposits and prepayments	15	1,521	1,570
Right-of-use assets		16,699	880
Investment in life insurance policy	12	3,671	3,609
Deferred tax asset		147	147
		25,157	8,946
Current assets			
Financial assets at fair value through profit or loss	13	30,127	39,863
Accounts receivable	14	65,359	100,280
Other receivables, deposits and prepayments	15	525	3,334
Tax recoverable		2,026	1,733
Pledged bank deposit	16	10,000	10,000
Cash and bank balances – held on behalf of customers	17	40,704	25,940
Cash and bank balances	18	33,723	41,273
		182,464	222,423
Current liabilities			
Accounts payable	19	47,485	43,929
Accruals and other payables	20	4,472	9,128
Other financial liabilities	21	14,628	17,808
Lease liabilities		2,892	246
Convertible bonds	22	1,336	698
Deferred revenue	4	793	970
Bank borrowings	23	5,564	24,639
		77,170	97,418
Net current assets		105,294	125,005
Total assets less current liabilities		130,451	133,951
Non-current liabilities			
Lease liabilities		14,121	197
Net assets		116,330	133,754

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2024

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Equity			
Share capital	24	4,060	4,060
Share premium		110,371	110,371
Reserves		1,230	18,509
Equity attributable to owners of the Company		115,661	132,940
Non-controlling interests		669	814
Total equity		116,330	133,754

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Other reserve	Retained earnings	Total		
	HK\$'000 (Note 24)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note d)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2024 (Audited)	4,060	110,371	3,271	36,311	(21,073)	132,940	814	133,754
Loss for the period	-	-	-	-	(17,502)	(17,502)	(145)	(17,647)
Total comprehensive expense for the period	-	-	-	-	(17,502)	(17,502)	(145)	(17,647)
Recognition of equity settled share-based compensation	-	-	224	-	-	224	-	224
At 30 September 2024 (Unaudited)	4,060	110,371	3,495	36,311	(38,576)	115,661	669	116,330

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2024

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Other reserve	Retained earnings	Total		
	HK\$'000 (Note 24)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note d)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (Audited)	4,060	110,371	3,317	36,311	(6,983)	147,076	1,056	148,132
Profit for the period	-	-	-	-	10,992	10,992	(54)	10,938
Total comprehensive income for the period	-	-	-	-	10,992	10,992	(54)	10,938
Lapse of share options	-	-	(17)	-	17	-	-	-
At 30 September 2023 (Unaudited)	4,060	110,371	3,300	36,311	4,026	158,068	1,002	159,070

Notes:

(a) Share premium

It represents the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) Share option reserve

It represents cumulative expense recognised on the granting of share options to the grantees over the vesting periods.

(c) Revaluation reserve

It represents fair value changes of financial assets measured at fair value through other comprehensive income.

(d) Other reserve

It represents the aggregate amount of share capital of subsidiaries comprising the Group pursuant to group reorganisation prior to the listing of the Company's shares.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash generated from operating activities	21,616	25,419
Cash flows from investing activities		
Purchases of property, plant and equipment	(924)	–
Net cash used in investing activities	(924)	–
Cash flows from financing activities		
Interest paid on bank borrowings	(555)	(822)
Interest paid on lease liabilities	(634)	(28)
Repayments of bank borrowings	(19,075)	(74)
Proceeds from issue of redeemable participating shares	(6,724)	–
Payment of principal portion of lease liabilities	(1,254)	(2,618)
Net cash used in financing activities	(28,242)	(3,542)
Net (decrease)/increase in cash and bank balances	(7,550)	21,877
Cash and bank balances at the beginning of the period	41,273	21,038
Cash and bank balances at the end of the period	33,723	42,915

Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2024

1. GENERAL INFORMATION

LFG Investment Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. Its issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1505, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong. The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2023/2024 annual report.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its condensed consolidated interim financial statements as in its 2023/2024 annual consolidated financial statements.

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the HKICPA that are effective for periods beginning subsequent to 31 March 2025 (the date on which the Company’s next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in financial services. Therefore, the management of the Group considers that the Group only has one single operating segment.

As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Nature of services

Services

- (i) Corporate finance advisory services

Nature, timing of satisfaction of performance obligation and significant payment terms

Acting as a sponsor to companies seeking to list their shares on the Stock Exchange, advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering ("IPO") process;

Acting as a financial adviser to companies as well as their shareholders and investors advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;

Acting as an independent financial adviser to independent board committees and independent shareholders of companies listed in Hong Kong rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and

Acting as a compliance adviser to companies listed in Hong Kong and advising them on post-listing matter. Compliance advisory fee income are recognised over time during the compliance service period.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Nature of services *(Continued)*

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(ii) Securities and underwriting services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed when the service obligation is completed (e.g. when the listing approval is obtained and the shares are listed on the Stock Exchange).
(2) Securities dealing and brokerage services	Providing securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed when the service obligation is completed (e.g. when the trading of securities is executed).
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. Performance target is evaluated on an annual basis for each of the account. The performance fee is recognised when it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the period is as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
By major service type:		
Corporate finance advisory services		
Sponsor fee income	–	5,471
Advisory fee income		
– financial and independent financial advisory	11,131	43,339
– compliance advisory	180	409
	11,311	49,219
Securities and underwriting services	868	6,931
Interest income from margin financing services	3,781	6,233
Asset management services	66	2,520
Investment fund	(7,450)	(1,296)
Total	8,576	63,607
Revenue from contracts with customers:		
Corporate finance advisory services	11,311	49,219
Securities and underwriting services	868	6,931
Asset management services	66	2,520
	12,245	58,670
Revenue from other sources:		
Interest income from margin financing services	3,781	6,233
Interest income from listed bonds	–	76
Dividend income from listed securities	73	254
Net change in financial assets at fair value through profit or loss	(7,523)	(1,626)
	(3,669)	4,937
Timing of revenue recognition from contracts with customers:		
Services transferred at a point in time	868	24,179
Services transferred over time	11,377	34,491
Total	12,245	58,670

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the period/year:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Accounts receivable (note 14)	65,359	100,280
Deferred revenue	793	970
Movements in deferred revenue:		
Balance at the beginning of the period/year	970	2,021
Decrease in deferred revenue as a result of recognising revenue during the period/year that was included in deferred revenue at the beginning of the period/year	(931)	(1,931)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	754	880
Balance at the end of the period/year	793	970

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the condensed consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the condensed consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(d) Transaction price allocated to the remaining performance obligations

As at 30 September 2024 and 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK\$19,225,000 and HK\$36,643,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 13 months (30 September 2023: 1 to 22 months).

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

Information about major customers

During the period, revenue from major customer who contributed over 10% of the total revenue of the Group are as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Customer A	2,237	N/A*
Customer B	951	N/A*
Customer C	N/A*	17,248

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

Revenue contributed from the above major customers is derived from corporate finance advisory services and securities and underwriting services.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

5. OTHER INCOME AND GAINS OR LOSSES, NET

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest income	257	35
Exchange gain, net	6	461
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	3,129	1,104
Net change in fair value for convertible bonds	(638)	–
Gain on fair value change of investment in life insurance policy	62	93
Other income	619	–
	3,435	1,693

6. FINANCE COSTS

The Group's finance costs recognised are as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	555	822
Interest on margin financing	87	107
Interest on lease liabilities	634	28
	1,276	957

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSES

The Group's (loss)/profit before income tax expenses is arrived at after charging:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Auditor's remuneration	503	526
Depreciation of		
– Property, plant and equipment (note 11)	545	439
– Right-of-use assets	2,005	2,653
Low value assets lease expenses	68	73
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	16,428	29,342
– Equity settled share-based payment expenses	224	–
– Contributions to retirement benefits schemes	298	353
Total staff costs	16,950	29,695

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax – Hong Kong profits tax		
– Charge for the period	–	685
– Over-provision in respect of prior period	–	–
	–	685
Withholding tax on dividend income	14	37
Income tax expenses	14	722

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2024 and 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

Dividend income received from listed securities in the United States is subject to withholding tax imposed in the country of origin. During the period ended 30 September 2024, the withholding tax rate is 21% to 30% (2023: 21% to 30%).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

9. DIVIDEND

During the six months ended 30 September 2024, no dividend (2023: HK\$10,149,000) was declared or paid to the then shareholders, which was in compliance with the applicable laws.

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2024 (2023: HK\$0.025 per share).

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company	(17,503)	10,992
Effect of dilutive potential ordinary shares in respect of the Company's convertible bonds issued by a subsidiary (note (ii))	–	–
(Loss)/profit for the purpose of diluted (loss)/earnings per share	(17,503)	10,992
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	405,962,965	405,962,965
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes (note (iii))	–	–
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	405,962,965	405,962,965

Notes:

- (i) Basic (loss)/earnings per share is calculated by dividing (loss)/profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the period.
- (ii) The effect of convertible bonds issued by a subsidiary is not considered for the calculation of diluted loss per share as it will not increase the loss per share for the period attributable to owners of the Company (2023: considered for the calculation of diluted earnings per share as it will increase the earnings per share for the period attributable to owners of the Company).
- (iii) The calculation of diluted (loss)/earnings per share is based on (loss)/profit for the period attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option scheme and Share Option Scheme, and assuming the exercise is made at no consideration at the beginning of the period.

The Company's share options outstanding for the six months ended 30 September 2024 do not have dilutive effect to the loss per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares (2023: had no dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares for the six months ended 30 September 2023).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer and equipment HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:					
At 1 April 2023	3,998	2,058	387	3,550	9,993
Additions	–	–	–	1,350	1,350
At 31 March 2024 and 1 April 2024	3,998	2,058	387	4,900	11,343
Additions	688	52	184	–	924
30 September 2024 (Unaudited)	4,686	2,110	571	4,900	12,267
Accumulated depreciation:					
At 1 April 2023	3,885	2,010	367	1,843	8,105
Provided for the year	113	25	15	845	998
At 31 March 2024 and 1 April 2024	3,998	2,035	382	2,688	9,103
Provided for the period	29	12	37	467	545
At 30 September 2024 (Unaudited)	4,027	2,047	419	3,155	9,648
Net carrying amount:					
At 30 September 2024 (Unaudited)	659	63	152	1,745	2,619
At 31 March 2024 (Audited)	–	23	5	2,212	2,240

12. INVESTMENT IN LIFE INSURANCE POLICY

During the year ended 31 March 2022, the Group entered into a life insurance policy with an insurance company to insure one of the directors of the Company. The Group has paid the total insurance premium with an aggregate amount of US\$503,007 (equivalent to approximately HK\$3,923,000) at the inception of the insurance policy. The Group can terminate the policy at any time after one year from the inception date and receive back the money based on the surrender value of the contract at the date of withdrawal, which is determined by the insurance premium of the insurance policy plus the accumulated interest earned and minus the insurance costs ("Surrender Value"). In addition, if the withdrawal is made between the first and eighteenth policy years, there is a special amount of surrender charge by the insurance company. The insurance company will declare a guaranteed fixed interest of 4.25% per annum plus a premium determined by the insurance company on the outstanding Surrender Value of the contract of the first year. Commencing from the second year, the guaranteed interest will be reduced to 2% per annum.

During the six months ended 30 September 2024, approximately HK\$62,000 (2023: HK\$93,000) in respect of the gain on fair value change of investment in life insurance policy was recognised as part of "other income and gains or losses, net".

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

12. INVESTMENT IN LIFE INSURANCE POLICY (Continued)

As at 30 September 2024, the carrying amount of the investment in life insurance policy was approximately HK\$3,671,000 (31 March 2024: HK\$3,609,000) and pledged to a bank for securing bank facilities granted to the Group.

The fair value of the investment in a life insurance policy is under level 2 of the fair value hierarchy, which is determined by reference to the insurance company provided surrender cash value of the life insurance policy at the end of the reporting period, together with the guaranteed interest as mentioned above.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss as at 30 September 2024 represented securities, bonds and other financial derivative listed in Hong Kong, France and the United States (31 March 2024: Hong Kong, Japan, Amsterdam and the United States). Fair value of the listed securities and bonds has been determined by reference to their quoted bid prices at the reporting date in active markets and inactive markets.

14. ACCOUNTS RECEIVABLE

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Accounts receivable arising from			
– Securities margin financing services	(i)	60,462	85,421
– Securities dealing and brokerage services from the clearing house		391	6,788
– Securities dealing and brokerage services from cash clients		544	–
– Corporate advisory and other services	(ii)	2,943	4,636
– Asset management services		66	–
Accounts receivable from brokers		953	3,435
		65,359	100,280

Notes:

- (i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime Rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 30 September 2024 and 31 March 2024 were approximately HK\$99,559,000 and HK\$263,408,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge securities in securities account in the absence of default by margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities margin financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 30 September 2024 and 31 March 2024, the Group had a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 68.8% of total accounts receivable from margin clients at 30 September 2024 (31 March 2024: 58.5%).

The Group has no credit terms for its margin clients.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

14. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(i) (Continued)

Details of margin loan granted to Mr. Mui Ho Cheung Gary ("Mr. Mui"), a director of the Company, are as follows:

Name of the director	Outstanding balance at the beginning of the period/year HK\$'000	Outstanding balance at the end of the period/year HK\$'000	Maximum outstanding balance during the period/year HK\$'000	Margin finance facilities approved HK\$'000
At 30 September 2024 (Unaudited)				
Mr. Mui	1,537	1,086	1,537	3,000
At 31 March 2024 (Audited)				
Mr. Mui	1,408	1,537	1,537	3,000

The margin finance facilities granted to Mr. Mui were secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(ii) In respect of accounts receivable arising from corporate advisory and other services and asset management services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Less than 30 days	1,638	648
31–90 days	534	2,109
91–365 days	837	1,879
Over 365 days	–	–
	3,009	4,636

Movements in the provision for impairment of accounts receivable are as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Opening balance	14,618	10,605
Impairment loss recognised	2,499	11,167
Written off	(391)	(7,154)
Closing balance	16,726	14,618

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Other receivables	186	1,515
Deposits	1,417	2,924
Prepayments	443	465
	2,046	4,904
Non-current portion		
Deposits	(1,321)	(1,366)
Prepayments	(200)	(204)
	(1,521)	(1,570)
Current portion	525	3,334

16. PLEDGED BANK DEPOSIT

As at 30 September 2024 and 31 March 2024, HK\$10,000,000 was pledged to a bank for securing bank facilities granted to the Group. The deposit carried interests at 0.35% per annum for the six months ended 30 September 2024 (31 March 2024: 0.98% per annum).

17. CASH AND BANK BALANCES – HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated client accounts with a recognised institution to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances – held on behalf of customers under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable (note 19) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated clients account balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

18. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

19. ACCOUNTS PAYABLE

	Notes	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services	(i)		
– Cash clients		35,499	22,790
– Margin clients		10,151	13,836
Accounts payable to broker	(ii)	1,835	7,303
		47,485	43,929

Notes:

- (i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities dealing and brokerage services.

As at 30 September 2024, included in accounts payable arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$40,704,000 (31 March 2024: HK\$25,940,000) payable to clients in respect of segregated account balances received and held for clients in the course of the conduct of regulated activities.

- (ii) As at 30 September 2024, accounts payable to brokers are secured by securities of the Group with amount of approximately HK\$21,750,000 (31 March 2024: HK\$34,065,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK\$17,524,000 from margin financing facilities as at 30 September 2024 (31 March 2024: HK\$19,629,000).

20. ACCRUALS AND OTHER PAYABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Accruals	3,320	5,883
Other payables	1,152	3,245
	4,472	9,128

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

21. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES

Lego Funds SPC Limited was incorporated in the Cayman Islands under the Companies Law as a segregated portfolio company with limited liability on 14 February 2019. Lego Vision Fund SP (the "Investment") is a segregated portfolio under Lego Funds SPC Limited with initially subscription date on 28 March 2019 and launched on 1 April 2019.

As at 30 September 2024, approximately 28,807 shares and 30,248 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 48.8% and 51.2% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$4,142,000 (equivalent to approximately HK\$32,306,000), respectively.

As at 31 March 2024, approximately 28,807 shares and 30,310 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 48.7% and 51.3% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$4,148,000 (equivalent to approximately HK\$32,567,000), respectively.

The Group invested in the Investment with primary objectives for capital appreciation, investment gains and selling in the near future for profit. The Investment is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the Investment. Among the Investment held by the Group, where the Group is directly or indirectly involved as an investment manager and also as an investor, the Group regularly assesses and determines whether:

- (i) the Group is acting as an agent or a principal in the Investment;
- (ii) substantive removal rights held by other parties may remove the Group as an investment manager; and
- (iii) the Investment interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns from activities of the assets management products that is of such significance that indicates the Group is a principal.

In the opinion of the directors, the variable returns that the Group is exposed to with respect to the Investment are significant and the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did consolidate the Investment.

As at 30 September 2024, total assets and total liabilities (excluding other parties' interest as stated below) of the Investment, were approximately HK\$15,315,000 and HK\$1,384,000 (31 March 2024: HK\$21,346,000 and HK\$4,420,000), respectively.

As at 30 September 2024, other parties' interests in the Investment consist of other redeemable participating shareholders' interests in the Investment which are reflected as a liability at approximately HK\$14,628,000 (31 March 2024: HK\$17,808,000) because they can be put back to the Group for cash. The realisation of net assets in the Investment attributable to other parties cannot be predicted with accuracy because the realisation is subject to the actions of other parties.

For the six months ended 30 September 2024 and 2023, share of investment returns related to interests in consolidated investment held by other redeemable participating shareholders of approximately HK\$3,129,000 and HK\$1,104,000 gain was included in "other income and gains or losses, net", respectively.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

22. CONVERTIBLE BONDS

On 12 October 2018, a subsidiary of the Group, Lohas Holdings Limited (“Lohas Holdings”) issued convertible bonds at its face value at US\$250,000 to WS International Limited (a shareholder of Lohas Holdings). WS International Limited is an independent third party to the Group.

The convertible bonds are denominated in US\$, unsecured, bear no interest and was matured on 31 December 2022. The convertible bonds shall be converted into Lohas Holdings’ share at consideration of the latest consolidated net asset value per share of Lohas Holdings upon the conversion request at any time before the maturity date. No redemption is allowed before the maturity date. All of the convertible bonds shall be automatically converted into Lohas Holdings’ shares immediately before the maturity date if such convertible bonds have not been converted.

At the date the Group acquired Lohas Holdings, there were outstanding convertible bonds with principal amount of US\$150,000 (equivalent to approximately HK\$1,170,000).

On 31 December 2022, Lohas Holdings and WS International Limited entered into the 1st Deed of Amendment to further extend the maturity date of the remaining outstanding convertible bonds to 31 December 2024 and amend certain terms, including amendments to maturity date, certain amendments regarding the undertaking given by Lohas Holdings to WS International Limited. Save as amended and supplemented by the 1st Deed of Amendments, all other terms and conditions of the subscription agreement signed on 12 October 2018 shall remain in full force and effect.

Under the 1st Deed of Amendment, the parties thereto agreed to, amongst others, the following principal amendments:

the maturity date of the convertible bonds will be changed from the date falling 24 months from the original maturity date, upon the 1st Deed of Amendment of the convertible bonds. The conversion period will accordingly be extended for 24 months to 31 December 2024.

No convertible bonds was converted during the six months ended 30 September 2024 and 2023. During the six months ended 30 September 2024, there is a loss on fair value of convertible bonds of US\$82,000 (equivalent to approximately HK\$638,000) (31 March 2024: gain on fair value of convertible bond of US\$61,000 (equivalent to HK\$472,000)). The convertible bonds are classified as financial liabilities at fair value through profit or loss.

23. BANK BORROWINGS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Current – Secured		
Bank loans due for repayment within one year	5,564	24,639

Bank loans are secured by the Group’s bank deposits amounted to HK\$10,000,000 (31 March 2024: HK\$10,000,000) (note 16) and investment in life insurance policy amounted to HK\$3,671,000 (31 March 2024: HK\$3,609,000) (note 12), guaranteed by the Company with unlimited amount and a letter of undertaking granted by a director of the Company.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

24. SHARE CAPITAL

	Par value	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	HK\$0.01	10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	HK\$0.01	405,962,965	4,060

25. SHARE-BASED PAYMENT TRANSACTIONS

(a) Pre-IPO Share Option Scheme

The Group operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") in order to motivate and retain key staff of the Group for the operation and development of the Group. Eligible participants of the Pre-IPO Share Option Scheme include the Group's directors (excluding independent non-executive directors) and employees. The Pre-IPO Share Option Scheme was conditionally adopted on 6 March 2019 and, unless otherwise cancelled or amended, will remain in force until 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme.

On 6 March 2019, the Group conditionally granted 33,041,054 options to 44 grantees to subscribe for an aggregate of 33,041,054 shares under the Pre-IPO Share Option Scheme for a consideration of HK\$1 per grant.

An option shall vest unto a grantee and may be exercised in whole or in part by the grantee at HK\$0.6 per Share during the option period (the "Option Period"), being a period commencing from the Listing Date and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Pre-IPO Share Option Scheme *(Continued)*

- (c) the remaining shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 shares, representing not more than 40% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

The estimated fair value of the options granted on the grant date is approximately HK\$9,037,000.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 6 March 2019:

Risk-free Rate (Continuous rate)	1.69%
Share Value as at the Appraisal Date	HK\$0.46 per share
Exercise Price	HK\$0.60
Expected Tenor	8 years
Volatility	60.84%
Dividend Yield	0.00%

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Hong Kong Appraisal Advisory Limited, who is independent to the Group.

During the six months ended 30 September 2024, no expense is recognised in relation to share options granted for the Group (2023: nil).

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

Movements in the number of share options are as follows:

	Outstanding at 1 April 2024	Exercised during the period (note (i))	Lapsed during the period	Outstanding at 30 September 2024 (note (ii))
Directors				
Mr. Mui	2,858,070	–	–	2,858,070
Mr. Liu Chi Wai (“Mr. Liu”)	1,039,298	–	–	1,039,298
Mr. Ng Siu Hin Stanley (“Mr. Ng”)	1,039,298	–	–	1,039,298
Ms. Ho Sze Man Kristie (“Ms. Ho”)	1,039,298	–	–	1,039,298
Mr. Tang Chun Fai Billy (“Mr. Tang”)	389,737	–	–	389,737
	6,365,701	–	–	6,365,701
Employees	1,714,839	–	–	1,714,839
	8,080,540	–	–	8,080,540

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

	Outstanding at 1 April 2023	Exercised during the period (note (i))	Lapsed during the period	Outstanding at 30 September 2023 (note (ii))
Directors				
Mr. Mui	2,858,070	–	–	2,858,070
Mr. Liu Chi Wai (“Mr. Liu”)	1,039,298	–	–	1,039,298
Mr. Ng Siu Hin Stanley (“Mr. Ng”)	1,039,298	–	–	1,039,298
Ms. Ho Sze Man Kristie (“Ms. Ho”)	1,039,298	–	–	1,039,298
Mr. Tang Chun Fai Billy (“Mr. Tang”)	389,737	–	–	389,737
	6,365,701	–	–	6,365,701
Employees	1,883,724	–	(64,956)	1,818,768
	8,249,425	–	(64,956)	8,184,469

Notes:

- (i) No share options were exercised during the six months ended 30 September 2024 (31 March 2024: nil).
- (ii) Exercisable share options and weighted average exercise prices are as follows:

	30 September 2024		31 March 2024	
	Number of exercisable share options	Weighted average exercise price	Number of exercisable share options	Weighted average exercise price
Balance at the beginning of the period/year	8,080,540	HK\$0.6	8,249,425	HK\$0.6
Exercised during the period/year	–	N/A	–	N/A
Lapsed during the period/year	–	N/A	(168,885)	HK\$0.6
Balance at the end of the period/year	8,080,540	HK\$0.6	8,080,540	HK\$0.6

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Share Option Scheme

On 10 September 2019, pursuant to a written resolution passed by the shareholders of the Company, the Company has adopted a share option scheme (the "Scheme"), which is effective from the Listing Date (i.e. 30 September 2019).

The purpose of the Scheme is to enable to the board of directors to grant option to eligible persons (including employees or other eligible persons) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Subject to the provisions in the Scheme, the directors of the Company may at any time and from time to time within a period of 10 years period commencing from the date of adoption of the Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at a consideration of HK\$1 per option, to grant option to any eligible persons as defined in the Scheme (the "Eligible Person(s)").

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 shares, being 10% of the total number of shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the shareholders. Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the Scheme Limit. Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time (the "Participant Limit"), unless relevant exception conditions were met.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Share Option Scheme *(Continued)*

The offer of a grant of share options may be accepted by an eligible person (in whole or in part) within the date not later than 21 days inclusive of, and from, the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme or after the termination of the Scheme, and no such offer may be accepted by a person who ceases to be an eligible person after the offer has been made. An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the eligible person, together with the payment of nominal consideration of HK\$1 per option by the grantee.

The option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the board of directors to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the board of directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the board of directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the board of directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the board of directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

On 1 April 2021, options to subscribe 4,000,000 ordinary shares were granted to a director of the Company. The share options vest immediately as the grantee is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

The estimated fair value of the options granted on the grant date is approximately HK\$670,000.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Share Option Scheme *(Continued)*

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 1 April 2021:

Risk-free Rate (Continuous rate)	1.46%
Share Value as at the Valuation Date	HK\$0.285 per share
Initial Exercise Price	HK\$0.285
Vesting Period	Nil
Expected Tenor	10 years
Expected Volatility	110.38%
Expected Dividend Yield	0.00%
Early Exercise Multiple	2.47

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Vincorn Consulting and Appraisal Limited, who is independent to the Group.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Share Option Scheme *(Continued)*

On 14 July 2022, options to subscribe 4,000,000 ordinary shares were granted to a director of the Company. The share options vest immediately as the grantee is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

The estimated fair value of the options granted on the grant date is approximately HK\$404,000.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 14 July 2022:

Risk-free Rate (Continuous rate)	3.02%
Share Value as at the Valuation Date	HK\$0.168 per share
Initial Exercise Price	HK\$0.17
Vesting Period	Nil
Expected Tenor	10 years
Expected Volatility	90.29%
Expected Dividend Yield	0.00%
Early Exercise Multiple	2.47

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Vincorn Consulting and Appraisal Limited, who is independent to the Group.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Share Option Scheme *(Continued)*

On 23 April 2024, options to subscribe 6,800,000 ordinary shares were granted to the directors of the Company. Share options will not vest in the first 12 months from the date of grant as the grantee is required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

The estimated fair value of the options granted on the grant date is approximately HK\$508,000.

The fair value was calculated using the Binomial Lattice Pricing Model. The inputs into the model were as follows:

Share Options granted on 23 April 2024:

Risk-free Rate (Continuous rate)	3.86%
Share Value as at the Appraisal Date	HK\$0.0748 per share
Initial Exercise Price	HK\$0.136 per share
Vesting Period	1 year
Expected Tenor	10 years
Expected Volatility	86.92%
Expected Dividend Yield	4.75%
Early Exercise Multiple	2.47

The Binomial Lattice Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

For the six months ended 30 September 2024, approximately HK\$224,000 of share-based payment expenses was recognised in relation to share options granted for the Group (2023: nil).

On 13 August 2024, the Share Option Scheme has been terminated and no further grants will be made thereunder (the Termination of Scheme"), while the outstanding share options granted under the Share Option Scheme shall continue to vest, be valid and exercisable in accordance with the terms of the Share Option Scheme. Due to the Termination of Scheme, save as disclosed above, as at 30 September 2024 no further options has been granted under the Share Option Scheme.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Share Option Scheme (Continued)

Movements in the number of share options are as follows:

	Outstanding at 1 April 2024	Exercised during the period (note (i))	Granted during the period	Outstanding at 30 September 2024 (note (ii))
Director				
Mr. Mui	8,000,000	–	4,000,000	12,000,000
Mr. Liu	–	–	400,000	400,000
Mr. Ng	–	–	400,000	400,000
Ms. Ho	–	–	400,000	400,000
Mr. Tang	–	–	400,000	400,000
Ms. Lim	–	–	400,000	400,000
Mr. Poon	–	–	400,000	400,000
Dr. Wong	–	–	400,000	400,000
	8,000,000	–	6,800,000	14,800,000

	Outstanding at 1 April 2023	Exercised during the period (note (i))	Granted during the period	Outstanding at 31 March 2024 (note (ii))
Director				
Mr. Mui	8,000,000	–	–	8,000,000

Notes:

- (i) No share options were exercised during the six months ended 30 September 2024 and year ended 31 March 2024.
- (ii) Exercisable share options and weighted average exercise prices are as follows:

	30 September 2024		31 March 2024	
	Number of exercisable share options	Weighted average exercise price	Number of exercisable share options	Weighted average exercise price
Balance at the beginning of the period/year	8,000,000	HK\$0.228	8,000,000	HK\$0.228
Granted during the period/year	6,800,000	HK\$0.136	–	–
Exercised during the period/year	–	–	–	–
Lapsed during the period/year	–	–	–	–
Balance at the end of the period/year	14,800,000	HK\$0.185	8,000,000	HK\$0.228

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(C) 2024 Share Scheme

The Group has adopted the 2024 Share Scheme on 13 August 2024 (the "Adoption Date") for the purpose of providing the Group with a flexible means of, attracting, remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning the interests of eligible participants with those of the Company and shareholders by providing them with an opportunity to acquire shareholding interests in the Company and to encourage eligible participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and the Shares for the benefit of the Group and the Shareholders as a whole.

The number of Shares which may be issued upon exercise of all options and awards to be granted pursuant to the scheme mandate limit under the 2024 Share Scheme shall not exceed 40,596,296 (the "Scheme Mandate Limit"), representing 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date. The number of Shares which may be issued upon exercise of all options and awards to be granted pursuant to the service provider sublimit under the 2024 Share Scheme shall not exceed 4,059,629 (the "Service Provider Sublimit"), representing 1% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date. No option and award were granted under the 2024 Share Scheme since the Adoption Date.

As at the Adoption Date and 30 September 2024, the number of options and awards available for grant under the Scheme Mandate Limit and the Service Provider Sublimit were 40,596,296 and 4,059,629, respectively.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

26. FINANCIAL INSTRUMENTS

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Financial assets at amortised cost		
Accounts receivable	65,359	100,280
Other receivables and deposits	1,603	4,439
Pledged bank deposit	10,000	10,000
Cash and bank balances – held on behalf of customers	40,704	25,940
Cash and bank balances	33,723	41,273
	151,389	181,932
Financial assets at fair value through profit or loss		
Listed securities	21,785	34,150
Listed bonds	7,201	5,081
Other financial derivative	1,141	632
Investment in life insurance policy	3,671	3,609
	33,798	43,472
	185,187	225,404
Financial liabilities at amortised cost		
Accounts payable	47,485	43,929
Accruals and other payables	4,472	9,128
Other financial liabilities	14,628	17,808
Bank borrowings	5,564	24,639
	72,149	95,504
Financial liabilities at fair value through profit or loss		
Convertible bonds	1,336	698
Lease liabilities	17,013	443
	90,498	96,645

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

26. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurement

A number of assets and liabilities included in these condensed consolidated interim financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

(a) Financial instruments not measured at fair value

At 30 September 2024 and 31 March 2024, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of cash and bank balances, pledged bank deposit, accounts receivable, other receivables and deposits, accounts payable, accruals and other payables, other financial liabilities, lease liabilities and bank borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

26. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

(b) Financial instruments measured at fair value

The financial assets and financial liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2024 (Unaudited)				
Financial assets at fair value				
through profit or loss				
– Listed securities	21,785	–	–	21,785
– Listed bonds	–	7,201	–	7,201
– Other financial derivative	1,141	–	–	1,141
– Investment in life insurance policy	–	3,671	–	3,671
	22,926	10,872	–	33,798
Financial liabilities at fair value				
through profit or loss				
– Convertible bonds	–	–	1,336	1,336
At 31 March 2024 (Audited)				
Financial assets at fair value				
through profit or loss				
– Listed securities	34,150	–	–	34,150
– Listed bonds	–	5,081	–	5,081
– Other financial derivative	632	–	–	632
– Investment in life insurance policy	–	3,609	–	3,609
	34,782	8,690	–	43,472
Financial liabilities at fair value				
through profit or loss				
– Convertible bonds	–	–	698	698

The level in the fair value hierarchy within which the financial assets are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. Transfers of items between levels are recognised in the period they occur. During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (31 March 2024: nil).

The methods and valuation techniques used for the purpose of measuring fair value are unchanged for the reporting period.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

26. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

(b) Financial instruments measured at fair value (Continued)

Information about level 1 fair value measurements

Financial instruments which value are based on quoted market prices in active markets, and are therefore classified within level 1, include listed shares denominated in HK\$, EUR and US\$ classified as financial assets at FVTPL as at 30 September 2024 (31 March 2024: HK\$, EUR, JPY and US\$).

A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Information about level 2 fair value measurements

Financial instruments that are not traded in active markets but are valued based on quoted market prices, dealer quotations or alternative pricing sources from brokers supported by observable inputs are classified within level 2. Level 2 instruments include listed bonds and investment in life insurance policy denominated in US\$ classified as financial assets at FVTPL as at 30 September 2024 and 31 March 2024. As the securities were traded in markets that are not considered to be active, the valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Information about level 3 fair value measurements

Convertible bonds

The fair value of convertible bonds is determined by applying cost approach, based on the unaudited consolidated financial statements of Lohas Holdings. The valuation takes account of the terms and conditions of convertible bonds and the outstanding amount of convertible bonds.

A reconciliation of the opening and closing fair value balance is provided below.

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Opening and closing balance	1,336	698

Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2024

27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated interim financial statements, the Group also had the following significant related party transactions during the reporting period:

(a) Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Directors' fees	270	270
Salaries, allowances and other benefits	6,318	13,500
Equity settled share-based payment expenses	224	–
Contributions to retirement benefits schemes	45	45
	6,857	13,815

(b) Related party transactions

Name of related parties	Nature of transactions	Six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Mr. Mui	Brokerage and other income	49	63

The above transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

28. CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities (31 March 2024: nil).

29. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 September 2024 and up to the date of this report.