



HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)



INTERIM
REPORT
2021/22



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. CHAU Kin Cheung Alfred

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

Lau & Au Yeung C.P.A. Limited

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

2322

WEBSITE

<http://www.chaoshang.hk>

The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2021 together with the comparative figures for the corresponding period in 2020. The unaudited condensed consolidated financial statements have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Revenue	3	90,499	186,478
Cost of sales		<u>(67,742)</u>	<u>(128,081)</u>
Gross profit		22,757	58,397
Other income	5	2,048	4,119
Impairment loss on finance lease receivables		(3,786)	–
Impairment loss on trade receivables		(6,807)	(2,293)
Impairment loss on account receivables from margin clients		(1,839)	(13,247)
Impairment loss on factoring receivables		(88)	(233)
Impairment loss on loan and interest receivables		(10,133)	(11,330)
Impairment loss on deposit and other receivables		(202)	–
Impairment loss on goodwill	12	(58,000)	–
Gain on changes in fair value of other financial assets	13	54,579	2,214
Loss on changes in fair value of held-for-trading investments		(2,668)	(8,847)
Gain/(Loss) on disposal of held-for-trading investments		5,919	(540)
Gain on bargain purchase of interest in an associate	11	12,636	–
Share of results of an associate	11	(1,724)	–
Administrative expenses		<u>(31,077)</u>	<u>(40,562)</u>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Operating loss		(18,385)	(12,322)
Finance costs	7	(1,015)	(1,680)
Loss before taxation	6	(19,400)	(14,002)
Taxation	8	1,472	329
Loss for the period		(17,928)	(13,673)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation		11,013	29,125
Total comprehensive (loss)/income for the period		(6,915)	15,452
(Loss)/Profit for the period attributable to:			
Owners of the Company		(17,249)	(14,026)
Non-controlling interests		(679)	353
Loss for the period		(17,928)	(13,673)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(6,016)	15,625
Non-controlling interests		(899)	(173)
Total comprehensive (loss)/income for the period		(6,915)	15,452
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted loss per share	10	HK(0.42) cents	HK(0.34) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		30 September 2021 <i>Notes</i>	31 March 2021 <i>HK\$'000</i> Audited
		<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Audited
ASSETS			
Non-current assets			
Property, plant and equipment		46,181	48,280
Investment property		47,160	46,374
Right-of-use assets		4,782	10,737
Interest in an associate	11	23,887	–
Intangible assets	12	21,500	21,500
Goodwill	12	18,695	76,695
Other non-current assets		230	230
Other financial assets	13	26,660	8,168
Finance lease receivables	14	16,531	29,901
Deferred tax assets		12,098	9,009
		<u>217,724</u>	<u>250,894</u>
Current assets			
Trade and account receivables	15	275,252	284,818
Factoring receivables	16	62,870	52,580
Finance lease receivables	14	60,350	83,401
Loan and interest receivables	17	76,665	70,670
Deposits, prepayments and other receivables		23,620	20,231
Other financial assets	13	36,100	–
Held-for-trading investments		6,804	16,843
Cash held on behalf of clients		29,195	41,521
Cash and bank balances	18	237,514	246,791
		<u>808,370</u>	<u>816,855</u>
Total assets		<u>1,026,094</u>	<u>1,067,749</u>
EQUITY			
Capital and reserves			
Share capital	19	82,412	82,412
Reserves		848,476	854,492
Total equity attributable to owners of the Company		930,888	936,904
Non-controlling interests		(13,828)	(12,929)
Total equity		<u>917,060</u>	<u>923,975</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2021

	30 September 2021 <i>Notes</i>	31 March 2021 <i>HK\$'000</i> Unaudited	31 March 2021 <i>HK\$'000</i> Audited
LIABILITIES			
Non-current liabilities			
Retained consideration payable	14,537		26,593
Deferred tax liabilities	5,437		5,405
	<u>19,974</u>		<u>31,998</u>
Current liabilities			
Account payables	20	28,349	44,994
Bond and interest payable		-	7,877
Retained consideration payable		21,349	8,557
Contract liabilities		-	40
Lease liabilities		4,828	11,058
Accruals, other payables and deposit received		23,523	28,622
Amount due to a Director	21	1,262	764
Amount due to non-controlling interests	22	256	252
Tax payables		9,493	9,612
		<u>89,060</u>	<u>111,776</u>
Total liabilities		<u>109,034</u>	<u>143,774</u>
Total equity and liabilities		<u>1,026,094</u>	<u>1,067,749</u>
Net current assets		<u>719,310</u>	<u>705,079</u>
Total assets less current liabilities		<u>937,034</u>	<u>955,973</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to owners of the Company							Attributable to non-controlling interests		Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Surplus reserve HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Share of net assets of a subsidiary HK\$'000	
For the six months ended 30 September 2021										
At 1 April 2021	82,412	1,000,745	34,178	(15,250)	7,457	7,245	(179,883)	936,904	(12,929)	923,975
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(17,249)	(17,249)	(679)	(17,928)
Other comprehensive income										
Exchange difference on translation of financial statements of foreign operations	-	-	-	11,233	-	-	-	11,233	(220)	11,013
Transactions with owners										
Transfer to statutory reserve	-	-	-	-	717	-	(717)	-	-	-
At 30 September 2021	82,412	1,000,745	34,178	(4,017)	8,174	7,245	(197,849)	930,888	(13,828)	917,060
For the six months ended 30 September 2020										
At 1 April 2020	82,412	1,000,745	34,178	(68,420)	6,362	7,245	(155,620)	906,902	(11,677)	895,225
Comprehensive income										
Loss for the period	-	-	-	-	-	-	(14,026)	(14,026)	353	(13,673)
Other comprehensive income										
Exchange difference on translation of financial statements of foreign operations	-	-	-	29,651	-	-	-	29,651	(526)	29,125
Transactions with owners										
Transfer to statutory reserve	-	-	-	-	1,077	-	(1,077)	-	-	-
At 30 September 2020	82,412	1,000,745	34,178	(38,769)	7,439	7,245	(170,723)	922,527	(11,850)	910,677

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	<i>Notes</i>	Six months ended	
		2021	2020
		HK\$'000	HK\$'000
		Unaudited	Unaudited
Net cash (used in)/generated from operating activities		(8,604)	34,540
Net cash generated from investing activities		2,741	769
Net cash used in financing activities		(13,888)	(9,184)
(Decrease)/Increase in cash and cash equivalents		(19,751)	26,125
Cash and cash equivalents at beginning of period		246,791	183,430
Effect of foreign exchange rate changes, net		10,474	29,084
Cash and cash equivalents at end of period	<i>18</i>	237,514	238,639

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

These unaudited condensed consolidated financial statements have been reviewed by the audit committee and approved for issue by the Board of the Company on 29 November 2021.

2 Basis of preparation

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

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

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2021.

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

The accounting policies adopted for preparation of these condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2021 except as disclosed below.

(a) New and amended standards adopted by the Group

During the period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2021.

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments) HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions Covid-19 Related Rent Concessions beyond 30 June 2021

2 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendment did not have any significant impact on the financial position and performance of the Group.

Amendment to HKFRS 16

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any significant impact on the financial position and performance of the Group.

2 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group (Continued)

Amendment to HKFRS 16 (beyond 30 June 2021)

HKFRS 16 was also amended to: (i) permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); (ii) require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021; (iii) require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and (iv) specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of HKAS 8. The amendment did not have any significant impact on the financial position and performance of the Group.

(b) Accounting policy newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current period.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2 Basis of preparation (Continued)

(b) Accounting policy newly applied by the Group (Continued) *Investments in associates (Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2 Basis of preparation (Continued)**(c) New and amended standards not yet adopted**

The following new and amended standards and interpretations have been issued but are not effective for the financial period beginning 1 April 2021 and have not been early adopted.

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use ¹
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts and the related Amendments ²
Annual Improvements	Annual Improvements to HKFRSs 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on these condensed consolidated financial statements.

3 Revenue

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

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

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Sales of goods	68,939	131,091
Interest income from money lending, factoring, finance leasing and margin financing	14,908	22,430
Consultancy fee and handling fee income from finance leasing*	124	2,417
Asset management fee income	160	31
Brokerage commission income from securities dealings	2,347	2,592
Underwriting and placing commission income	4,021	27,917
	90,499	186,478
Revenue from contracts with customers		
within HKFRS 15:		
<i>Recognised at a point of time</i>		
Sales of goods	68,939	131,091
Consultancy fee and handling fee income from finance leasing*	124	2,417
Brokerage commission income from securities dealings	2,347	2,592
Underwriting and placing commission income	4,021	27,917
	75,431	164,017
<i>Recognised over time</i>		
Asset management fee income	160	31
	75,591	164,048
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	14,908	22,430
	90,499	186,478

3 Revenue (Continued)

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

During the period, the Group recognised revenue of approximately HK\$39,000 (six months ended 30 September 2020: approximately HK\$527,000) from consultancy fee income that was included in contract liabilities at the beginning of the period.

As at 30 September 2021, no transaction price was allocated to the remaining performance obligation under the Group's existing contracts (31 March 2021: approximately HK\$40,000). This amount represents revenue expected to be recognised in the future from the consultancy contracts entered into with the Group's customers.

4 Segment information

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

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

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

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

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

4 Segment information (Continued)

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

(a) Segment revenue and results

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

4 Segment information (Continued)
(a) Segment revenue and results (Continued)

Segment revenue and results	Six months ended 30 September 2020				
	Trading HK\$'000 Unaudited	Money lending and factoring HK\$'000 Unaudited	Finance leasing HK\$'000 Unaudited	Financial services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue	131,091	8,494	9,430	37,463	186,478
Segment results	(780)	(4,219)	6,468	2,991	4,460
Corporate expenses					(13,163)
Operating loss					(8,703)
Corporate income					3,554
Gain on changes in fair value of other financial assets					2,214
Loss on changes in fair value of held-for-trading investments					(8,847)
Loss on disposal of held-for-trading investments					(540)
Finance costs					(1,680)
Loss before taxation					(14,002)
Taxation					329
Loss for the period					(13,673)

4 Segment information (Continued)

(b) Segment assets and liabilities

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

4 Segment information (Continued)
(b) Segment assets and liabilities (Continued)

Segment assets and liabilities	As at 30 September 2020 and six months ended 30 September 2020				Total HK\$'000 Unaudited
	Trading HK\$'000 Unaudited	Money lending and factoring HK\$'000 Unaudited	Finance leasing HK\$'000 Unaudited	Financial services HK\$'000 Unaudited	
Non-current assets					
Property, plant and equipment	1,257	228	35,285	9,342	46,112
Right-of-use assets	-	-	-	12,586	12,586
Intangible assets	-	-	-	21,500	21,500
Goodwill	-	-	1,000	75,695	76,695
Other non-current assets	-	-	-	230	230
Finance lease receivables	-	-	46,733	-	46,733
	<u>1,257</u>	<u>228</u>	<u>83,018</u>	<u>119,353</u>	<u>203,856</u>
Current assets	<u>217,304</u>	<u>126,347</u>	<u>103,147</u>	<u>184,495</u>	<u>631,293</u>
Segment assets	<u>218,561</u>	<u>126,575</u>	<u>186,165</u>	<u>303,848</u>	<u>835,149</u>
Unallocated:					
Cash and bank balances					238,639
Others					<u>71,151</u>
Total assets per statement of financial position					<u>1,144,939</u>
Segment liabilities	<u>3,803</u>	<u>1,072</u>	<u>18,916</u>	<u>141,389</u>	<u>165,180</u>
Unallocated:					
Amount due to a director					539
Others					<u>68,543</u>
Total liabilities per statement of financial position					<u>234,262</u>
Other segment information					
Capital expenditure	-	-	-	275	275
Unallocated capital expenditure					<u>33</u>
					<u>308</u>
Depreciation					
- Right-of-use assets	-	-	-	4,528	4,528
- Property, plant and equipment	174	44	754	1,498	2,470
Unallocated depreciation					<u>1,970</u>
					<u>8,968</u>

4 Segment information (Continued)

- (c) Revenue derived from the major customers contributed 10% or more of the total revenue of the Group are as follows:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> Unaudited	2020 <i>HK\$'000</i> Unaudited
Customer A	22,609	–
Customer B	18,582	–
Customer C	15,649	–
Customer D	–	50,319
Customer E	–	34,286
	56,840	84,605

The above customers are customers of trading business.

(d) Geographical information

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	Six months ended 30 September		As at	
	2021 <i>HK\$'000</i> Unaudited	2020 <i>HK\$'000</i> Unaudited	30 September 2021 <i>HK\$'000</i> Unaudited	As at 31 March 2021 <i>HK\$'000</i> Audited
PRC	77,422	145,512	100,951	113,827
Hong Kong	13,077	40,966	59,320	43,195
	90,499	186,478	160,271	157,022

The geographical location of customers is based on the location at which the goods/ services delivered. The geographical location of the non-current assets, excluding goodwill, deferred tax assets and other financial assets, is based on the location of the assets.

5 Other income

	Six months ended 30 September	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Bank interest income	991	650
Rental income	661	1,953
Government grants (Note)	–	880
Others	396	636
	2,048	4,119

Note: Government grants were mainly unconditional government subsidies received by the Group from relevant government bodies.

6 Loss before taxation

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

	Six months ended 30 September	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Cost of inventories sold	67,657	127,890
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	2,826	2,826
Salaries, wages and other benefits (excluding directors' emoluments)	9,506	9,755
Contribution to defined contribution plans (excluding directors)	554	312
	12,886	12,893
Auditor's remuneration	198	–
Depreciation of property, plant and equipment	3,025	2,680
Depreciation of right-of-use-assets	5,955	6,288
Property rental expenses in respect of short-term lease	173	150
Impairment loss on finance lease receivables	3,786	–
Impairment loss on trade receivables	6,807	2,293
Impairment loss on account receivables from margin clients	1,839	13,247
Impairment loss on factoring receivables	88	233
Impairment loss on loan and interest receivables	10,133	11,330
Impairment loss on deposit and other receivables	202	–
Impairment loss on goodwill	58,000	–
Gain on changes in fair value of other financial asset	(54,579)	(2,214)
Loss on changes in fair value of held-for-trading investments	2,668	8,847
(Gain)/Loss on disposal of held-for-trading investments	(5,919)	540

7 Finance costs

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest on bond payable	53	156
Interest on lease liabilities	225	572
Interest on retained consideration payable	737	915
Others	–	37
	1,015	1,680

8 Taxation

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current income tax		
– Hong Kong profits tax	3	2,681
– PRC corporation income tax	1,518	2,960
	1,521	5,641
Deferred tax	(2,993)	(5,970)
	(1,472)	(329)

Hong Kong profits tax

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

PRC corporate income tax

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

8 Taxation (Continued)**Withholding tax on distributed/undistributed profits**

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

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

9 Interim dividends

The Directors do not recommend the payment of interim dividends for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

10 Loss per share

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Loss attributable to shareholders	(17,249)	(14,026)
Weighted average number of ordinary shares, for the purposes of calculating basic loss per share (shares in thousands)	<u>4,120,600</u>	<u>4,120,600</u>
Basic and diluted loss per share	<u>HK\$(0.42) cents</u>	<u>HK\$(0.34) cents</u>

As there are no dilutive potential ordinary shares outstanding as at 30 September 2021 and 2020, the diluted loss per share is equal to the basic loss per share.

11 Interest in an associate

Interest in an associate represents the Group's 27.57% equity investment in Royal Century Resources Holdings Limited ("Royal Century"), whilst it was accounted for as held-for-trading investments in the consolidated financial statements of the Group for the year ended 31 March 2021. During the period, the Company further acquired 11.16% equity interest in Royal Century through the stock market, resulting with the Group's equity interest in Royal Century increased from 16.41% as at 31 March 2021 to 27.57% as at 30 September 2021.

HK\$'000

Fair value of held-for-trading investments in Royal Century immediately before its accounted for as an associate	9,976
Additional acquisition of equity interest in an associate	2,999
Share of results of an associate:	
– Gain on bargain purchase at dates of acquisition of an associate	12,636
– Share of post-acquisition results and other comprehensive income	(1,724)
	<u>23,887</u>
Fair value of listed investments in an associate (<i>Note</i>)	<u>8,385</u>

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

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

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

11 Interest in an associate (Continued)

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

The summarised financial information in respect of the Group's associate as at 30 September 2021 which represents amounts shown in the condensed consolidated financial statements of Royal Century prepared in accordance with HKFRSs is as follows:

	<i>HK\$'000</i>
Current assets	38,447
Non-current assets	69,404
Current liabilities	(14,152)
Non-current liabilities	(7,055)
	<hr/>
Net assets attributable to owners of Royal Century	86,644
	<hr/>
Revenue	32,644
	<hr/>
Loss for the period	(6,839)
	<hr/>
Other comprehensive income/(expense) for the period	(1)
	<hr/>
Total comprehensive expense for the period	(6,840)
	<hr/>
The Group's share of loss of an associate	(1,724)
Gain on bargain purchase of interest in an associate	12,636
	<hr/>
Results attributable to interest in an associate	10,912
Share of other comprehensive income/(expense) of an associate	—
	<hr/>
	10,912
	<hr/>
Net assets attributable to owners of Royal Century	86,644
Proportion of the Group's equity interest in Royal Century	27.57%
	<hr/>
	23,887
	<hr/>

12 Intangible assets and goodwill

Intangible assets	30 September <i>HK\$'000</i> Unaudited	31 March <i>HK\$'000</i> Audited
Trading right	500	500
Licences	21,000	21,000
	21,500	21,500

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

Goodwill	30 September <i>HK\$'000</i> Unaudited	31 March <i>HK\$'000</i> Audited
At beginning of the reporting period	76,695	76,695
Less: Impairment loss recognised	(58,000)	–
At end of the reporting period	18,695	76,695

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

Impairment testing of intangible assets and goodwill

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

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

12 Intangible assets and goodwill (Continued)

The carrying amounts of intangible assets and goodwill allocated to cash generating units as at 30 September 2021 and 31 March 2021 are as follows:

As at 30 September 2021	Intangible assets HK\$'000 Unaudited	Goodwill HK\$'000 Unaudited	Total HK\$'000 Unaudited
Comercializadora Ven 2010 CGU			
Cost	–	1,000	1,000
Less: Impairment loss recognised	–	–	–
	–	1,000	1,000
Chaoshang Financial CGU			
Cost	21,500	75,695	97,195
Less: Impairment loss recognised	–	(58,000)	(58,000)
	21,500	17,695	39,195
	21,500	18,695	40,195
As at 31 March 2021			
	Intangible assets HK\$'000 Audited	Goodwill HK\$'000 Audited	Total HK\$'000 Audited
Comercializadora Ven 2010 CGU			
Cost	–	1,000	1,000
Less: Impairment loss recognised	–	–	–
	–	1,000	1,000
Chaoshang Financial CGU			
Cost	21,500	75,695	97,195
Less: Impairment loss recognised	–	–	–
	21,500	75,695	97,195
	21,500	76,695	98,195

12 Intangible assets and goodwill (Continued)

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

Chaoshang Financial CGU

An independent professional valuer was engaged by the Company to perform an impairment test for intangible assets and goodwill allocated to Chaoshang Financial CGU by comparing their recoverable amounts to their carrying amounts as at the end of the reporting period. The recoverable amounts of Chaoshang Financial CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections was 9.1% (31 March 2021: 10.7%), and the cash flows beyond the five-year period were extrapolated using a growth rate of 2.4% (31 March 2021: 3.0%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance and management's expectations for the market development of Chaoshang Financial CGU. There was no change in the basis on determination of the recoverable amounts as at 30 September 2021 and 31 March 2021.

Since the recoverable amounts of Chaoshang Financial CGU determined based on value in use calculation was less than their carrying amounts, an impairment loss on goodwill of approximately HK\$58,000,000 (31 March 2021: Nil) was recognised as at 30 September 2021.

Comercializadora Ven 2010 CGU

During the period, no impairment loss was recognised for Comercializadora Ven 2010 CGU (31 March 2021: Nil).

13 Other financial assets

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Fair value at beginning of the reporting period	4,721	356
Changes in fair value	54,579	4,356
	59,300	4,721
Reclassified to other payables upon fulfillment of the Year 1 PG	3,460	3,447
Fair value at end of the reporting period	62,760	8,168
Analysed for reporting purposes as:		
Non-current portion	26,660	8,168
Current portion	36,100	–
	62,760	8,168

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

The other financial assets of the Group as at 30 September 2021 and 31 March 2021 represented the profit guarantee (the "CS Profit Guarantee") provided by the vendors (the "CS Vendors") to the Group arising from the acquisition of ChaoShang Financial, details of which are set out in Note 35 to the Company's 2021 annual report.

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

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

The fair value of the CS Profit Guarantee was determined to be approximately HK\$59,300,000 (31 March 2021: HK\$4,721,000) by an independent professional qualified valuer as at 30 September 2021, using a discount rate of 4.44% to 4.54% (31 March 2021: 4.66% to 4.81%) per annum, under Monte Carlo simulation and taking into consideration of whether the CS Profit Guarantee is probable to meet. The fair value gain on other financial asset was recognised in profit or loss. Details of the valuation techniques and key input used for other financial asset are disclosed in Note 3.1(f) the Company's 2021 annual report.

Since the audited profit after tax of ChaoShang Financial for the year ended 31 December 2020 was higher than HK\$20,000,000, as such, 50% of the difference between the guaranteed profit and the actual profit shall be shared by the CS Vendors and was reclassified to other payables.

14 Finance lease receivables

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Current portion of finance lease receivables	71,167	90,218
Non-current portion of finance lease receivables	16,616	30,082
	87,783	120,300
Less: Impairment loss	(10,902)	(6,998)
	76,881	113,302

14 Finance lease receivables (Continued)

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	30 September 2021 <i>HK\$'000</i> Unaudited	31 March 2021 <i>HK\$'000</i> Audited	30 September 2021 <i>HK\$'000</i> Unaudited	31 March 2021 <i>HK\$'000</i> Audited
Within one year	63,792	90,149	60,350	83,401
In the second to fifth years, inclusive	17,730	32,289	16,531	29,901
	81,522	122,438	76,881	113,302
Less: Unearned finance income	(4,641)	(9,136)	N/A	N/A
Present value of minimum finance lease receivables	76,881	113,302	76,881	113,302
Less: Current portion of finance lease receivables			(60,350)	(83,401)
Non-current portion of finance lease receivables			16,531	29,901

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

	30 September 2021 <i>HK\$'000</i> Unaudited	31 March 2021 <i>HK\$'000</i> Audited
At beginning of the reporting period	6,998	900
Provision for impairment	3,786	5,870
Currency translation difference	118	228
At end of the reporting period	10,902	6,998

14 Finance lease receivables (Continued)

As at 30 September 2021 and 31 March 2021, the finance lease receivables were secured over the leased assets mainly by machineries and equipment. The finance lease receivables are denominated in RMB.

The maturity date for each finance lease contract is normally not more than 5 years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rate is approximately 10% to 15% (31 March 2021: 10% to 15%) per annum. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the finance lease receivables.

There was no unguaranteed residual values of assets leased under finance leases as at 30 September 2021 and 31 March 2021. The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for finance lease receivables. The management assessed the expected loss on all finance lease receivables individually and the credit quality of finance lease receivables has been assessed by reference to historical information about counterparty default rates.

15 Trade and account receivables

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Receivables arising from securities broking business:		
– Loans to margin clients	63,233	61,978
– Clearing houses	9,406	5,924
	72,639	67,902
Less: Impairment loss	(17,350)	(15,511)
	55,289	52,391
Receivables arising from asset management business	–	81
Receivables arising from trading business	260,985	265,990
	260,985	266,071
Less: Impairment loss	(41,022)	(33,644)
	219,963	232,427
Total trade and account receivables	275,252	284,818

15 Trade and account receivables (Continued)
Receivables arising from trading business

The Group's trade receivables are generally with credit periods of 60 to 120 days (31 March 2021: 60 to 120 days).

Receivables arising from securities broking

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

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

Loans to margin clients are secured by the underlying pledged securities, repayable on demand and bear interest at commercial rates. As at 30 September 2021, the total market value of securities pledged as collateral in respect of the loans to margin clients amounted to approximately HK\$366,160,000 (31 March 2021: HK\$659,660,000). Securities are assigned with specific margin ratios for calculating their margin values.

Receivables arising from asset management business

There are no credit terms granted to clients for its asset management business.

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

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
HK\$	55,289	52,391
US\$	–	81
RMB	219,963	232,346
	275,252	284,818

15 Trade and account receivables (Continued)**Receivables arising from asset management business (Continued)**

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
0 to 30 days	24,075	38,743
31 to 60 days	15,506	28,317
61 to 90 days	12,362	22,678
91 to 180 days	21,335	36,740
More than 180 days	146,685	105,949
	219,963	232,427

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

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

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

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
At beginning of the reporting period	49,155	60,416
Written off	–	(39,953)
Provision for impairment	8,646	23,505
Currency translation difference	571	5,187
	58,372	49,155
At end of the reporting period	58,372	49,155

16 Factoring receivables

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Factoring receivables	63,000	53,032
Interest receivables	500	79
	<hr/>	<hr/>
Factoring and interest receivables	63,500	53,111
Less: Impairment loss	(630)	(531)
	<hr/>	<hr/>
	62,870	52,580
	<hr/>	<hr/>

The carrying amounts of factoring and interest receivables are denominated in RMB.

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

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
At beginning of the reporting period	531	270
Provision for impairment	88	234
Currency translation difference	11	27
	<hr/>	<hr/>
At end of reporting period	630	531
	<hr/>	<hr/>

17 Loan and interest receivables

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Loan receivables	84,258	71,235
Interest receivables	15,203	14,195
	<hr/>	<hr/>
Loan and interest receivables	99,461	85,430
Less: Impairment loss	(22,796)	(14,760)
	<hr/>	<hr/>
	76,665	70,670
	<hr/>	<hr/>
Current portion of loan and interest receivables	76,665	70,670
Non-current portion of loan and interest receivables	–	–
	<hr/>	<hr/>
	76,665	70,670
	<hr/>	<hr/>
Analysed as:		
Within one year	76,665	70,670
In the second to fifth years, inclusive	–	–
	<hr/>	<hr/>
	76,665	70,670
	<hr/>	<hr/>

17 Loan and interest receivables (Continued)

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
HK\$	38,769	44,819
RMB	37,896	25,851
	76,665	70,670

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
At beginning of the reporting period	14,760	1,285
Written off	(2,268)	–
Provision for impairment	10,133	13,174
Currency translation difference	171	301
At end of the reporting period	22,796	14,760

Loan receivables are interest-bearing at 8% to 18% (31 March 2021: 8% to 18%) and are repayable with fixed terms agreed with the Group's customers. The maturity date for each loan contract is normally not more than one year (31 March 2021: 3 years) and is unsecured. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan and interest receivables mentioned above.

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

18 Cash and cash equivalents

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Cash at bank and on hand	237,514	246,791

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
HK\$	63,518	91,799
US\$	3,862	171
EUR	4	4
RMB	170,130	154,817
	237,514	246,791

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

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

	Number of shares	Nominal value <i>HK\$'000</i>
As at 1 April 2020, 31 March 2021 (audited) and 30 September 2021 (unaudited), ordinary shares of HK\$0.02 each	<u>5,000,000,000</u>	<u>100,000</u>

(b) Issued and fully paid capital

	Number of shares	Nominal value <i>HK\$'000</i>
As at 1 April 2020, 31 March 2021 (audited) and 30 September 2021 (unaudited), of ordinary shares of HK\$0.02 each	<u>4,120,600,000</u>	<u>82,412</u>

20 Account payables

	30 September 2021 <i>HK\$'000</i> Unaudited	31 March 2021 <i>HK\$'000</i> Audited
Payables arising from securities broking business:		
– Cash clients account payables	5,364	7,388
– Margin clients account payables	<u>22,985</u>	<u>37,606</u>
Total account payables	<u>28,349</u>	<u>44,994</u>

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

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

21 Amount due to a Director

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

22 Amount due to non-controlling interest

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

23 Related party transactions**Key management compensation**

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

	30 September 2021 HK\$'000 Unaudited	30 September 2020 HK\$'000 Unaudited
Salaries, allowances and other benefits	4,492	4,568
Contribution to defined contribution plans	74	76
	4,566	4,644

24 Commitments**The Group as lessee**

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

	30 September 2021 HK\$'000 Unaudited	31 March 2021 HK\$'000 Audited
Not later than 1 year	67	26

None of the leases include contingent rentals.

25 Events after the reporting period

Subsequent to the end of the reporting period on 22 November 2021, the Company entered into a deed of lease with the landlord in respect of the office premises currently occupied by the Group for the period from 1 December 2021 to 31 March 2025 with aggregate rental of approximately HK\$16,300,000 (exclusive of air-conditioning charges, management fee and government rates). The entering of the deed of lease is regarded as an acquisition of right-of-use asset by the Company, details of which will be included in the Company's annual report for the year ending 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$90.5 million with a gross profit of approximately HK\$22.8 million during the six months ended 30 September 2021 as compared to approximately HK\$186.5 million and approximately HK\$58.4 million respectively for the same period in 2020. The loss for the period was approximately HK\$17.9 million whilst approximately HK\$13.7 million was recorded for the last corresponding period. The increase in loss for the period was mainly attributable to the net effect of the followings:

- (i) a decrease in gross profit and administrative expenses for the six months ended 30 September 2021 of approximately HK\$35.6 million and HK\$9.5 million, respectively;
- (ii) a decrease in aggregate amount of impairment losses on financial assets of approximately HK\$4.2 million;
- (iii) the recognition of an impairment loss on goodwill of approximately HK\$58.0 million, which was partially offset by the increase in gain on changes in fair value of other financial assets (which represents the fair value of the profit guarantee) of approximately HK\$54.6 million, please refer to “Financial Services Business” section under “Business Review and Outlook” below for further details;
- (iv) a decrease in loss on changes in fair value of held-for-trading investments of approximately HK\$6.2 million;
- (v) the recognition of a gain on disposal of held-for-trading investments of approximately HK\$5.9 million during the six months ended 30 September 2021 whilst a loss of approximately HK\$540,000 was recorded in the last corresponding period; and
- (vi) the recognition of a gain on bargain purchase and a share of operating loss from an associate of approximately HK\$12.6 million and HK\$1.7 million respectively during the six months ended 30 September 2021, which was arising from the associate acquired during the period.

As at 30 September 2021, the total assets and net assets of the Group were approximately HK\$1,026.1 million (31 March 2021: approximately HK\$1,067.7million) and approximately HK\$917.1 million (31 March 2021: approximately HK\$924.0 million) respectively. The Board does not recommend the payment of interim dividends for the six months ended 30 September 2021.

BUSINESS REVIEW AND OUTLOOK

Trading Business

The Group is principally engaged in trading of food and electronic products in the PRC. The Group recorded a turnover of approximately HK\$68.9 million with a loss of approximately HK\$7.8 million from its trading business during the six months ended 30 September 2021 as compared to approximately HK\$131.1 million with a loss of approximately HK\$0.8 million for the same period in 2020. The increase in the loss recorded for the six months ended 30 September 2021 was mainly caused by the provision of impairment loss on trade receivables.

A turnover of approximately HK\$22.6 million was attributed from trading of food products for the six months ended 30 September 2021, as compared to approximately HK\$88.8 million for the last corresponding period. In addition, the Group also recorded a turnover of approximately HK\$46.3 million for the six months ended 30 September 2021 from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC, as compared to approximately HK\$42.3 million for the last corresponding period. The gross profit attributed by the trading business was approximately HK\$1.2 million for the current period whilst it was approximately HK\$3.1 million for the last corresponding period.

Seafood trading comprised a significant portion of the Group's food trading business. As seafood is more of an optional consumer food product, the continued impact of Covid-19 and the down-turning economy in the PRC leading the management of the Group to take a more prudent business strategy to minimise the Group's business risk as the macro-economic environment looked to be worsening in the short term which would have more impacts on demand of optional consumer products. Specifically, regarding two customers of the food-trading business, the management has noted there was an increase in the ageing of the respective trade receivables since the end of the last corresponding period due to slower in settlement. One of whom even defaulted in repayment and legal proceeding has been taken by the Group for recovery of the amount outstanding. As such, the Group provided an impairment loss on trade receivables of approximately HK\$6.8 million for the six months ended 30 September 2021. In light of this, the management decided to hold up further businesses with these two customers during the current period which attributed to the decrease in revenue from the trading business.

The Company considers that the decrease in revenue from the trading business does not have significant impact on the Group's financial position and the operating results. Despite there was a substantial decrease in turnover from the trading business of approximately HK\$62.2 million, there was only a corresponding decrease of approximately HK\$1.9 million to the gross profit which represented approximately 5% to the overall gross profit generated by the Group during the current period. As such, the management is of the view that the slightly changing of its strategy to be more conservative by continuously assessing the credit worthiness of our customers with reference to both their intrinsic positions and extrinsic macro-economy environments to strike for a return with manageable and acceptable risk levels will certainly benefit the Group for its long term development.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Trading Business (Continued)

There has been no material effect on the Group's liquidity and financial position arising from the decrease in turnover from the trading business. As disclosed in the "Liquidity, Financial Resources and Gearing" below, the Group maintained similar levels of cash and bank balances as at 30 September 2021 and 31 March 2021. Cash and bank balances represented approximately 29% and 23% of current assets and total assets as at 30 September 2021. The gearing ratio and liquidity ratio as at 30 September 2021 was also improved as compared with those as at 31 March 2021.

The overall financial position of the Group is in good conditions, with adequate financial resources available for daily operations and fulfillment of its financial obligations, and for exploration of potential new businesses should the opportunity arose.

Given that the Covid-19 pandemic may persist for a certain period of time and imposes uncertainty on the recovery of the global economy, which couples with possible ongoing government policies reforms in the PRC, the Company expects the turnover from the trading business will be maintained at a level similar to the current operation in the coming seasons. While the Group is continuously challenged by the economic uncertainty in the PRC brought about by the epidemic, the Group will adjust its business strategy to cope with the ever changing trading environment and adopt measures to minimise the operation risks and strive for the optimal business plans for future development.

Money Lending and Factoring Business

The Group has outstanding loan portfolios in Hong Kong and the PRC amounted to approximately HK\$84.3 million and factoring receivables of approximately HK\$63.5 million as at 30 September 2021. The Group recognised an aggregate interest income of approximately HK\$8.2 million and a loss of approximately HK\$3.0 million for the six months ended 30 September 2021 as compared to approximately HK\$8.5 million and a profit of HK\$4.2 million respectively for the last corresponding period. The loss recorded for the six months ended 30 September 2021 was mainly caused by the provision of impairment loss on loan and interest receivables of approximately HK\$10.1 million.

In the first half financial year, the market in general was under pressure amidst the complicated and volatile economic environment coupled with the continuous impact of the COVID-19 pandemic. In the midst of an extremely challenging external environment, the Group has adopted a more prudent credit risk assessment both in accepting new customers and reviewing the credit risk over the existing customers. The Group will closely monitor the development of the economic environment in order to cultivate a policy to cope with the ever changing environment.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Finance Leasing Business

The Group is engaged in finance leasing business in the PRC. It mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from one year to five years and the size of which generally ranges from RMB10 million to RMB50 million. The Group provides both direct leasing and sale-leaseback services to customers and the financing purpose of the Group's customers is principally for the development and expansion of their business.

The finance leasing business maintained a portfolio with outstanding principal amount of approximately RMB73.2 million (equivalent to approximately HK\$87.8 million) as at 30 September 2021. The finance leasing portfolio has attributed a turnover of approximately HK\$3.5 million with a loss of approximately HK\$4.2 million to the Group during the six months period ended 30 September 2021 as compared to approximately HK\$9.4 million and a profit of approximately HK\$6.5 million respectively for the last corresponding period. The loss recorded for the six months ended 30 September 2021 was mainly caused by the provision of impairment loss on finance lease receivables.

During the period, the predominant factor for global economic recovery was still the COVID-19 pandemic. The global economic recovery was uneven and weaker than expected due to the mutation of COVID-19 into several variants. The PRC government published a series of policies to rectify, including but not limited to, the technology market, education market and estate property market, further impact on certain of our customers, which resulted in these customers defaulted in repayment of the finance lease receivable on schedules. Thus, the Group provided an impairment loss on finance lease receivables of approximately HK\$3.8 million for the six months ended 30 September 2021. In response to the current market situation, the Group has adopted a more prudent credit risk assessment and no new finance leasing transaction was granted during the period. The Group will closely monitor on the credit worthiness of our customers and formulate the appropriate actions for recovery of the outstanding amounts.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Finance Leasing Business (Continued)

It is anticipated that global economy uncertainties will persist in the next half financial year amid the COVID-19 pandemic. The Group will cautiously adjust its business strategies including (i) the adoption of a more prudent credit risk assessment both in accepting new customers and reviewing the credit risk over the existing customers and request the customers to provide collaterals in order to reduce the credit risk; and (ii) avoidance of customers which are engaged in industries highly impacted by the epidemic and the current government policies reform. Further, the Group will have ongoing assessment of the development of the current market environment and its impact to the finance leasing business.

Financial Services Business

The Group's financial services business is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The financial services business has attributed a turnover of approximately HK\$9.9 million with a loss of approximately HK\$6.1 million to the Group during the six months ended 30 September 2021, as compared to approximately HK\$37.5 million and a profit of approximately HK\$3.0 million respectively for the last corresponding period. The loss recorded for the six months ended 30 September 2021 was mainly caused by the significant decrease in underwriting and placing commission income.

The Hong Kong stock market reached its highest point in the year during the first half of 2021. However, with the different ongoing government policies reforms in the PRC since July 2021, the Hong Kong stock market plummeted to the lowest point in September 2021. Given the turmoil market conditions during the period, the Group has been very prudent in conducting the financial services business.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Financial Services Business (Continued)

Underwriting and placing commission income comprised a significant portion of the revenue arising from the financial services segment. Underwriting and placing commission income is derived from initial public offering projects and share/bond placing projects, which is on a project-by-project basis. The management of the Group has been in on-going negotiations on potential underwriting and placing projects. However, as disclosed in the annual report 2021, the Group is in the process of reassessing and reengineering its strategies on the financial services business and the restructuring is still ongoing at the end of the reporting period. Also, due to the plummeting stock market in Hong Kong and the regulatory reform on certain industries in the PRC, many firms have delayed their listing plans in Hong Kong in the second half of 2021. As a result, the Group only completed two placing projects (bonds and shares placing) in the current period, as compared to four placing and underwriting projects in the last corresponding period, which included certain initial public offering projects that generated higher commission income. As such, commission income generated from underwriting and placing activities was significantly decreased from approximately HK\$27.9 million in the last corresponding period to approximately HK\$4.0 million in the current period.

Further, as the Group's clients took a more prudent trading strategy in this turmoil market with a monthly average balance of loans to margin clients decreased to approximately HK\$48 million from approximately HK\$108 million in the last corresponding period, interest income from margin clients has also recorded a decrease from approximately HK\$6.9 million to approximately HK\$3.4 million in the current period. However, brokerage commission income from securities dealings remained steady at approximately HK\$2.3 million, which was at approximately HK\$2.6 million in the last corresponding period.

During the Company's preparation of the condensed consolidated financial statements, based on the latest financial information available, the management of the Group took a more prudent approach in forecasting future revenue, especially from the underwriting and placing activities, with reference to the actual results of, and number and sizes of projects completed up to 30 September 2021 and the prospects of the financial services business (the "Chaoshang Financial") from October 2021 onwards. As such, the profit and cashflow forecast prepared by the Group for the assessment of the recoverable amounts of Chaoshang Financial has incorporated the most updated information for the best estimate of the impairment of goodwill, if any, and the corresponding changes in fair value of other financial assets arising from the profit guarantee given by the vendors of this business unit.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Financial Services Business (Continued)

Based on the impairment assessment on the assets of Chaoshang Financial, including the goodwill arising from its acquisition in December 2019, by using the same valuation method adopted for impairment assessment as at 31 March 2021, the Group noted that the carrying amounts of Chaoshang Financial exceeded their recoverable amounts, and thus, an impairment loss on goodwill of approximately HK\$58.0 million was recognised in the current period. On the other hand, the Group has also assessed the fair value of the profit guarantee, which was given by the vendors upon acquisition of Chaoshang Financial in 2019, by using the same valuation method adopted as at 31 March 2021. As a result of the decrease in revenue of Chaoshang Financial and the possible shortfall of the profit guarantee, a fair value gain on other financial assets of approximately HK\$54.6 million was recognised in the current period. The net effect in aggregate of the impairment of the goodwill and changes in fair value of other financial assets is not significant to the Company's consolidated net assets or operating results for the period as they were substantially compensated by each other. For further details of goodwill, other financial assets and the acquisition of this business unit, please refer to Notes 12 and 13 to the condensed consolidated financial statements and Notes 18, 19 and 35 of the Company's annual report for the year ended 31 March 2021.

During the period, the Group has successfully commenced and completed a bond placing project. The management is actively exploring the probability on the development of the debt financing market so as to enlarge the sources of income. Further, the management is strived to achieve the business objective to increase the Group's exposure and scale of operations within the capital markets and to capture a larger market share.

The COVID-19 Pandemic

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

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group generally finances its operations with internally generated resources.

As at 30 September 2021, the Group had cash and bank balances of approximately HK\$237.5 million (31 March 2021: approximately HK\$246.8 million) and total borrowings of approximately HK\$6.1 million (31 March 2021: approximately HK\$19.7 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 0.67% as at the end of the reporting period (31 March 2021: 2.12%). The liquidity ratio, being the ratio of current assets over current liabilities, was 9.08 (31 March 2021: 7.31) as at 30 September 2021.

The decrease in gearing ratio was mainly due to the repayment of the bond payable and the decrease in lease liabilities during the period. The increase in liquidity ratio was mainly due to the settlement of bond and certain account payables during the period.

FOREIGN EXCHANGE EXPOSURE

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

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

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2021.

CAPITAL STRUCTURE

As at 30 September 2021, the total number of issued shares of the Company was 4,120,600,000.

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

CHARGES ON GROUP ASSETS

As at 30 September 2021, none of the Group's asset was pledged to secure any facilities and borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

During the period, the Group further acquired 11.16% equity interest in the issued share capital of Royal Century at aggregate consideration of approximately HK\$4.9 million. As a result, the Group held 27.57% equity interest in Royal Century and its subsidiaries (the "Royal Century Group") as at 30 September 2021 which is accounted for as an associate of the Group in the condensed consolidated financial statements of the Group. Royal Century is a company incorporated in Hong Kong with limited liability whose shares are listed on GEM Board of the Stock Exchange (stock code: 8125). The Royal Century Group is principally engaged in (i) provision of fitting out and engineering services, design and procurement of furnishings and related products services, (ii) leasing of construction equipment, (iii) sourcing and merchandising of fine and rare wines and (iv) provision of financial services.

Save as disclosed above and in Note 25 to the condensed consolidated financial statements, and the acquisition and disposal of held-for-trading investments in securities as mentioned below, there has been no significant acquisition and disposal of assets by the Group during the period and up to the date of this report.

SECURITIES INVESTMENTS HELD

As at 30 September 2021, the Group had held-for-trading investments in securities in Hong Kong (the "Securities Investments") with a market value of approximately HK\$6.8 million. The Group recorded a realised gain of approximately HK\$5.9 million (six months ended 30 September 2020: loss of approximately HK\$540,000 million) in respect of the Securities Investments during the six months ended 30 September 2021. The other details of the Securities Investments as at 30 September 2021 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition HK\$'000	Fair value	% of	Gain/(Loss)
						as at 30 September 2021 HK\$'000	net assets of the Group as at 30 September 2021	in fair value for the period HK\$'000
1 Vicon Holdings Limited	3878	Provide foundation works and ancillary services and leasing of construction machinery	13,000,000	2.71%	9,194	6,630	0.72%	(2,564)
2 Evershine Group Holdings Limited	8022	Trading business, property development and investment business, money lending business, mobile application business and cemetery business	17,433,000	0.81%	6,363	174	0.02%	(104)
					15,557	6,804		(2,668)

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2021.

COMMITMENTS

Details of the Group's commitments as at 30 September 2021 are set out in Note 24 to the condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed approximately 63 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions as disclosed in Note 23 to the condensed consolidated financial statements, no contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 30 September 2021 or at any time during the period then ended.

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

As at 30 September 2021, the interests and short positions of the Directors and the chief executives of the Company and their associates in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Directors' interest in the Company:

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

Note:

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

Save as disclosed above, as at 30 September 2021, none of the Directors nor chief executive of the Company had or was deemed to have any interested or short positions in the shares, underlying shares and/or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the “Share Option Scheme” section below, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the period ended 30 September 2021.

SUBSTANTIAL SHAREHOLDERS’ INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or persons who had 5% or more interests in the following long positions in the shares and underlying shares as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the “Voting Entitlements”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

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

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Name of substantial shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Sea Venture Investments Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Beneficial owner
	Short position 283,168,000 shares (Note (iii))	6.87%	Beneficial owner
China Construction Bank Corporation	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
CCB International Group Holdings Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
CCB Financial Holdings Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
CCB International (Holdings) Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
CCBI Investments Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
Central Huijin Investment Limited	Long position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations
	Short position 283,168,000 shares (Note (iii))	6.87%	Interest of controlled corporations

Notes:

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

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Notes: (Continued)

- (ii) 341,132,000 shares were held by Dragon Mind Holdings Limited which is wholly-owned by a discretionary trust of which Mr. Zhang Lirui ("Mr. Zhang") is the settlor and Managecorp Limited (the "Managecorp") is the trustee, and accordingly, Mr. Zhang and Managecorp are deemed to be interested in the relevant shares under the SFO.
- (iii) Sea Venture Investments Limited, which is wholly owned by CCBI Investments Limited, held put options comprising for 283,168,000 Shares. CCBI Investments Limited is wholly owned by CCB International (Holdings) Limited, which is in turn wholly owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly owned by CCB International Group Holdings Limited, which is in turn wholly owned by China Construction Bank Corporation. China Construction Bank Corporation is owned as to 57.11% by Central Huijin Investment Limited. Accordingly, CCBI Investments Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Limited are deemed to be interested in the relevant shares under the SFO.

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at 30 September 2021, had the Voting Entitlements or any interests or short positions in the Shares or underlying shares as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS SCHEME

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

Purpose

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

SHARE OPTIONS SCHEME (CONTINUED)

Participants

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

Maximum number of shares available for subscription

The total number of share options to be granted under the Share Option Scheme shall not exceed 10% of the issued shares of the Company as at 2 September 2013. Upon approval by the shareholders, the Company may renew the scheme mandate limit, provided that each renewal shall not exceed 10% of the issued shares as at the date of approval by the shareholders, and a circular regarding the proposed renewal of the scheme mandate limit has been dispatched to the shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 2 September 2014 and 26 August 2016, the 10% limit under the Share Option Scheme was refreshed respectively. The total number of shares which may be issued upon exercise of all share options that may be granted under the 10% limited as at the date of this report is 368,060,000 shares. The aggregate maximum number of shares which may be issued upon exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

Maximum entitlement of each participant

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

Time of acceptance and exercise of a share option

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

SHARE OPTIONS SCHEME (CONTINUED)

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

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

Basis for determining the exercise price

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

The life of the Share Option Scheme

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

As at 30 September 2021 and up to the date of this report, no share options has been granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE

The Company endeavors in maintaining good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the Code throughout the six months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2021.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Securities Dealing Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Securities Dealing Code throughout the six months ended 30 September 2021.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Yu Pak Yan, Peter and Mr. Man Kwok Leung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25 per cent of the Company's issued shares at the latest practicable date (29 November 2021) prior to the issue of this report.

BOARD OF DIRECTORS

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

APPRECIATION

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

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

Hong Kong, 29 November 2021