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INTERNATIONAL BUSINESS SETTLEMENT HOLDINGS LIMITED

國際商業結算控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00147)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board of directors (the “Board” or the “Directors”) of International Business Settlement Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2022 (the “period” or “reporting period”), together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 30 September	
		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	3	87,203	259,170
Cost of sales and services		<u>(83,652)</u>	<u>(218,257)</u>
Gross profit		3,551	40,913
Other income, gains and losses	5	4,412	25,776
Selling expenses		(1,741)	(2,593)
Administrative and other expenses		(35,053)	(52,496)
Impairment loss on loan receivables, net		–	(1,389)
Finance costs	6	<u>(7,190)</u>	<u>(1,883)</u>
(Loss)/profit before taxation		(36,021)	8,328
Income tax credit/(expenses)	7	<u>34,805</u>	<u>(18,042)</u>
Loss for the period	8	<u>(1,216)</u>	<u>(9,714)</u>

		Unaudited	
		Six months ended	
		30 September	
		2022	2021
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		<u>(22,485)</u>	<u>8,710</u>
Total comprehensive expense for the period		<u>(23,701)</u>	<u>(1,004)</u>
 (Loss)/profit for the period attributable to:			
– Owners of the Company		(10,541)	(5,942)
– Non-controlling interests		<u>9,325</u>	<u>(3,772)</u>
		<u>(1,216)</u>	<u>(9,714)</u>
 Total comprehensive (expense) income attributable to:			
– Owners of the Company		(26,331)	544
– Non-controlling interests		<u>2,630</u>	<u>(1,548)</u>
		<u>(23,701)</u>	<u>(1,004)</u>
 Loss per share			
Basic and diluted (<i>HK cents</i>)	<i>10</i>	<u>(0.05)</u>	<u>(0.03)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2022	31 March 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment		729,901	492,035
Intangible assets		1,168	1,339
Prepayment	<i>11</i>	150,060	242,520
Deferred tax assets		73,125	41,510
		<u>954,254</u>	<u>777,404</u>
CURRENT ASSETS			
Loan receivables	<i>12</i>	–	–
Properties held for sale		1,601,135	1,802,459
Inventories		25,141	12,107
Trade and other receivables	<i>13</i>	68,716	45,013
Factoring receivables	<i>14</i>	–	–
Restricted bank deposits		322	361
Bank balances and cash		288,584	522,507
		<u>1,983,898</u>	<u>2,382,447</u>
CURRENT LIABILITIES			
Trade and other payables	<i>15</i>	570,161	610,303
Borrowings	<i>16</i>	556,564	654,872
Amount due to non-controlling interests		76,113	85,092
Amount due to ultimate holding company		1,643	1,645
Tax liabilities		27,390	30,684
Contract liabilities	<i>17</i>	775,141	865,629
Lease liabilities		3,826	3,702
		<u>2,010,838</u>	<u>2,251,927</u>

		30 September	31 March
		2022	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
NET CURRENT (LIABILITIES)/ASSETS		<u>(26,940)</u>	<u>130,520</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>927,314</u>	<u>907,924</u>
NON-CURRENT LIABILITIES			
Borrowings	<i>16</i>	229,440	187,855
Lease liabilities		<u>1,506</u>	<u>–</u>
		<u>230,946</u>	<u>187,855</u>
NET ASSETS		<u>696,368</u>	<u>720,069</u>
CAPITAL AND RESERVES			
Share capital		20,319	20,319
Reserves		<u>626,811</u>	<u>653,142</u>
Equity attributable to owners of the Company		647,130	673,461
Non-controlling interests		<u>49,238</u>	<u>46,608</u>
TOTAL EQUITY		<u>696,368</u>	<u>720,069</u>

1. BASIS OF PREPARATION

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

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2021/2022 consolidated annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2022. Details of any changes in accounting policies are set out in note 2. The adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) have no material effect on the condensed consolidated interim financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

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

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. The condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021/2022 consolidated annual financial statements. The condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2021/2022 consolidated annual financial statements.

The condensed consolidated financial statements for the six months ended 30 September 2022 have not been audited, but have been reviewed by the audit committee of the Company.

Basis of measurement and going concern assumption

The Group had net current liabilities of approximately HK\$26,940,000 at 30 September 2022.

Notwithstanding the above, the condensed consolidated financial statements have been prepared on a going concern basis as the Directors have given careful consideration to the current and anticipated future liquidity needs of the Group and is satisfied that the loan facilities from the Group's financial institutions for its working capital requirement for the next twelve months will be available as and when required, having regard to the following: (i) undrawn financing facilities and (ii) enhancing the Group's operational efficiency and implementing cost control measures. The Group will actively negotiate with the financial institution for the renewal of the Group's borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. In the opinion of the Directors, the Group will be able to roll over or refinance the borrowings upon their maturity.

Having taken into account the above, the Directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated financial statements.

2. CHANGES IN HKFRSs

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

The new or amended HKFRSs that are effective from 1 April 2022 did not have any significant impact on the Group's accounting policies.

3. REVENUE

The principal activities of the Group are (1) property development; (2) hotel business; (3) international business settlement; (4) contact lens business; (5) leasing and trading of computer equipment business and (6) financing business. Further details regarding the Group's principal activities are disclosed in note 4.

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers (Note)		
Sales of properties	33,627	254,505
International business settlement services	–	4,412
Sales of contact lens	26,376	232
Leasing and trading of computer equipment	27,200	–
	87,203	259,149
Revenue from other sources		
Financing service income	–	21
	87,203	259,170

Note: Disaggregation of revenue from contracts with customers

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	60,003	254,737
Services transferred over time	27,200	4,412
	87,203	259,149

4. SEGMENT REPORTING

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

- Property development – Developing and selling of commercial and residential properties, car parking spaces, including undertaking of primary land development activities, in the People's Republic of China (the "PRC").
- Hotel business – Hotel development and provision of hotel management services in the PRC.
- International business settlement – Providing settlement and clearing services for commercial and individual customers.
- Contact lens business – Manufacturing and sales of disposable contact lens in the PRC.
- Leasing and trading of computer equipment business – Providing encrypted distributed storage space in Hong Kong through leasing of servers and trading of computer equipment.
- Financing business – Provision of finance through money lending services, finance leases, leasing, factoring and other related services.

The CODM considered that the property development segment, hotel business segment, international business settlement segment, contact lens business segment, leasing and trading of computer equipment business segment and financing business segment are the main businesses lines and reportable operating segments of the Group.

(a) Segment revenue and results

Six months ended 30 September 2022 (unaudited)

	Property development <i>HK\$'000</i>	Hotel business <i>HK\$'000</i>	International business settlement <i>HK\$'000</i>	Contact lens business <i>HK\$'000</i>	Leasing and trading of computer equipment business <i>HK\$'000</i>	Financing business <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE							
External sales and segment revenue	<u>33,627</u>	<u>-</u>	<u>-</u>	<u>26,376</u>	<u>27,200</u>	<u>-</u>	<u>87,203</u>
Segment (loss)/profit	(4,464)	-	(4,078)	(22,249)	2,007	(654)	(29,438)
Unallocated corporate expenses							(7,820)
Bank interest income							1,237
Loss before taxation							<u>(36,021)</u>

Six months ended 30 September 2021 (unaudited)

	Property development <i>HK\$'000</i>	Hotel business <i>HK\$'000</i>	International business settlement <i>HK\$'000</i>	Contact lens business <i>HK\$'000</i>	Financing business <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
External sales and segment revenue	<u>254,505</u>	<u>-</u>	<u>4,412</u>	<u>232</u>	<u>21</u>	<u>259,170</u>
Segment profit/(loss)	22,507	-	(7,899)	(16,900)	(2,673)	(4,965)
Unallocated corporate expenses						(9,987)
Bank interest income						575
Gain on disposal of a subsidiary						22,705
Profit before taxation						<u>8,328</u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies.

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

(b) Segment assets and liabilities

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
ASSETS		
<i>Segment assets</i>		
Property development	1,651,806	1,857,115
Hotel business	184,444	206,445
International business settlement	4,553	5,087
Contact lens business	514,596	548,938
Leasing and trading of computer equipment	288,212	16,784
Financing business	32	36
Total segment assets	<u>2,643,643</u>	<u>2,634,405</u>
Unallocated assets		
Bank balances and cash	288,584	522,507
Other assets	5,925	2,939
Total unallocated assets	<u>294,509</u>	<u>525,446</u>
Consolidated total assets	<u><u>2,938,152</u></u>	<u><u>3,159,851</u></u>
LIABILITIES		
<i>Segment liabilities</i>		
Property development	(1,759,460)	(1,970,272)
Hotel business	(127,738)	(143,101)
International business settlement	(19,860)	(18,883)
Contact lens business	(325,766)	(300,592)
Leasing and trading of computer equipment	(426)	(34)
Financing business	(25)	(32)
Total segment liabilities	<u>(2,233,275)</u>	<u>(2,432,914)</u>
Unallocated liabilities		
Other liabilities	(8,509)	(6,868)
Total unallocated liabilities	<u>(8,509)</u>	<u>(6,868)</u>
Consolidated total liabilities	<u><u>(2,241,784)</u></u>	<u><u>(2,439,782)</u></u>

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

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

(c) **Other segment information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than prepayment and deferred tax assets ("Specified non-current assets").

	Revenue from external customers (by customer location)		Specified non-current assets (by physical location)	
	Six months ended 30 September		As at 30 September	As at 31 March
	2022	2021	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(audited)
Hong Kong	27,200	–	224,121	11,922
PRC (domicile)	60,003	254,758	506,948	481,452
Others	–	4,412	–	–
	<u>87,203</u>	<u>259,170</u>	<u>731,069</u>	<u>493,374</u>

5. **OTHER INCOME, GAINS AND LOSSES**

	Six months ended 30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Bank interest income	1,237	575
Government grant	280	1,619
Rental income	81	595
Net exchange gain	2,698	713
Impairment loss on trade and other receivables, net	(135)	(575)
Gain on disposal of a subsidiary	–	22,705
Others	251	144
	<u>4,412</u>	<u>25,776</u>

6. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on		
– bank borrowings	5,678	6,584
– other borrowings	29,995	31,525
– lease liabilities	314	476
	<u>35,987</u>	<u>38,585</u>
<i>Less:</i> amount capitalised in properties held for sale	(24,434)	(28,214)
<i>Less:</i> amount capitalised in construction in progress under property, plant and equipment	<u>(4,363)</u>	<u>(8,488)</u>
	<u><u>7,190</u></u>	<u><u>1,883</u></u>

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

7. INCOME TAX (CREDIT)/EXPENSES

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax in PRC		
Enterprise Income Tax (“EIT”)	–	95
Land Appreciation Tax (“LAT”)	1,272	22,180
	<u>1,272</u>	<u>22,275</u>
Deferred tax	1,272	22,275
Credit for the period	<u>(36,077)</u>	<u>(4,233)</u>
	<u><u>(34,805)</u></u>	<u><u>18,042</u></u>

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

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

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

The Group is required to prepay LAT and EIT in accordance with the relevant PRC tax rules in respect of pre-sale of property development projects. As at 30 September 2022, No prepaid LAT and EIT in respect of contract liabilities, which has been presented as deduction against the tax liabilities of the respective subsidiary in the condensed consolidated statement of financial position.

8. LOSS FOR THE PERIOD

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

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments	1,489	1,389
Other staff salaries, wages and allowances	16,659	27,420
Other staff retirement scheme contributions	423	1,027
	18,571	29,836
<i>Less: staff costs capitalised in properties held for sale</i>	–	(335)
Total staff costs	18,571	29,501
Amortisation of intangible assets	79	72
Depreciation charge		
– property, plant and equipment	25,140	1,984
– right-of-use assets	2,620	2,757
Cost of inventories recognised as expenses	58,463	200,154
Impairment loss on loan receivables, net	–	1,389
Short term or low value lease expenses	85	343

9. DIVIDEND

The Board has resolved not to declare any interim dividend for reporting period (2021: Nil).

10. LOSS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit and loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(10,541)</u>	<u>(5,942)</u>

	Six months ended 30 September	
	2022	2021
Number of shares		
Weighted average number of shares for the purposes of basic loss per share	<u>20,319,072,320</u>	<u>20,319,072,320</u>

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

11. PREPAYMENT

	30 September 2022	31 March 2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Prepayment for acquisition of:		
– Machinery and equipment (<i>Note</i>)	<u>150,060</u>	<u>242,520</u>

Note:

The Group, as purchaser, entered into a series of machinery and equipment purchase agreements with independent providers. Pursuant to which the Group agreed to acquire contact lens production line in the PRC at total considerations of USD37,421,000 and RMB42,601,000 (together equivalent to approximately HK\$340,371,000). Amount of USD33,886,000 and RMB33,471,000 (together equivalent to approximately HK\$295,059,000) has been paid by the Group as at the end of the reporting period and of machinery equivalent to approximately HK\$83,034,000 (31 March 2022: HK\$73,260,000) was ready for use and settled by prepaid amount during the period/year. The remaining approximately HK\$45,312,000 will be payable upon the completion of installation of machinery and equipment.

12. LOAN RECEIVABLES

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Loan receivables	127,853	143,230
Interest receivables	<u>6,683</u>	<u>7,487</u>
	134,536	150,717
<i>Less: Loss allowance (Note (b))</i>		
Stage 1	-	-
Stage 2	-	-
Stage 3	<u>(134,536)</u>	<u>(150,717)</u>
Current portion included under current assets	<u>-</u>	<u>-</u>

As at 30 September 2022 and 31 March 2022, all loan receivables were secured by collaterals.

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The Group's loan principals charged interests at contract rate ranging from approximately 6% to 15% (31 March 2022: 6% to 15%) per annum.

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

(a) Ageing analysis

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Over 1 year	<u>134,536</u>	<u>150,717</u>

(b) Movement in impairment losses

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

	Stage 1 12-month ECL <i>HK\$'000</i>	Stage 2 Lifetime ECL not credit- impaired <i>HK\$'000</i>	Stage 3 Lifetime ECL credit- impaired <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2022 (audited)	–	–	150,717	150,717
Exchange adjustments	–	–	(16,181)	(16,181)
At 30 September 2022 (unaudited)	<u>–</u>	<u>–</u>	<u>134,536</u>	<u>134,536</u>

For the period ended 30 September 2022, no change of loss allowance was charged to profit or loss as impairment.

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

13. TRADE AND OTHER RECEIVABLES

	30 September 2022 <i>HK\$'000</i> (unaudited)	31 March 2022 <i>HK\$'000</i> (audited)
Trade receivables	38,323	2,422
Less: Loss allowance	<u>(330)</u>	<u>(135)</u>
	37,993	2,287
Other receivables and prepayments:		
Other deposits	7,366	8,034
Other tax prepayment	798	9,945
Other receivables	4,991	7,520
Other prepayments	<u>17,568</u>	<u>17,227</u>
	<u>68,716</u>	<u>45,013</u>

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

The ageing analysis of trade receivables after loss allowance of the Group, presented based on the invoice date or the date of delivery of properties to the customers at the end of the reporting period:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Within 90 days	31,951	-
91 to 180 days	6,042	2,287
	<u>37,993</u>	<u>2,287</u>

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
At the beginning of the period/year	2,282	1,346
Impairment loss charged to profit or loss	334	1,016
Reversal of impairment loss previously recognised	(199)	(83)
Exchange adjustments	(12)	3
At the end of the period/year	<u>2,405</u>	<u>2,282</u>

The balances of other deposits and other receivables are not past due. The Group's management considers that the credit risk associated with these receivables is minimal but a general provision for impairment loss is provided for as in the aforesaid.

14. FACTORING RECEIVABLES

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Factoring receivables	63,800	70,079
Interest receivables	2,291	2,516
	66,091	72,595
<i>Less: Loss allowance (Note (b))</i>		
Stage 1	-	-
Stage 2	-	-
Stage 3	(66,091)	(72,595)
Current portion included under current assets	-	-

As at 30 September 2022 and 31 March 2022, all factoring receivables were secured by accounts receivables of the debtors with interest rate of 6.5% (31 March 2022: 6.5%). The Group has recourse right on the debts in the event of default. However, the collaterals are not permitted to sell or re-pledge by the Group.

(a) Ageing analysis

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Over 1 year	66,091	72,595

(b) Movement in impairment losses

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

	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	Total
	ECL	ECL not	ECL credit-	
	HK\$'000	credit-	impaired	HK\$'000
		impaired	impaired	HK\$'000
At 31 March 2022 (audited)	–	–	72,595	72,595
Exchange adjustments	–	–	(6,504)	(6,504)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022 (unaudited)	–	–	66,091	66,091
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

15. TRADE AND OTHER PAYABLES

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade payables (<i>Note</i>)	13,198	289
Accrued construction costs to contractors	201,994	262,973
Interest payable	157,180	143,897
Other payables	72,111	74,704
Other tax payables	125,678	128,440
	<hr/>	<hr/>
	570,161	610,303
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Within 90 days	11,091	–
91 to 180 days	1,685	289
181 days to 1 year	422	–
	<hr/>	<hr/>
	13,198	289
	<hr/> <hr/>	<hr/> <hr/>

16. BORROWINGS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Bank borrowings, secured (<i>Note (a)</i>)	239,238	233,080
Other borrowings, secured (<i>Note (a)</i>)	127,738	143,101
Other borrowings, unsecured (<i>Note (b)</i>)	419,028	466,546
	<u>786,004</u>	<u>842,727</u>
Carrying amount of borrowings repayable:		
Within one year	556,564	654,872
More than one year, but not exceeding two years	110,000	110,907
More than two years, but not exceeding five years	119,440	76,948
	<u>786,004</u>	<u>842,727</u>
<i>Less:</i> amount shown under current liabilities	<u>(556,564)</u>	<u>(654,872)</u>
Amounts shown under non-current liabilities	<u>229,440</u>	<u>187,855</u>

All borrowings were denominated in RMB during both periods.

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

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Effective interest rates	<u>3% – 18%</u>	<u>3% – 18%</u>

Notes:

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

	Carrying amounts of assets pledged of		
	Bank borrowings	Other borrowings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>Note (i)</i>	<i>HK\$'000</i>
At 30 September 2022 (unaudited)			
Property, plant and equipment	<u>175,937</u>	<u>68,785</u>	<u>244,722</u>
At 31 March 2022 (audited)			
Property, plant and equipment	<u>200,358</u>	<u>75,350</u>	<u>275,708</u>

- (i) As at 30 September 2022, hotel rooms of HK\$68,785,000 (31 March 2022: HK\$75,350,000) are pledged as security for one of the Group's other borrowings of HK\$127,738,000 (31 March 2022: HK\$143,101,000) at a fixed rate of 6.5% per annum.
- (b) As at 30 September 2022, the Group's unsecured other borrowings represent:
- (i) Unsecured borrowings of HK\$7,590,000 (31 March 2022: HK\$8,503,000) provided by independent third parties with interest at a fixed rate of 18% per annum;
- (ii) Unsecured borrowings of HK\$23,944,000 (31 March 2022: HK\$23,944,000) provided by related party of non-controlling owner of the Company's subsidiary with interest at a fixed rate of 3% per annum; and
- (iii) Unsecured borrowings of HK\$387,494,000 (31 March 2022: HK\$434,099,000) provided by 廣西正和實業集團有限公司 (Guangxi Zhenghe Industrial Co., Ltd*), the former related party of 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited*) ("Liuzhou Zhenghe") with interest at a fixed rate of 12% per annum.

* *The English name is for identification purpose only*

17. CONTRACT LIABILITIES

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion are received on or before the date of delivery of the properties to customers which is recorded as contract liabilities.

	30 September 2022 <i>HK\$'000</i> (unaudited)	31 March 2022 <i>HK\$'000</i> (audited)
Contract liabilities arising from property development business	<u>775,141</u>	<u>865,629</u>
		<i>HK\$'000</i>
At 1 April 2022		865,629
Revenue recognised for the balances included in the contract liabilities at the beginning of the period		(115)
Increase for the cash received for the balances where revenue is not yet recognised during the period		2,678
Exchange adjustments		<u>(93,051)</u>
At 30 September 2022		<u>775,141</u>

As at 30 September 2022, the amount of sales deposits received expected to be recognised as revenue after one year is nil (31 March 2022: Nil).

18. COMMITMENTS

	30 September 2022 <i>HK\$'000</i> (unaudited)	31 March 2022 <i>HK\$'000</i> (audited)
Commitments contracted for acquisition of property, plant and equipment	<u>45,312</u>	<u>52,079</u>

19. CONTINGENT LIABILITIES

	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	<u>755,498</u>	<u>517,488</u>

Note:

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

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

20. EVENTS AFTER THE REPORTING PERIOD

There are no significant subsequent events occurring after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall results

Key performance indicator (Financial Ratio)

		Six months ended	
		30 September	
	Notes	2022	2021
Revenue (HK\$'000)		87,203	259,170
Gross profit margin (%)	(i)	4.07%	15.79%
Loss for the period (HK\$'000)		(1,216)	(9,714)
Loss per share (HK cents)		<u>(0.05)</u>	<u>(0.03)</u>
		30 September	31 March
		2022	2022
Net asset value per share (HK cents)	(ii)	<u>3.43</u>	<u>3.54</u>

Notes:

- (i) Gross profit margin is calculated as gross profit divided by revenue and multiplying the resulting value by 100%.
- (ii) Net asset value per share is calculated based on the number of 20,319,072,320 ordinary shares issued as at 30 September 2022 (31 March 2022: 20,319,072,320 ordinary shares).

For the reporting period, the Group recorded a revenue of approximately HK\$87,203,000, representing a significant drop when compared with the same period in 2021. The significant drop is mainly due to few revenue generated by the Group's major property development segment in 正和城 ("Zhenghe City") of 柳州正和樺桂置業集團有限公司 (Liuzhou Zhenghe Huagui Real Estate Group Company Limited*) ("Liuzhou Zhenghe"). No buildings were completed and delivered to the customers under the overall unfavourable business environment of the real estate industry in PRC and the repeated outbreak of the novel coronavirus epidemic for the six months ended 30 September 2022.

The turnover for the reporting period generated from the property development business was HK\$33,627,000 (2021: HK\$254,505,000), contact lens business was HK\$26,376,000 (2021: HK\$232,000) and the leasing and trading of computer equipment business was HK\$27,200,000 (2021: Nil). It is expected that the contact lens business and leasing and trading of computer equipment business will contribute stable income stream for the Group in the future.

An overall gross profit of approximately HK\$3,551,000 (2021: HK\$40,913,000) and gross profit margin of 4.07% (2021: 15.79%) were recorded for the reporting period. Decrease in gross profit margin recorded in current year was mainly due to low gross profit margin in contact lens segment which drove down the overall gross profit margin. The 5 production lines in contact lens segment were not fully utilized which led to relatively high production costs and thus low gross profit margin.

The Group continued to incur losses of approximately HK\$1,216,000 for the reporting period (2021: HK\$9,714,000). The basic and diluted loss per share was approximately HK\$0.05 cents for the reporting period (2021: HK\$0.03 cents).

Review of operations and prospect

International Business Settlement

During the reporting period, in view of the continuing military conflict between Russia and Ukraine, the global political environment against the development of China-related enterprises and the social distancing control as a result of the COVID-19 pandemic, there was minimal progress in the development of our settlement platform. Besides, there was minimal progress in the cross-border settlement system in connection to the Central Bank Digital Currency proposed by the PRC government. No additional investment were made in the reporting period for these two projects.

The Group acknowledges that the development of alternative settlement channels continues to be challenging. Despite the challenges and difficulties facing the Group, we will continue to work through the challenges.

No revenue generated from this segment for the reporting period after the deconsolidation of International Business Settlement Limited (the “IBS HK”), a wholly-owned subsidiary engaged in the settlement business through an electronic money institution license (“EMI license”) in Lithuania, in previously financial year (2021: Revenue generated from EMI license business was HK\$4,412,000). Total loss incurred for the reporting period was HK\$4,078,000 (2021: HK\$7,899,000). The major expenses of this segment are rental expenses and staff costs.

In relation to the winding up petition against IBS HK, the liquidator is working on the case. The Company will monitor the latest development and make proper disclosure.

Liuzhou Zhenghe (property development and hotel business segment)

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

Zhenghe City comprises two phases with Phase I providing a stack of residential and commercial properties with gross floor area of approximately 485,000 square meters. Phase II will provide another stack of residential and commercial properties with a total gross floor area of approximately 513,000 square meters. Both Phase I and Phase II have commenced construction and are under development. The Group owned 100% interest in properties held for development and properties held for sale in both Phase I and Phase II.

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

	Site area	Approximate gross floor area	Saleable area remaining unsold (Note 2)	Completed area of properties held for self-operating/ own use
	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Phase I:				
Zone A	76,000	97,000	12,000	–
Zone B	94,000	130,000	10,000	–
Zone C	61,000	258,000	115,000	–
	<u>231,000</u>	<u>485,000</u>	<u>137,000</u>	<u>–</u>
Phase II:				
Zone D	71,000	191,000	44,000	–
Zone E	30,000	140,000	80,000	31,000
Zone F	41,000	182,000	111,000	–
	<u>142,000</u>	<u>513,000</u>	<u>235,000</u>	<u>31,000</u>
Total:	<u><u>373,000</u></u>	<u><u>998,000</u></u>	<u><u>372,000</u></u>	<u><u>31,000</u></u>

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

Note 2: Representing the gross floor area under development and saleable gross floor area of completed properties that were unsold as at 30 September 2022.

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

	Property type	Status
Phase I:		
Zone A	Villas and high-rise apartment buildings with retail outlets, farmers market and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Farmers market and car parking spaces attached with a total saleable area of approximately 12,000 square meters are held for sale.
Zone B	Villas and high-rise apartment buildings with retail outlets and car parking spaces	The construction works were completed and most of the residential units were sold in the past financial years. Remaining retail outlets and car parking spaces with a total saleable area of approximately 10,000 square meters are held for sale.
Zone C	Residential and commercial complexes and studio/office buildings with retail outlets and car parking spaces	<p>There are 7 blocks of residential and commercial complexes and 3 blocks of studio/office buildings in this zone.</p> <p>The construction works of 7 blocks of residential and commercial complexes and 2 of 3 blocks of studio/office buildings in this zone were completed and most of the units were sold in the past financial years.</p>

Property type

Status

The construction works of the remaining 1 block of studio/ office building is in progress. The pre-sale permits were granted and acceptance certificates of completion are expected to be granted in 2023. Car parking spaces with a total saleable area of approximately 69,000 square meters are held for sale.

Phase II:

Zone D1

Villas

The construction works of the villas were completed. 16 villas with a total saleable area of approximately 8,000 square meters were sold to the customers and revenue was recognised in the past financial years.

Zone D1

High-rise apartment buildings with retail outlets and car parking spaces

There are 5 blocks of high-rise apartment buildings in this zone.

The construction works of these 5 blocks of high-rise apartment buildings were completed and most of the units were sold in the past financial years.

Car parking spaces and few remaining retail shops with a total saleable area of approximately 44,000 square meters in this zone are held for sale.

Zone D2

Villas

The construction works of 36 villas are completed and were sold in the past financial years.

	Property type	Status
Zone E	Hotel and high-rise apartment buildings with retail outlets and car parking spaces	<p>The construction works of high-rise apartment buildings were completed and most of the units were sold in the past financial years. Retail outlets and car parking spaces attached to this apartment building with a saleable area of approximately 26,000 and 54,000 square meters respectively are held for sale.</p> <p>The construction works of the hotel building were completed and the pre-sale permit was granted. The acceptance certificate of completion is expected to be obtained in 2023. The Group plan to operate the hotel under franchising arrangement instead of holding for sale. Constructing area of approximately 31,000 square meters of the hotel building are included in property, plant, and equipment.</p>
Zone F	Residential and commercial complexes with retail outlets and car parking spaces	<p>There are 6 blocks of residential and commercial complexes in this zone.</p> <p>The construction works of 3 blocks of residential and commercial complexes were completed and most of the units together with the attached retail outlets were sold in the past financial years.</p> <p>The construction works of the remaining 3 blocks of residential and commercial complexes are in progress and pre-sale permits were granted. The acceptance certificates of completion are expected to be obtained in 2023.</p>

- (i) For property development segment in Liuzhou Zhenghe, an area of approximately 3,000 square meters (2021: 33,000 square meters) was sold and generated a segment revenue of approximately HK\$33,627,000 for the reporting period (2021: HK\$254,505,000). A segment loss of approximately HK\$4,464,000 was recorded for the reporting period (2021: segment profit of HK\$22,507,000). The significant drop in sales figures and segment loss recorded in the reporting period was mainly because no buildings were completed and delivered to the customers under the overall unfavourable business environment of the real estate industry in the PRC and the repeated outbreak of the novel coronavirus epidemic for the six months ended 30 September 2022. Given discrepancy between the construction and engineering drawings of 3 blocks of residential and commercial complexes in Zone F which were scheduled to be delivered to customers during the period, the changes in the design had to be submitted to the related authority for approval. Hence, there was delay in delivery of these 3 blocks buildings. It is expected that these buildings will be delivered to the customer by first half of 2023.

An external expert was engaged to help to assess the fair value of the properties development project as at 30 September 2022. For those properties which had completed the construction work and were held for sale, a market comparison method by making reference to comparable sales transactions as available in the relevant market was used. For those properties still under construction, the value was derived by using a market comparison method with the assumption that the construction works of the properties would have been completed at the date of valuation and have taken into account the construction costs expected and costs that will be expended to complete the development. No impairment loss is required for the period ended 30 September 2022 as the net realisable value is higher than carrying amount.

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

- (ii) The hotel business is located in Zone E1 of Zhenghe City with gross floor area of approximately 31,000 square meters. In 2018, the Group entered into a franchising agreement with a well-known international hotel franchisee to operate the hotel under the franchising requested standards. The construction works of the hotel building were completed but acceptance certificate of completion not yet obtained and no revenue will be generated until commencement of operation of the hotel. Based on the latest estimation, the commencement of operation of the hotel is expected to be in 2023.

Contact Lens Business

The construction of the production plant in Mawei District in Fuzhou was completed in 2021. With respect to the production, as of the end of the reporting period, 5 of the 7 production lines planned to be installed in Fujian Unicon had all been installed and commissioned. Due to the impact of the pandemic, 3 production lines have been put into operation and 2 production lines are still pending. The remaining 2 production lines with a total of 20 sets of equipment are scheduled to be in place by the second quarter of 2023, with the aim of completing commissioning by the middle of 2023. By that time, the full production capacity will reach approximately 21 million pieces per month.

In addition to the 5 medical device registration certificates previously obtained, the Company obtained 1 new medical device registration certificate, and completed 2 large diameter products filing during the reporting period. In addition, the Company is still applying for 1 medical device registration certificate, which is expected to be obtained by end of 2022.

The Company is still planning to apply for the medical device registration certificates for its silicone color film and porous silicone blue film, and schedules to commence the application procedures in 2023. With the further expansion of the Company's medical device registration certificates, the product categories and product technology advancement of the Company will be gradually upgraded and expanded, thereby enhancing the Company's competitiveness and achieving higher operating efficiency.

During the reporting period, the Company has obtained the "ISO13485 Medical Device Quality Management System" certification. Next, the Company plans to apply for the relevant qualifications of our products to gain a foothold in the Southeast Asian, European and U.S. markets. In 2023, the Company will step up the efforts of international market expansion.

During the reporting period, the Company has obtained 15 utility model patents. At present, the Company's research and development department is preparing technical data for 8 utility model patents and plans to submit applications in succession in coming years.

With the Medical Device Production Permit obtained, Fujian Unicon has commenced production of contact lenses since the end of 2021. During the reporting period, the segment recorded sales revenue of HK\$26,376,000 (2021: HK\$232,000). Currently, 17 brands and channels have established formal business relationship with the Company, and the relevant delivery of orders is in progress. With the delivery of orders, the quality and delivery efficiency of the Company's products have been highly recognized by our customers. In addition to the stable cooperation with existing customers, there are more than 10 potential customers under active negotiation.

In 2022, the overall consumer market performance declined significantly due to the impact of the pandemic. As a supplier of new consumer goods, the Company's order volume also declined correspondingly as a result of the pandemic. However, the Company believes that with the end of the pandemic in sight and the market recovery in 2023, the consumer market will witness a huge surge. After building a solid foundation in 2022, the Company's results of operations will show a rapid growth in 2023.

Leasing and trading of computer equipment

In view of the fast pace development of the virtual world and the ever increasing amount of data being generated online every minute of the day, the Board believes that the need for secured, encrypted and reliable cloud distributed storage space and the computer equipment is not only an important element of the infrastructure for the healthy development of the virtual world but will also increase sharply in the near future. A subsidiary engaged mainly in the business of leasing of data storage equipment to customers who provide virtual data storage space for end-users and trading of computer equipment was set up in January 2022.

In last financial year, the first phase of installing 40 sets of servers was completed and all 40 sets of servers were leased out to customer. During the reporting period, the installation work of the servers for the second phase has been completed. 960 sets of servers in total has been set up in Hong Kong and all were leased out to customer.

The leasing fees payable to the Group consist of fixed rent and variable rent components. The fixed monthly rental income generated from server was ranged from HK\$10,000 to HK\$20,000 each and the variable rent is calculated with reference to the average market price of Filecoin quoted on different cryptocurrency exchanges with specific formula.

For the reporting period ended 30 September 2022, the revenue generated from leasing of data storage equipment was approximately HK\$27,200,000 (2021: Nil) and the segment profit for the period was HK\$2,007,000 (2021: Nil). The major expenses of this segment are data site rental expenses and depreciation charges for server equipment incurred.

The Group considers that the leasing of the data storage equipment fit into the Group's business strategy and generate stable revenue stream for the Group in the long run. Going forward, the Group plans to utilize the rental received from the customer to conduct trading activities of computer equipment to maximize the return for the shareholders of the Company.

Financing Business

In respect of the loan receivables from financing leasing business of the Group, in last financial year, the Group prudently made full impairment provision on the long overdue loan receivables in view of inactive response from the borrower and no promising future repayment schedule can be reached. Although the loan receivables was secured by a plantation in Shanghai, the Group does not have the expertise in running and operating the plantation, the Company does not take possession of the plantation. We have approached certain asset management company to see whether they can help to recover our loans by realizing the collaterals. However, as the plantation is in Shanghai which was lockdown intermittently during the reporting period and the cost to realize the collaterals is difficult to estimate, the response is not positive.

To safeguard the interest of the Group, we arrange staff to visit the plantation site regularly and performed stock take of the collaterals to make sure the collaterals are in good condition. We will continue to monitor the situation and try any possible actions to recover the loan.

No new loan has been lent during the reporting period. In view of the uncertain macro-economic environment in the PRC, the Group adopted a prudent and careful strategy to operate its financing business in the future.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposal of subsidiaries and associated companies during the reporting period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

For the six months ended 30 September 2022, the Group did not hold any significant investment and has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset as at reporting date. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

EVENTS AFTER REPORTING PERIOD

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

FINANCIAL REVIEW

Finance position, liquidity and gearing

As at 30 September 2022, the total assets and liabilities of the Group were at approximately HK\$2,938,152,000 (31 March 2022: HK\$3,159,851,000) and approximately HK\$2,241,784,000 (31 March 2022: HK\$2,439,782,000) respectively. The Group recorded a total equity of approximately HK\$696,368,000 as at 30 September 2022 (31 March 2022: HK\$720,069,000).

The Group recorded net current liabilities of approximately HK\$26,940,000 as at 30 September 2022 (31 March 2022: Net current assets of approximately HK\$130,520,000). The bank balances and cash as at 30 September 2022 was approximately HK\$288,584,000 (31 March 2022: HK\$522,507,000), of which most were denominated in US dollars, Hong Kong dollars and Renminbi.

The Group's current ratio (defined as current assets divided by current liabilities) was 0.99 (31 March 2022: 1.06).

As at 30 September 2022, the Group had total borrowing amounting to approximately HK\$863,760,000 (31 March 2022: HK\$929,464,000) which were denominated in Renminbi. 73 % (31 March 2022: 80%) of borrowings are due within one year, 13% (31 March 2022: 12%) of borrowings are due more than one year but not exceeding two years, and 14% (31 March 2022: 8%) of borrowings are due more than two years but not exceeding five years. The breakdowns are as follows:

- (i) Secured bank borrowings amounting to approximately HK\$239,238,000 (31 March 2022: HK\$233,080,000) with floating interest rate; and secured other borrowings amounting to approximately HK\$127,738,000 (31 March 2022: HK\$143,101,000) with fixed interest rate of 6.5%;
- (ii) Unsecured other borrowings amounted to approximately HK\$419,028,000 (31 March 2022: HK\$466,546,000) with fixed interest rate ranges from 3% to 18%;
- (iii) Interest free loan due to non-controlling interests and ultimate holding company amounting to approximately HK\$54,113,000 (31 March 2022: HK\$60,446,000) and approximately HK\$1,643,000 (31 March 2022: HK\$1,645,000) respectively; and
- (iv) Interest bearing loan from non-controlling interests amounting to approximately HK\$22,000,000 (31 March 2022: HK\$24,646,000) with floating interest rate.

As at 30 September 2022, committed borrowing facilities available to the Group but not drawn amounted to approximately HK\$28,912,000 (31 March 2022: HK\$111,964,000).

The gearing ratio, as a ratio of total borrowings to total equity, as at 30 September 2022 was 1.24 (31 March 2022: 1.29).

Financial resources

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

Capital structure

As at 30 September 2022, the total issued share capital of the Company was HK\$20,319,072 which is divided into 20,319,072,320 shares of ordinary shares of the Company.

Charges on assets

As at 30 September 2022, certain property, plant and equipment with carrying amount of approximately HK\$244,722,000 (31 March 2022: HK\$275,708,000), were pledged to secure certain bank and other borrowings granted to the Group.

Contingent liabilities

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is any default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchaser to banks, the Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of granting the relevant mortgage loans and ends after the buyer obtains the individual property ownership certificate. As at 30 September 2022, the guarantee given to banks for the above-mentioned mortgage facilities amounted to approximately HK\$755,498,000 (31 March 2022: HK\$517,488,000).

Foreign exchange exposure

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

INTERIM DIVIDEND

The Board has resolved not to declare any dividend for period ended 30 September 2022 (2021: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2022, the Group had approximately 190 employees (2021: 210). The employees' salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include performance bonus, medical insurance, mandatory provident fund scheme, local municipal government retirement scheme and education subsidy to encourage continuous professional development of staff.

MODEL CODE FOR DIRECTOR'S DEALING IN SECURITIES

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

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

- (b) Code provision F.2.2 (formerly code provision E.1.2) stipulates that the Chairman should attend the annual general meeting. The Company does not at present have any officer with the title Chairman. However, one of the Directors presents at the annual general meeting held on 24 August 2022 was elected as chairman thereof to ensure an effective communication with the shareholders thereat.
- (c) Code provision C.6.3 (formerly code provision F.1.3) stipulates that the company secretary should report to the Chairman and/or the CEO. As the Company did not officially appoint a Chairman or a CEO, the company secretary reported to the executive Directors during the period.

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

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprised of three independent non-executive Directors, namely, Mr. Yap Yung (the chairman), Ms. Chen Lanran and Mr. Wong Kin Ping, all of whom possess extensive experience in financial and general management. The primary duties of the Audit Committee are to manage the relationship between the Company and its external auditor and monitor the audit scope and the process, to review and supervise the financial reporting process, internal control system and risk management and to provide advice and comments to the Board.

The Group's unaudited interim financial information for the six months ended 30 September 2022 has been reviewed by the Audit Committee. Based on this review and discussions with the management, the Audit Committee was satisfied that the unaudited interim financial information of the Group was prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the current reporting period with adequate disclosures.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

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

Hong Kong, 28 November 2022

* *The English name is for identification purpose only*

As at the date hereof, the Board comprises Mr. Yuen Leong and Mr. Chan Siu Tat as executive Directors; Mr. Liu Yu as non-executive director; and Mr. Yap Yung, Ms. Chen Lanran and Mr. Wong Kin Ping as independent non-executive Directors.