INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED
國 際 商 業 結 算 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the "Board" or the "Directors") of International Business Settlement Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2020 (the "period" or "reporting period"), together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited and re-presented)
Revenue	*4*	**5,341**	275,466
Cost of sales and services		**(1,224)**	(222,451)
Gross profit		**4,117**	53,015
Other income, gains and losses	*6*	**4,937**	4,758
Selling expenses		**(8,257)**	(3,589)
Administrative expenses		**(48,774)**	(35,713)
Other expenses		**(9,649)**	(23,634)
Finance costs	*7*	**(1,674)**	(6,159)
Loss before taxation		**(59,300)**	(11,322)
Income tax expenses	*8*	**(72)**	(26,014)
Loss for the period from continuing operations		**(59,372)**	(37,336)
Discontinued operation			
Loss for the period from discontinued operation, after tax		**–**	(2,411)
Loss for the period	*9*	**(59,372)**	(39,747)

	Notes	Six months ended 30 September **2020** ***HK$'000*** **(Unaudited)**	2019 *HK$'000* (Unaudited and re-presented)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**20,890**	(7,637)
Total comprehensive income for the period		**(38,482)**	(47,384)
Loss for the period attributable to			
Owners of the Company			
– Continuing operations		**(50,289)**	(39,771)
– Discontinued operation		**–**	(1,688)
		(50,289)	(41,459)
Non-controlling interests			
– Continuing operations		**(9,083)**	2,435
– Discontinued operation		**–**	(723)
		(9,083)	1,712
		(59,372)	(39,747)
Total comprehensive income attributable to:			
– Owners of the Company		**(32,104)**	(47,538)
– Non-controlling interests		**(6,378)**	154
		(38,482)	(47,384)
Loss per share – Basic and diluted *(HK cents)*	*10*		
– Continuing and discontinued operations		**(0.25)**	(0.20)
– Continued operations		**(0.25)**	(0.20)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2020 *HK$'000* (unaudited)**	31 March 2020 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**319,469**	293,198
Intangible assets	*12*	**–**	–
Deposit for acquisition of equipment	*13*	**227,486**	213,085
Interests in associates		**–**	–
Loan receivables	*14*	**36,247**	41,700
Deferred tax assets		**31,776**	31,350
		614,978	579,333
CURRENT ASSETS			
Loan receivables	*14*	**36,863**	31,470
Properties held for sale		**1,745,045**	1,595,265
Inventory		**258**	–
Trade and other receivables	*15*	**31,440**	56,669
Factoring receivables	*16*	**–**	–
Restricted bank deposits		**344**	345
Bank balances and cash		**660,348**	710,845
		2,474,298	2,394,594
CURRENT LIABILITIES			
Trade and other payables	*17*	**559,511**	448,699
Borrowings	*18*	**554,047**	546,412
Amount due to non-controlling interests		**74,050**	76,277
Amount due to ultimate holding company		**1,674**	1,675
Tax liabilities		**29,533**	29,137
Contract liabilities		**826,323**	807,890
Lease liabilities		**4,019**	4,404
		2,049,157	1,914,494

	Notes	30 September 2020 HK$'000 (unaudited)	31 March 2020 HK$'000 (audited)
NET CURRENT ASSETS		**425,141**	480,100
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,040,119**	1,059,433
NON-CURRENT LIABILITIES			
Borrowings	*18*	**93,225**	74,064
Lease liabilities		**6,050**	6,043
		99,275	80,107
NET ASSETS		**940,844**	979,326
CAPITAL AND RESERVES			
Share capital		**20,319**	20,319
Reserves		**844,072**	876,176
Equity attributable to owners of the Company		**864,391**	896,495
Non-controlling interests		**76,453**	82,831
TOTAL EQUITY		**940,844**	979,326

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019/2020 consolidated annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2020. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") have no material effect on the condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of the condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. The condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019/2020 consolidated annual financial statements. The condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2019/2020 consolidated annual financial statements.

2. SIGNIFICANT EVENTS

The significant events and transactions that have occurred since 31 December 2019 relate to the effects of the global COVID-19 pandemic on the Group's condensed consolidated interim financial statements for the six months ended 30 September 2020 and are summarised as follows.

Decrease in sales and cash flows, including impairment of property, plant and equipment

As disclosed in note 4, most revenue streams have experienced significant reductions since the pandemic's effects became widespread. The Group considered the reduced sales and reductions in budgeted revenue as indicators of impairment, and therefore determined the recoverable amount for all of its cash generating units. The recoverable amount is the higher of fair value less costs of disposal and value in use.

Groups of cash generating units that were tested for impairment are summarised as follows:

– Property development

– Hotel business

– International business settlement

The carrying amount of international business settlement cash generating unit ("CGU") exceeded its recoverable amount. In this regard, impairment assessment for the international business settlement CGU are disclosed in note 12.

3. CHANGES IN HKFRSs

Adoption of new or amended HKFRSs — effective from 1 April 2020

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of material

The new or amended HKFRSs that are effective from 1 April 2020 did not have any significant impact on the Group's accounting policies.

(i) Amendments to HKFRS 3: Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

(ii) Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

(iii) Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

4. REVENUE

Following disposal of its property management business, the principal activities of the Group are (1) property development; (2) international business settlement; (3) financing business; (4) hotel business; and (5) contact lens business. Further details regarding the Group's principal activities are disclosed in note 5.

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and re-presented)
Continuing operations:		
Revenue from contracts with customers *(note)*		
Sales of properties	**990**	270,830
International business settlement services	**3,919**	1,120
Sales of contact lens	**287**	–
	5,196	271,950
Revenue from other sources		
Financing service income	**145**	3,516
	5,341	275,466
Discontinued operation:		
Revenue from contracts with customers *(note)*		
Property management services	**–**	5,084
	5,341	280,550

Note: Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited and re-presented)
Continuing operations:		
Timing of revenue recognition		
Goods transferred at a point in time	**1,422**	270,830
Services transferred over time	**3,919**	1,120
	5,341	271,950
Discontinued operation:		
Timing of revenue recognition		
Services transferred over time	**–**	5,084
	5,341	277,034

5. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by different business lines. In a manner consistent with the way in which information is reported internally to the Group's Executive Directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments.

Continuing reportable segments:

Property development – Developing and selling of commercial and residential properties, car parking spaces, including undertaking of primary land development activities, in the PRC.

Hotel business – Hotel development and other hotel related business in the PRC.

International business settlement – Providing settlement services for commercial and individual customers with the Electronic Money Institution license.

Financing business – Provision of finance through money lending services, finance leases, leasing, factoring and other related services.

Contact lens business – Manufacturing and sales of disposable contact lens in the PRC.

Discontinued reportable segment:

Property management business	–	Provision of property management service in the PRC.

Following the newly started up contact lens and property management business segment in last financial year, the CODM considered that the property development segment, hotel business segment, property management business segment, international business settlement segment, financing business segment and contact lens business segment are the main businesses lines and reportable operating segments of the Group.

(a) Segment revenue and results

Six months ended 30 September 2020 (unaudited)

	Property development *HK$'000*	**Hotel business** *HK$'000*	**International business settlement** *HK$'000*	**Financing business** *HK$'000*	**Contact lens business** *HK$'000*	**Total** *HK$'000*
REVENUE						
External sales and segment revenue	**990**	**–**	**3,919**	**145**	**287**	**5,341**
Segment loss	**(18,754)**	**–**	**(21,600)**	**(3,051)**	**(11,309)**	**(54,714)**
Unallocated corporate expenses						**(7,410)**
Bank interest income *(note 6)*						**2,824**
Loss before taxation						**(59,300)**

Six months ended 30 September 2019 (unaudited and re-presented)

	Continuing operations					Discontinued operation	
	Property development *HK$'000*	Hotel business *HK$'000*	International business settlement *HK$'000*	Financing business *HK$'000*	Sub-total *HK$'000*	Property management business *HK$'000*	Total *HK$'000*
REVENUE							
External sales and segment revenue	270,830	–	1,120	3,516	275,466	5,084	280,550
Segment profit/(loss)	38,071	(5,058)	(12,532)	(24,489)	(4,008)	(2,411)	(6,419)
Unallocated corporate expenses					(11,366)	–	(11,366)
Bank interest income *(note 6)*					4,052	–	4,052
Loss before taxation					(11,322)	(2,411)	(13,733)

Segment results represent the results from each segment without allocation of central administration costs including directors' emoluments and bank interest income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
ASSETS		
Segment assets		
Property development	**1,786,820**	1,654,040
Hotel business	**204,580**	201,761
International business settlement	**12,033**	23,024
Financing business	**73,604**	73,758
Contact lens business	**347,275**	306,576
Total segment assets	**2,424,312**	2,259,159
Unallocated assets		
Bank balances and cash	**660,348**	710,845
Other assets	**4,616**	3,923
Total unallocated assets	**664,964**	714,768
Consolidated total assets	**3,089,276**	2,973,927
LIABILITIES		
Segment liabilities		
Property development	**(1,831,706)**	(1,684,917)
Hotel business	**(131,454)**	(129,643)
International business settlement	**(46,068)**	(73,258)
Financing business	**(1,364)**	(1,472)
Contact lens business	**(130,882)**	(97,166)
Total segment liabilities	**(2,141,474)**	(1,986,456)
Unallocated liabilities		
Other liabilities	**(6,958)**	(8,145)
Total unallocated liabilities	**(6,958)**	(8,145)
Consolidated total liabilities	**(2,148,432)**	(1,994,601)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash and other assets not attributable to respective segments; and
- all liabilities are allocated to operating segments other than other payables not attributable to respective segments.

(c) Other segment information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, deposit for acquisition of equipment and deferred tax assets ("Specified non-current assets").

	Revenue from external customers (by customer location) Six months ended 30 September		**Specified non-current assets (by physical location)**	
			As at 30 September	As at 31 March
	2020	2019	**2020**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
Hong Kong	**–**	–	**1,811**	1,853
PRC (domicile)	**1,422**	279,430	**315,117**	290,475
Others	**3,919**	1,120	**2,541**	870
	5,341	280,550	**319,469**	293,198

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**2,824**	4,052
Government grant	**726**	132
Net exchange loss	**(179)**	(59)
Reversal of impairment loss on trade and other receivables, net	**966**	104
Others	**600**	529
	4,937	4,758

7. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on		
– bank borrowings	**4,914**	23,674
– other borrowings	**43,955**	5,869
– lease liabilities	**513**	268
	49,382	29,811
Less: amount capitalised in properties held for sale	**(40,112)**	(23,652)
Less: amount capitalised in construction in progress	**(7,596)**	–
	1,674	6,159

Borrowings costs capitalised during both interim periods arose from borrowings specifically for the purpose of obtaining qualifying assets.

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax in PRC		
Enterprise Income Tax ("EIT")	**–**	9,307
Land Appreciation Tax ("LAT")	**60**	10,373
	60	19,680
Deferred tax		
Charge for the period	**12**	6,334
Income tax expenses	**72**	26,014

No provision for Hong Kong Profits Tax has been made for both interim periods as the Group has no assessable profit arising in Hong Kong.

The PRC EIT is calculated based on the applicable tax rate on assessable profits, if applicable. The applicable EIT rate for the Group's PRC subsidiaries during both interim periods is 25%.

No deferred tax asset has been recognised in respect of certain unused tax losses due to the unpredictability of future profit streams. The deductible temporary differences can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Group is required to prepay LAT and EIT in accordance with the relevant PRC tax rules in respect of pre-sale of property development projects. As at 30 September 2020, the amount of prepaid LAT and EIT in respect of contract liabilities amounted to approximately HK$48,000 (2019: HK$2,465,000), which has been presented as deduction against the tax liabilities of the respective subsidiary in the condensed consolidated statement of financial position.

9. LOSS FOR THE PERIOD

(a) Loss for the period has been arrived at after charging/(crediting):

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors' emoluments	**1,380**	1,883
Other staff salaries, wages and allowances	**15,246**	14,906
Other staff retirement scheme contributions	**744**	734
	17,370	17,523
Less: staff costs capitalised in properties held for sale	**(279)**	(743)
Total staff costs	**17,091**	16,780
Depreciation expense		
– Property, plant and equipment	**774**	593
– Right-of-use asset	**6,418**	2,118
	7,192	2,711
Loss on written off of property, plant and equipment	**22**	–
Impairment loss on property, plant and equipment	**(7,902)**	–
Impairment loss on loan receivables, net	**(1,747)**	–
Impairment loss on factoring receivables	**–**	23,634
Short term or low value lease expenses	**301**	3,094

(b) Discontinued operation

During last fiscal year, the Board resolved to dispose of 柳州正和城商業管理有限公司 (Liuzhou Zhenghe Cheng Business Management Ltd*) and its subsidiaries (together the "Property Management Group") by disposal of the investment holding company of the Property Management Group (together the "Disposal Group"). The Property Management Group is principally engaged in provision of property management service in PRC.

The disposal was completed in December 2019 and the Disposal Group was classified as discontinued operation.

* *The English name is for identification purpose only*

The revenue, results and cash flows of the Disposal Group were as follows:

	HK$'000 (Unaudited and re-presented)
For the two months ended from the date of incorporation to 30 September 2019:	
Revenue	5,084
Cost of services	(3,885)
Administrative expenses	(3,610)
Loss for the period from discontinued operation	(2,411)
Loss for the period from discontinued operation attributable to:	
Owner of the company	(1,688)
Non-controlling interests	(723)
	(2,411)

	HK$'000
Operating cash outflows	(100)
Investing cash outflows	(19)
Financing cash inflows	838
Total cash inflows	719

10. DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors of the Company resolved not to declare any interim dividend for the period (2019: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit or loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share		
– Continuing operations	**(50,289)**	(39,771)
– Discontinued operation	**–**	(1,688)
	(50,289)	(41,459)

	Six months ended 30 September	
	2020	2019
Number of shares		
Weighted average number of shares for the purposes of basic loss per share	**20,319,072,320**	20,319,072,320

No diluted earnings per share were presented as there were no potential shares in issue for both periods.

12. INTANGIBLE ASSETS

The Group entered into an agreement with an independent software company to assist the Group in developing a settlement platform for connecting with the systems of the central banks and commercial banks of the countries along the "Belt and Road Initiative". During prior years, the sums paid and payable by the Group pursuant to the agreement was USD7,600,000 (equivalent to HK$59,186,000).

During financial year ended 31 March 2019, the Group recognised a full impairment loss in relation to settlement platform due to lack of substantive results arising from memorandums of cooperation and framework agreements, entered into in prior years, signed with a number of potential cooperative banks and financial institutions. Up to the date of this condensed consolidated interim financial statements, there are no revenue generated from this settlement platform.

13. DEPOSIT FOR ACQUISITION OF EQUIPMENT

Since from last year till the end of reporting period, the Group, as purchaser, entered into a series of equipment purchase agreements with independent equipment providers, pursuant to which the Group agreed to acquire contact lens production equipments at total considerations amounted to USD48,702,000 and RMB42,600,800 (equivalent to approximately HK$436,818,000 in total). As at the end of reporting period, the Group has paid deposit of USD25,107,000 and RMB23,471,000 (equivalent to approximately HK$227,486,000 in total) (31 March 2020: USD25,107,000 and RMB13,380,000 (equivalent to approximately HK$213,085,000 in total)) and the remaining of approximately HK$209,332,000 (31 March 2020: HK$213,788,000) will be payable upon the completion of installation of equipment.

14. LOAN RECEIVABLES

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loan receivables	**133,270**	130,876
Interest receivables	**7,026**	6,782
	140,296	137,658
Less: Loss allowance *(note(b))*		
Stage 1	**(320)**	(131)
Stage 2	**–**	–
Stage 3	**(66,866)**	(64,357)
Carrying amount of loan receivables	**73,110**	73,170
Current portion included under current assets	**(36,863)**	(31,470)
Amounts due after one year included under non-current assets	**36,247**	41,700

As at 30 September 2020, loan receivables with the gross amount of HK$139,163,000 (31 March 2020: HK$137,658,000) were secured by collaterals.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at contract rate ranging from approximately 6% to 15% (31 March 2020: 6% to 15%) per annum.

The Group's management considers that the fair values of loan receivables are not materially different from their net carrying amounts.

(a) Ageing analysis

Ageing analysis of loan receivables based on the loan drawdown date and before loss allowance, at the end of reporting period is as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
91 to 180 days	**1,133**	–
Over 1 year	**139,163**	137,658
	140,296	137,658

Ageing analysis of loan receivables based on the contract due date and before loss allowance, at the end of reporting period is as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Not past due	**38,643**	103,803
0 to 30 days	**4,799**	6,274
Over 90 days	**96,854**	27,581
	140,296	137,658

(b) Movement in impairment losses

Loss allowance for loan receivables during the period was recognised as follows:

	Stage 1 12-month ECL *HK$'000*	Stage 2 Lifetime ECL not credit-impaired *HK$'000*	Stage 3 Lifetime ECL credit-impaired *HK$'000*	Total *HK$'000*
At 31 March 2020 (audited)	131	–	64,357	64,488
Impairment loss charged to profit or loss	181	–	1,566	1,747
Exchange adjustments	8	–	943	951
At 30 September 2020 (unaudited)	320	–	66,866	67,186

For the period ended 30 September 2020, an increase of loss allowance of approximately HK$1,747,000 was charged to profit or loss as an impairment.

Loan receivables bear no credit term. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

15. TRADE AND OTHER RECEIVABLES

	30 September 2020 ***HK$'000*** **(unaudited)**	31 March 2020 *HK$'000* (audited)
Trade receivables	**–**	4,310
Less: Loss allowance	**–**	(206)
	–	4,104
Other receivables and prepayments:		
Other deposits	**1,367**	1,079
Prepayments for construction works	**13,006**	22,065
Other tax prepayment	**–**	12,210
Other receivables	**6,707**	12,977
Other prepayments	**10,360**	4,234
Total trade and other receivables	**31,440**	56,669

Trade receivables for property sales, debts are due on the dates of delivery of properties but settlements are made by agreements on time allowed for collections. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

The following is an aged analysis of trade receivables after loss allowance of the Group presented based on the date of delivery of properties to the customers, at the end of the reporting period:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
91 to 180 days	**–**	1,690
181 to 360 days	**–**	2,414
	–	4,104

Movement in loss allowance of trade and other receivables of the Group during the periods are as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period	**2,045**	232
Impairment loss charged to profit or loss	**17**	1,870
Reversal of impairment loss previously recognised	**(983)**	(33)
Exchange adjustments	**(207)**	(24)
At the end of the period	**872**	2,045

The balances of other deposits and other receivables are neither past due. The Group's management considers that the credit risk associated with these receivables is minimal but a general provision for impairment loss is provided for as in the aforesaid.

16. FACTORING RECEIVABLES

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Factoring receivables	**89,994**	124,479
Interest receivables	**3,127**	4,370
	93,121	128,849
Less: Loss allowance *(note(b))*		
Stage 1	**–**	–
Stage 2	**–**	–
Stage 3	**(93,121)**	(128,849)
Current portion included under current assets	**–**	–

As at 30 September 2020 and 31 March 2020, all factoring receivables were secured by accounts receivables of the debtors with interest rate of 6.5% (31 March 2020: 6.5%). The Group has recourse right on the debts in the event of default. However, the collaterals are not permitted to sell or re-pledge by the Group.

(a) Ageing analysis

Ageing analysis of factoring receivables based on the loan drawdown date and before loss allowance at the end of reporting period is as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Over 360 days	**93,121**	128,849

Ageing analysis of factoring receivables based on the contract due date and before loss allowance at the end of reporting period is as follows:

Over 360 days	**93,121**	128,849

(b) Movement in impairment losses

Loss allowance for factoring receivables during the period was recognised as follows:

	Stage 1 12-month ECL *HK$'000*	Stage 2 Lifetime ECL not credit-impaired *HK$'000*	Stage 3 Lifetime ECL credit-impaired *HK$'000*	Total *HK$'000*
At 31 March 2020 (audited)	–	–	128,849	128,849
Derecognised	–	–	(36,498)	(36,498)
Exchange adjustments	–	–	770	770
At 30 September 2020 (unaudited)	–	–	93,121	93,121

Factoring receivables bear no credit term. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up actions taken on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

17. TRADE AND OTHER PAYABLES

	30 September 2020 ***HK$'000*** **(unaudited)**	31 March 2020 *HK$'000* (audited)
Trade payables *(note)*	**302**	417
Accrued construction costs to contractors	**264,378**	197,408
Interest payable	**122,885**	73,178
Amount due to third parties	**755**	745
Other payables	**57,363**	68,957
Other tax payables	**113,828**	107,994
	559,511	448,699

Note:

The following is an aged analysis of the Group's trade payables presented based on the date of materials received at the end of the reporting period:

	30 September 2020 HK$'000 (unaudited)	31 March 2020 HK$'000 (audited)
0 to 90 days	**302**	417

18. BORROWINGS

	30 September 2020 HK$'000 (unaudited)	31 March 2020 HK$'000 (audited)
Bank borrowings, secured *(note (a))*	**156,505**	136,471
Other borrowings, secured *(note (a)(i)(ii)(iii))*	**482,957**	476,302
Other borrowings, unsecured *(note (b))*	**7,810**	7,703
	647,272	620,476
Carrying amount of borrowings repayable:		
Within one year	**554,047**	546,412
More than one year, but not exceeding two years	**1,132**	1,166
More than two years, but not exceeding five years	**92,093**	72,898
	647,272	620,476
Less: amount shown under current liabilities	**(554,047)**	(546,412)
Amounts shown under non-current liabilities	**93,225**	74,064

All borrowings were denominated in RMB during both periods.

The ranges of effective interest rates on the Group's borrowings are as follows:

	30 September 2020	31 March 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Effective interest rates	**5% – 18%**	5% – 18%

(a) The followings show the carrying amounts of certain assets pledged to secure the bank and other borrowings provided to the Group:

	Carrying amounts of assets pledged of		
	Bank borrowings	**Other borrowings** *(note (i), (ii), (iii))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 30 September 2020 (unaudited)			
Property, plant and equipment	**116,508**	**42,290**	**158,798**
Properties held for sale	**–**	**453,699**	**453,699**
	116,508	**495,989**	**612,497**
At 31 March 2020 (audited)			
Property, plant and equipment	92,833	41,707	134,540
Properties held for sale	–	626,787	626,787
	92,833	668,494	761,327

(i) As at 30 September 2020, hotel rooms with carrying amount of HK$42,290,000 (31 March 2020: HK$41,707,000) are pledged as security for one of the Group's other borrowings of HK$131,454,000 (31 March 2020: HK$129,642,000) at a fixed rate of 8% per annum.

(ii) As at 30 September 2020, properties held for sale of HK$453,699,000 (31 March 2020: HK$626,787,000) are pledged as security for one of the Group's other borrowings of HK$34,322,000 (31 March 2020: HK$346,660,000) at a fixed rate of 12% per annum.

(iii) As at 30 September 2020, the shares of Liuzhou Zhenghe, a subsidiary of the Group, are pledged as security for one of the Group's other borrowings of HK$317,181,000 from 廣西正和實業集團有限公司 ("Guangxi Zhenghe Industrial Co., Ltd")*, the related party of former shareholder of Liuzhou Zhenghe, at a fixed rate of 12% per annum.

(b) As at 30 September 2020, one of the Group's other borrowings represent an unsecured borrowings of HK$7,810,000 (31 March 2020: HK$7,703,000) provided by a third party with interest at a fixed rate of 18% per annum and repayable in January 2021.

* *The English name is for identification purpose only*

19. COMMITMENTS

	30 September 2020 *HK$'000* **(unaudited)**	31 March 2020 *HK$'000* (audited)
Commitments contracted for:		
– construction for properties held for sale	**78,097**	157,283
– acquisition of property, plant and equipment	**209,332**	213,788
	287,429	371,071

20. CONTINGENT LIABILITIES

	30 September 2020 *HK$'000* **(unaudited)**	31 March 2020 *HK$'000* (audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**954,699**	1,074,002

Note:

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

The Group's management, with its assessment of the current and outlook of the market, perceives that the possibility of default in mortgage loans by home buyers is remote and, in the event of default, the liabilities caused to the Group will be minimal as the loss will be adequately mitigated by the proceeds recovered from the sales of the repossessed properties. Accordingly, no provision is made in the accounts for the guarantees.

21. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Group after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall results

Key performance indicator (Financial Ratio)

	Notes	**Six months ended 30 September 2020**	2019
Revenue *(HK$'000)*		**5,341**	280,550
Gross Profit margin *(%)*	*(i)*	**77.08%**	19.25%
Loss for the period *(HK$'000)*		**(59,372)**	(39,747)
Loss per share *(HK cents)*		**(0.25)**	(0.20)

	Notes	**30 September 2020**	31 March 2020
Net asset value per share *(HK cents)*	*(ii)*	**4.63**	4.82

Notes:

(i) Gross profit margin is calculated as gross profit divided by revenue and multiplying the resulting value by 100%.

(ii) Net asset value per share is calculated based on the number of 20,319,072,320 ordinary shares issued as at 30 September 2020 (31 March 2020: 20,319,072,320 ordinary shares).

For the reporting period, the Group recorded a revenue of approximately HK$5,341,000, representing a significant drop over 90% when compared with the same period in 2019. The revenue for the same period in 2019 is mainly generated from the property development segment in 正和城 ("Zhenghe City") of 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited*) ("Liuzhou Zhenghe"). In 2020, due to the worldwide outbreak of the COVID-19, the construction works in Zhenghe City were temporary suspend until April 2020 and therefore delay completion of building. As a result, the revenue of the Group for the reporting period decreased significantly as no building were completed and delivered to customers. The revenue for the reporting period is mainly generated from international business settlement segment.

An overall gross profit of approximately HK$4,117,000 (2019: HK$54,214,000) and gross profit margin of 77.08%(2019: 19.25%) were recorded in the reporting period. The significant increase in gross profit margin was due to gross profit gained from international business settlement is higher than property development.

The Group continued to incur losses of approximately HK$59,372,000 for the current period (2019: HK$39,747,000). Such loss was mainly attributed to no newly completed buildings being delivered to the market during the period to generate adequate profit to cover the operating costs of the Group. The basic and diluted loss per share was approximately HK$0.25 cents for the reporting period.

Review of operations and prospect

International Business Settlement

During the period, with the electronic money institution license ("EMI License") obtained in Lithuania, the Group connected a number of commercial and individual customers in both European market and China and provided fund settlement services for commercial and individual customers in a small scale. As of September 2020, nearly 220 European customers opened digital banking accounts through the Group's digital banking set up via network in Lithuania, which provided credit, remittance and settlement services to them, with transaction amount in aggregate reaching EUR440 million. The average payment size has also increased due to company's strategy to focus on profitable corporate clients. As of 30 September 2020, the funds placed by customers in the Group's electronic money institution set up in Lithuania amounted to almost EUR11 million. This shows the customers of IBS Lithuania trust IBS Lithuania as an established financial institution and demonstrates that the customers are satisfactory with the Group's activities in Europe.

IBS Lithuania has always been striving for the improvement of operational efficiency via human capital and the achievement of automation through advanced IT systems. This will not only enable the Company to provide services to more customers and process more transactions, but will also expand the product offerings to attract large-scale corporate customers with tailor-made product offerings. It has been negotiating with multiple banks so as to establish a mutually beneficial relationship with them and further expand the coverage of its settlement network, while broadening the services it can offer.

Since the development of electronic money institution is not yet fully matured and currently only basic services are available thereunder, its contribution to the Group is thus relatively low. Despite the global pandemic, the past six months have been positive for IBS Lithuania. For the period ended 30 September 2020, the revenue of this segment was approximately HK$3,919,000 (2019: HK$1,120,000), and the total loss for the period was HK$21,600,000 (2019: HK$12,532,000). The major expenses in this segment for the period were staff costs, rental expenses and impairment loss made for right-of-use assets arise from lease building.

In respect of the self-developed Next Generation Settlement Network (the "NGSN"), full impairment was made by the Group for the NGSN platform during the financial year ended 31 March 2019 under the impact arising from the world trade environment, changes in financial regulatory trend and changes in political environment. The Company acknowledges that the development of NGSN faces is challenging and will continue to work through the challenges.

The NGSN platform is designed to build speedy financial clearing channels for countries along the "Belt and Road" in Asia, Europe, Africa and other regions, while providing convenient financial services for multilateral trade. By connecting to NGSN, remittance channels between the target regions and the global financial institutions can be developed to provide financial services for public and private customers in a more efficient manner, which in turn can assist the target customers in integrating resources and accessing to other friendly cooperative banks so as to achieve fast and safe transfer of funds. Moreover, leveraging on the joint efforts with the target customers, it can also promote the safe and rapid development of its financial infrastructures involving payment, clearing and settlement, enhance the financial service capabilities of the target regions, achieve stable economic and trade growth through multiple currencies as well as build financial infrastructures with stronger fund clearing and settlement capabilities.

The platform aims to over come the restriction of time and space and target to achieve quick onshore and offshore fund transfer in a fast and convenient way and at low costs. As a result, its entire payment process is more convenient and efficient than traditional cross-border fund transfer options. The platform is able to record transaction information including fund sources, use of funds, payment route, etc and the recorded information can be retrieved by relevant users online.

The Group has reorganized the management team with a view to developing NGSN, and employed experts and technical staff to support the development, seeking alternative model to develop the platform. The global business and economic activities have been severely attacked by the novel coronavirus epidemic, directly hindering the development of NGSN. During the period, the Company continues to maintain communication with all our existing partners, aiming to reach more in-depth and comprehensive cooperation agreements with potential cooperative banks and financial institutions, and continues to be committed to attracting more banks and enterprises to join NGSN, so as to bring its advantages into full play, accelerate monetary circulation and improve economic circulation efficiency, with a view to accelerate market liquidity, boost market confidence and enable sustainable development. The Company successively initiated communication and cooperation with countries in Asia, Europe, Africa and other regions to seek further development, thus laying a foundation upon which NGSN can be deployed globally.

Liuzhou Zhenghe (property development and hotel business segment)

Zhenghe City is a mix-used complex project located at No. 102, Xinliu Avenue, Liudong New District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC, which offers a wide range of properties, including villas, townhouses, commercial buildings, office buildings, hotels and high-rise apartments developed by Liuzhou Zhenghe.

Zhenghe City comprises two phases with Phase I providing a stack of residential and commercial properties with gross floor area of approximately 480,000 square meters. Phase II will provide another stack of residential and commercial properties with a total gross floor area of approximately 511,000 square meters. Both Phase I and Phase II have commenced construction and are under development. The Group owned 100% interest in properties held for development and properties held for sale in both Phase I and Phase II.

(a) Detail area of the properties under development and completed properties are as follows:

	Site area *(sq.m)*	Approximate gross floor area *(sq.m)*	Saleable area remaining unsold *(note 2)* *(sq.m)*	Completed area of properties held for self-operating/ own use *(sq.m)*
Phase I:				
Zone A	76,000	97,000	21,000	8,000
Zone B	94,000	128,000	26,000	–
Zone C	61,000	255,000	125,000	–
	231,000	480,000	172,000	8,000
Phase II:				
Zone D	71,000	191,000	44,000	–
Zone E	30,000	142,000	87,000	31,000
Zone F	41,000	178,000	108,000	–
	142,000	511,000	239,000	31,000
Total:	373,000	991,000	411,000	39,000

Note 1: The number of square meters ("sq.m") are rounded to nearest thousand for illustrative purpose only.

Note 2: Representing the gross floor area under development and saleable gross floor area of completed properties that were unsold as at 30 September 2020.

(b) The progress of each phase in Zhenghe City are shown as follows:

	Property type	Status
Phase I:		
Zone A	Villas and high-rise apartment buildings with retail outlets and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Approximately 8,000 square meters car parking spaces in this zone were held for self-operating to generate stable recurring income. Hence classify as the Group's property, plant and equipment.
Zone B	Villas and high-rise apartment buildings with retail outlets and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Car parking spaces with a total saleable area of approximately 17,000 square meters are held for sale.
Zone C	Residential and commercial complexes and studio/office buildings with retail outlets and car parking spaces	There are 7 blocks of residential and commercial complexes and 3 blocks of studio/office buildings in this zone.
		The construction works of 7 blocks of residential and commercial complexes and 2 of 3 blocks of studio/office buildings in this zone were completed and most of the units were sold in the past financial years.
		The construction works of the remaining 1 block of studio/office building is in progress. The pre-sale permits were granted and acceptance certificates of completion are expected to be granted in beginning of 2021.

	Property type	Status
Phase II:		
Zone D1	Villas	The construction works of the villas were completed. 16 villas with a total saleable area of approximately 8,000 square meters were sold to the customers and revenue was recognised in the previously financial year.
Zone D1	High-rise apartment buildings with retail outlets and car parking spaces	There are 5 blocks of high-rise apartment buildings in this zone. The construction works of these 5 blocks of high-rise apartment buildings were completed and most of the units were sold in the past financial years. Car parking spaces with a total saleable area of approximately 43,000 square meters are held for sale.
Zone D2	Villas	The construction works of the villas were completed. 8 villas with a total saleable area of approximately 5,000 square meters were sold to the customers and revenue was recognised in the last financial year.
Zone E	Hotel and high-rise apartment buildings with retail outlets and car parking spaces	The construction works of high-rise apartment buildings were completed and most of the units were sold in the last financial year. Retail outlets attached to this apartment building with a total saleable area of approximately 33,000 square meters are held for sale. The hotel building was under construction and the pre-sale permit was granted. The acceptance certificate of completion is expected to be obtained in first half of 2021. Previously, the Group changed its intention to operate the hotel under franchising arrangement instead of held for sale. Constructing area of approximately 31,000 square meters of the hotel building are included in property, plant and equipment.

	Property type	Status
Zone F	Residential and commercial complexes with retail outlets and car parking spaces	There are 6 blocks of residential and commercial complexes in this zone.
		The construction works of 3 blocks of residential and commercial complexes were completed and most of the units were sold in the past financial years.
		The construction works of the remaining 3 blocks of residential and commercial complexes are in progress and pre-sale permits were granted. The acceptance certificates of completion are expected to be obtained in second half of 2021.
		Retail outlets attached to 3 blocks of building with area of approximately 5,000 square meters was sold to customers and revenue was recognised in the last financial year.

(i) For property development segment in Liuzhou Zhenghe, an area of approximately 140 square meters (2019: 25,000 square meters) was sold and generated a segment revenue of approximately HK$990,000 for the reporting period (2019: HK$270,830,000). A segment loss of approximately HK$18,754,000 was recorded for the reporting period (2019: profit of HK$38,071,000). The significant drop in sales figures and segment loss recorded in the reporting period was mainly due to no buildings were completed and delivered to the customers due to temporary suspend of construction works by outbreak of COVID-19 in 2020.

An external expert was engaged to help to assess the fair value of the properties development project as at 30 September 2020. For those properties which had completed the construction work and were held for sale, a market comparison method by making reference to comparable sales transactions as available in the relevant market was used. For those properties still under construction, the value was derived by using a market comparison method with the assumption that the construction works of the properties would have been completed at the date of valuation and have taken into account the construction costs expected and costs that will be expended to complete the development. No impairment loss is required for the period ended 30 September 2020 as the net realisable value is higher than carrying amount.

Liuzhou Zhenghe will continue to develop the Phase II of Zhenghe City and the Group is actively looking for other property development opportunities in Guangxi or other provinces in the PRC.

(ii) The hotel business is located in Zone E1 of Zhenghe City with gross floor area of approximately 31,000 square meters. In 2018, the Group entered into a franchising agreement with a well-known international hotel franchisee to operate the hotel under the franchising requested standards. The construction and renovation works of the hotel building are still in progress and no revenue will be generated until commencement of operation of the hotel in 2021.

Financial services

A wholly foreign owned enterprise (the "WFOE") in the China (Shanghai) Pilot Free Trade Zone was established by the Group to carry out financing business in China with a total registered capital of USD35 million (approximately RMB225 million). The scope of business of the WFOE includes finance leasing, leasing, purchasing of leased assets in domestic and foreign markets, disposal of residual value and maintenance of leased assets, provision of consultation and guarantees for lease transactions and engaging in commercial factoring business.

Starting from 2018, the financial services business was affected significantly in view of the challenging business environment in China. In the factoring business, our clients experienced a severe adversity in this tough business environment in China and have failed to pay interest payment since 2018, the debts were matured and past due in July 2019 with no progress for recover of any amount in arrears from these receivables. In the last financial year, after assessment of the recoverability of the debt, including the borrowers not responding to our demand notice of repayment, no further updated financial information were provided by the borrowers, and also the Company notice that one of the borrowers was deregistered in 2019 and another borrower is in the process of deregistration through searching corporate status. In light of above indicators, the factoring receivables have been fully impaired by the Company as at 31 March 2020. During the reporting period, there have been no progress on recovery of the debts. Through searching of corporation information, it has also come to the attention of the Company that one more borrower was in the process of deregistration. As such, amounted to HK$36,498,000 receivables from two borrowers were derecognised during the period.

In respect of the loan receivables (of which a plantation in Shanghai was pledged as security of repayment of the loan amount) from finance leasing of the Group which agreements were entered into in 2017. The borrower started to miss payments since December 2018. In last financial year, according to the PRC independent qualified valuer, Beijing North Asia Asset Assessment Company（"北京北方亞事資產評估事務所"）, engaged by the Group, the fair value of the plantation collaterals was approximately RMB134,096,000 as at 31 March 2020. As the Company does not have the expertise in running and operating the plantation, the Company does not plan to take possession of the plantation. At the same time, due to the downturn of the economy, the budget on greenery projects of the potential purchasers was not as large as before when the business was doing well, and so there would be a decline in potential purchasers for plantation. With the outbreak of COVID-19, economy in China (and worldwide) has slowed down further. The Company believes that the recoverability of the pledged assets in connection with the finance leasing business would be adversely impacted. As such, a significant impairment loss of HK$58,227,000 on loan receivables was made in last financial year.

During the reporting period, there had been no progress of repayment from receivable and the adverse impact brought by economic downturn still exist. In order to safeguard the interest of the Company, the Company visit the plantation site and perform stock take for collaterals to make sure the collaterals are in good condition and also keep track of the selling record of the planation. An independent qualified valuer, also engaged by the Group to assess the recoverability of loan receivable. After assessment, further impairment loss of HK$1,747,000 on loan receivable was made in reporting period after considering the credit risk of the borrowers and realizable value of collaterals.

The Company adopted the model of expected credit loss ("ECL") under HKFRS 9 Financial Instrument ("HKFRS 9") in determining the amount of the impairments of loan receivables ("Impairments"). HKFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition summarized below:

a. Stage 1: As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without adjustment for expected credit losses).

b. Stage 2: If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected credit losses are recognized. Lifetime expected credit losses are only recognized if the credit risk increases significantly from when the entity originates or purchases the financial instrument. The calculation of interest revenue on financial assets remains the same as for stage 1.

c. Stage 3: If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount adjusted for the loss allowance). Financial assets in this stage will generally be individually assessed. Lifetime expected credit losses are still recognized on these financial assets.

As the borrowers failed to pay any of the receivables due a year ago and without any future repayment schedule, the ECL was measured on a lifetime basis (Stage 3).

The Company has engaged Valtech Valuation Advisory Limited to issue valuation report on the Impairments. The model of ECL under HKFRS 9 was used by the valuer as the valuation methodology. The formula of calculating the ECL is as follows:

ECL = EAD x PD x LGD x Discount Factor

"EAD" being exposure at default;
"PD" being probability of default;
"LGD" being loss given default; and
"Discount Factor" being factor to discount the expected credit loss to present value.

Key assumption applied for the valuation includes categorising the loan receivables as Stage 3. As the borrowers failed to pay any of the receivables as at the valuation date and without any future repayment schedule, PD is set to be 100%. Based on the financial information of the borrowers provided, credit assessment has been performed and general recovery has been applied. As such, LGD of approximately 64% has been assigned. The Discount Factor is ranged from 0.77 to 0.78.

The Board is of the view that the Impairments are fair and reasonable.

This segment recorded approximately HK$145,000 interest income (2019: HK$3,516,000) as revenue and the segment loss was approximately HK$3,051,000 (2019: segment loss of HK$24,489,000) for the reporting period. The substantial segment loss in previously period was mainly due to the impairment loss of HK$23,634,000 being made for the factoring receivables after credit evaluations.

The carrying amount of loan receivables arising from financing segment were at HK$73,110,000 after deducting accumulated allowance of impairment loss of HK$67,186,000 for the reporting period. The carrying amount of factoring receivables were at nil after deducting derecognition of HK$36,498,000 and accumulated allowance of impairment of HK$93,121,000 for the reporting period.

The Group did not make any new loan during the reporting period. The Group adhered to a prudent risk management policy, with this segment continuously carrying out rigorous and regular review of credit risk over all the existing and new finance leasing clients. The Group will continue to adopt a careful and prudent credit risk management strategy and closely monitored recoverability to ensure prompt follow-up action is taken to receive any overdue debt.

Contact lenses business in Fujian

Fujian Unicon Optical Co., Ltd ("Fujian Unicon"), jointly established by the Group and Taiwan Unicon Optical Co., Ltd. ("TW Unicon", a company incorporated in Taiwan with limited liability and listed on the Emerging Stock Board of Taipei Exchange（台灣興櫃市場）(Stock code: 4150)) acquired a land parcel with a site area of 80 mu in Mawei District, Fuzhou for the construction of the plant in January 2020. The construction works of the plant was commenced in the mid-2020 and the main structure construction of the civil engineering, accounting for approximately 50% of the total construction of the civil engineering, of the comprehensive plant has been completed, which was line with the expected construction progress. The procurement of production equipment has also been commenced and deposit for equipment of approximately HK$227,486,000 has been paid as at the end of the reporting period. The construction of plant infrastructure (including the construction of GMP clean room) is targeted to be completed by the beginning of 2021 and expect that the plant will be put into production successively in the mid-2021.

During the period, according to the Catalogue for Class III Medical Devices Exempt from Clinical Trials, issued by the China Food and Drug Administration(國家食品藥品監督管理總局), Fujian Unicon is exempt from clinical trials for its soft contact lens by ways of comparison. Fujian Unicon has selected five products in line with the market of Mainland China from the 28 products of TW Unicon which have obtained licenses in the PRC for development and production. The registration of the five products is now under progress and the registration certificates of products are expected to be obtained at the end of next year. In addition, as for new products, Fujian Unicon has obtained the authorization for six major product categories with the latest technologies on the market from TW Unicon, and conducted document verification on the development progress of these six major product categories and the establishment of documentation and experimental data required for future product verification, so as to prepare in advance for the document and data required by the PRC drug administration and examining authority. The registration certificates of products are expected to be obtained in 2023 and the application for invention patents of relevant products is under progress at the same time.

Fujian Unicon has successfully obtained the domestic medical device sales permit in March 2020 and to ensure smooth application, relevant warehouse and quality control personnel have been arranged and relevant software suitable for medical equipment has been developed. The re-export business of contact lenses has commenced during the period, and recorded a relatively low sales revenue of HK$287,000 as it was still in its initial stage. The sales business may help us to enter the domestic market, establish sales channels and better understand the PRC market, thus laying a solid foundation for the successive release of production capacity in 2021. This segment recorded a loss of HK$11,309,000 during the period. The major expenses in this segment were staff costs and the sample research and development expenses and registration fees incurred for obtaining the products registration certificates.

Other operations

During the reporting period, no revenue was generated from provision of consultancy services and operation of e-commerce platforms. In order to improve the Group's resources allocation, the Group decided to put its resources to other segments in the future.

The 27% effective equity interest in the gold mine in the Republic of Kyrgyz was fully impaired in previous year. The construction of mining plants and other infrastructure is completed in 2019 and the mining production has commenced. As the mining production just commenced in the second half of 2019, the operation is still loss making. The Company's shareholding in the gold mine had been pledged to secure a bank loan borrowed by the mining company to finance its operation.

EVENTS AFTER REPORTING DATE

There are no material subsequent events undertaken by the Group after the reporting period.

FUTURE PLANS FOR MATERIAL INVESTMENTS

In July 2019, the Group entered into a subscription agreement (the "Subscription Agreement") with independent parties pursuant to which the Group has conditionally agreed to subscribe for 5 new ordinary shares, which represent approximately 5.56% of the enlarged issued share capital of Bronzelink Holding Limited ("Bronzelink") for a subscription price of USD50,000,000 (equivalent to approximately HK$392,805,000). Bronzelink is an investment holding company which hold 75% of Global-IP Cayman which is principally engaged in providing high capacity Ka-band satellite-enabled internet network services, exclusively dedicated to the emerging markets in Sub-Saharan Africa. After the completion, Bronzelink shall also procure granting an exclusive right to the Group to sell or to sub-license not less than 50Gbps bandwidth which is around 1/3 of the total bandwidth available from the satellite to the Group and, in connection with such sale or sublicense, entitle the Group to a payment in the amount of not less than 5% of the gross selling price payable by each of the customers of such 50Gbps bandwidth.

Due to the COVID-19 outbreak in most part of the world, travel restrictions and social distancing policies resulted in additional time being required for fulfilment of certain conditions precedent to the Subscription Agreement. Parties have agreed to further extend the long stop date of the Subscription Agreement to 31 December 2020. During the reporting period, no progress has been made due to the COVID-19 outbreak remains globally.

FINANCIAL REVIEW

Finance position, liquidity and gearing

As at 30 September 2020, the total assets and liabilities of the Group were at approximately HK$3,089,276,000 (31 March 2020: HK$2,973,927,000) and approximately HK$2,148,432,000 (31 March 2020: HK$1,994,601,000), respectively. The Group recorded a total equity of approximately HK$940,844,000 as at 30 September 2020 (31 March 2020: HK$979,326,000).

The Group recorded net current assets of approximately HK$425,141,000 as at 30 September 2020 (31 March 2020: HK$480,100,000). The bank balances and cash as at 30 September 2020 was approximately HK$660,348,000 (31 March 2020: HK$710,845,000), of which most were denominated in US dollars, Hong Kong dollars and Renminbi.

The Group's current ratio (defined as current assets divided by current liabilities) was 1.21 (31 March 2020: 1.25).

As at 30 September 2020, the Group had total borrowing amounted to approximately HK$723,751,000 (31 March 2020: HK$699,173,000) which were denominated in Renminbi. The breakdowns are as follows:

(i) Secured bank and other borrowings amounted to approximately HK$639,462,000 (31 March 2020: HK$612,773,000) with effective interest rates in the ranges of 5% to 12%;

(ii) Unsecured other borrowings amounted to approximately HK$7,810,000 (31 March 2020: HK$7,703,000) with fixed interest rate of 18%;

(iii) Interest free loan due to third parties, non-controlling interests and ultimate holding company amounted to approximately HK$755,000 (31 March 2020: HK$745,000), approximately HK$51,410,000 (31 March 2020: HK$53,949,000) and approximately HK$1,674,000 (31 March 2020: HK$1,675,000) respectively; and

(iv) Interest bearing loan from non-controlling interests amounted to approximately HK$22,640,000 (31 March 2020: HK$22,328,000) with floating interest rate.

As at 30 September 2020, committed borrowing facilities available to the Group but not drawn amounted to approximately HK$189,775,000 (31 March 2020: HK$205,306,000).

The gearing ratio, as a ratio of total borrowings to total equity, as at 30 September 2020 was 0.77 (31 March 2020: 0.71).

Financial resources

During the period, the Group's operations continued to be mainly financed by internal resources, borrowings as well as proceeds raised from equity financing exercise in December 2016. The management believes that the Group will generate its liquidity from business operations and will consider making use of further equity financing when necessary.

Capital structure

As at 30 September 2020, the total issued share capital of the Company was HK$20,319,072 which is divided into 20,319,072,320 shares of ordinary shares of the Company.

Charges on assets

As at 30 September 2020, certain properties held for sale with carrying amount of approximately HK$453,699,000 (31 March 2020: HK$626,787,000) and certain property, plant and equipment with carrying amount of approximately HK$158,798,000 (31 March 2020: HK$134,540,000) respectively, were pledged to secure certain bank and other borrowings granted to the Group.

Contingent liabilities

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is any default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of granting the relevant mortgage loans and ends after the buyer obtains the individual property ownership certificate. As at 30 September 2020, the guarantee given to banks for the above-mentioned mortgage facilities amounted to approximately HK$954,699,000 (31 March 2020: HK$1,074,002,000).

Foreign exchange exposure

As part of the Group's assets and liabilities are denominated in Renminbi, US dollars, Euro and Hong Kong dollars, in order to minimise the foreign exchange risk, the Group aims to utilise the fund for transactions that are denominated in the same currency.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for period (2019: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2020, the Group had approximately 110 employees. The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

MODEL CODE FOR DIRECTOR'S DEALING IN SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Having made specific enquiry of all Directors, the Company received confirmation from all of the Directors that they had complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the reporting period.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY' S SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's securities during the reporting period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout period except for certain deviations as specified and explained below with considered reasons for such deviations.

(a) In accordance with the code provision A.2.1, the role of Chairman and Chief Executive Officer ("CEO") should not be performed by the same individual. However, the Company did not officially appoint a Chairman or a CEO during the period. The responsibilities of the Chairman and daily management of the Group's business is handled by the executive Directors collectively and supported by a team of senior management, which is in turn supported by staff with relevant expertise and experience.

    The Board considers that this arrangement allows for contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies and the interest of the shareholders of the Company as a whole. Depending on the future development of the business of the Company, the Board will review the existing structure and consider the issue of nominating appropriate candidate to fill up the role of Chairman and CEO.

(b) Code provision E.1.2 stipulates that the Chairman should attend the annual general meeting. The Company does not at present have any officer with the title Chairman. However, one of the Directors presents at the annual general meeting held on 31 August 2020 was elected as chairman thereof to ensure an effective communication with the shareholders thereat.

(c) Code provision F.1.3 stipulates that the company secretary should report to the Chairman and/or the CEO. As the Company did not officially appoint a Chairman or a CEO, the company secretary reported to the executive Directors during the period.

Save as those mentioned above, in the opinion of the Directors, the Company complied with the code provisions of the CG Code during the period.

AUDIT COMMITTEE

During the period, Mr. Chan Siu Tat has been re-designated from independent non-executive Director to executive Director, and ceased to be, among others, a member of the Audit Committee; Mr. Wong Kin Ping appointed as an independent non-executive Director, with effect from 1 September 2020. As a result, the Audit Committee currently comprises three independent non-executive Directors, namely Mr. Yap Yung (chairman), Mr. Wong Kin Ping and Ms. Chen Lanran, all of whom possess extensive experience in financial and general management. The primary duties of the Audit Committee are to manage the relationship between the Company and its external auditor and monitor the audit scope and the process, to review and supervise the financial reporting process, internal control system and risk management and to provide advice and comments to the Board.

The Group's unaudited interim financial information for the period has been reviewed by the Audit Committee. Based on this review and discussions with the management, the Audit Committee was satisfied that the unaudited interim financial information was prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the period.

REVIEW OF INTERIM RESULTS

At the request of the Audit Committee, the auditors of the Company, BDO Limited, had carried out a review of the unaudited interim financial information for the period in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, our auditor confirmed that nothing had come to their attention that caused them to believe that the interim financial information was not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ibsettlement.com. The interim report containing all information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the period.

By Order of the Board
International Business Settlement Holdings Limited
Yuen Leong
Executive Director

Hong Kong, 25 November 2020

* *The English name is for identification purpose only*

As at the date of this announcement, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive directors; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive directors.