



*Far East Hotels and Entertainment Limited*

Stock Code : 37

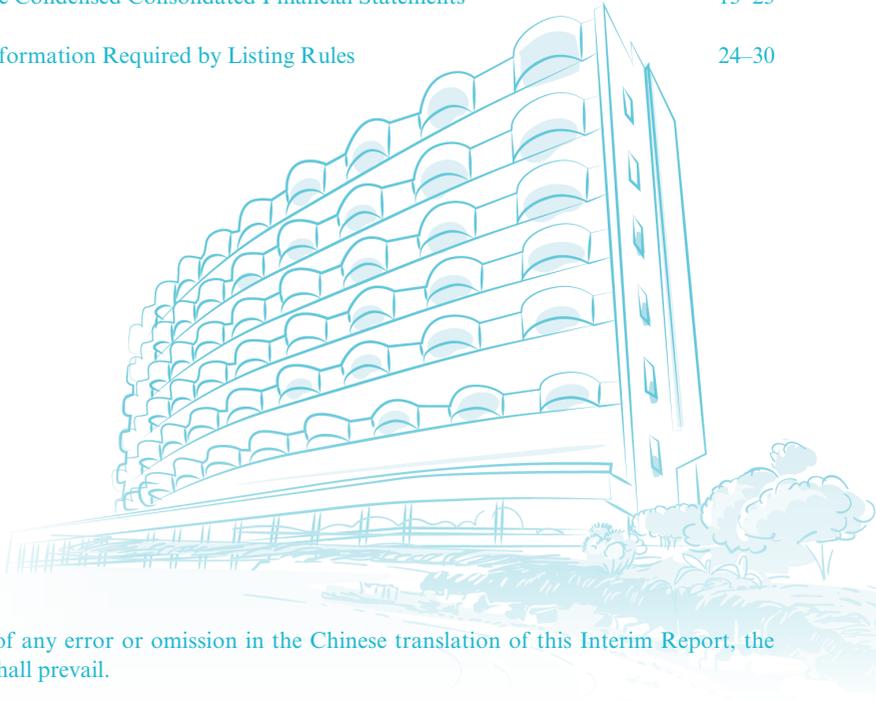


2022  
*Interim Report*



# CONTENTS

	<i>Page(s)</i>
Corporate Information	2
Managing Director and Chief Executive's Statement	3–7
Interim Financial Information	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9–10
Condensed Consolidated Statement of Changes in Equity	11
Condensed Consolidated Statement of Cash Flows	12
Notes to the Condensed Consolidated Financial Statements	13–23
Additional Information Required by Listing Rules	24–30



In the event of any error or omission in the Chinese translation of this Interim Report, the English text shall prevail.

# CORPORATE INFORMATION

## Place of Incorporation

Hong Kong

## Board of Directors

### *Executive Directors*

Derek Chiu, B.Sc.

*(Managing Director and Chief Executive)*

Amanda Chiu, B.A.

### *Non-executive Directors*

Chiu Ju Ching Lan, J.P.

Alex Chiu, B.Sc.

### *Independent Non-executive Directors*

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

## Company Secretary

Cheng Lucy

## Solicitors

Woo Kwan Lee & Lo

## Independent Auditor

Deloitte Touche Tohmatsu

*Registered Public Interest Entity Auditors*

Hong Kong

## Authorised Representatives

Derek Chiu, B.Sc.

Cheng Lucy

## Audit Committee

Ng Wing Hang Patrick (*Chairman*)

Ip Shing Hing, J.P.

Choy Wai Shek Raymond, MH, J.P.

## Remuneration Committee

Choy Wai Shek Raymond, MH, J.P. (*Chairman*)

Ip Shing Hing, J.P.

Ng Wing Hang Patrick

Derek Chiu, B.Sc.

## Nomination Committee

Ip Shing Hing, J.P. (*Chairman*)

Ng Wing Hang Patrick

Choy Wai Shek Raymond, MH, J.P.

Derek Chiu, B.Sc.

## Principal Bankers

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Public Bank (Hong Kong) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

## Registered and Principal Office

Suite 1902, 19th Floor

The Sun's Group Centre

200 Gloucester Road

Wanchai, Hong Kong

## Share Registrar

Tricor Standard Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

## Place of Listing

The Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited

## Stock Code

00037

## Website

[www.tricor.com.hk/web/service/00037](http://www.tricor.com.hk/web/service/00037)

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## OVERALL RESULTS

For the six months ended 30 September 2022, Far East Hotels and Entertainment Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded an unaudited consolidated profit attributable to owners of the Company of HK\$19,919,683 (30 September 2021: HK\$15,806,412).

## INTERIM DIVIDEND

The board of directors of the Company (the “Directors” and the “Board”, respectively) has resolved not to declare any interim dividend in respect of the six months ended 30 September 2022 (30 September 2021: Nil).

## REVIEW OF OPERATIONS AND PROSPECTS

For the six months ended 30 September 2022, the Group recorded a total revenue of approximately HK\$19.9 million (30 September 2021: HK\$26.6 million) and gross profit of approximately HK\$5.0 million (30 September 2021: HK\$10.4 million), representing a drop in revenue of approximately 25.2% and a significant drop in gross profit of approximately 51.9%, respectively. The profit for the period attributable to the owners of the Company amounted to approximately HK\$19.9 million (30 September 2021: HK\$15.8 million).

The Group has recorded an increase of approximately HK\$36.5 million in fair values of investment properties located in Hong Kong during the six months ended 30 September 2022 (30 September 2021: HK\$31.9 million). In an effort to reduce the risk of dispossession, the Group continued to take recovery action against the trespassers or by entering into rental agreements with certain occupiers who had been unlawfully occupying certain portions of agricultural land in previous years.

For the period under review, the total revenue of the Cheung Chau Warwick Hotel was approximately HK\$12.3 million (30 September 2021: HK\$12.6 million) with a segment profit of approximately HK\$3.2 million (30 September 2021: HK\$2.9 million). The decrease in revenue of both the rooms department and food and beverage department was mainly due to the renovation work carried out from July to August 2022.

For the period under review, the Group's serviced property in Beijing, the People's Republic of China recorded a total revenue of approximately HK\$6.9 million (30 September 2021: HK\$13.5 million) with a loss of approximately HK\$5.8 million (30 September 2021: HK\$5.6 million). The significant drop in revenue of approximately 48.9% was mainly due to a decrease in rental income from operating lease after derecognition of leased properties under subleases from investment properties in December 2021 and May 2022, and finance lease receivables were recognised at corresponding lease commencement dates.

## MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

For securities investment and trading, the Group recorded a loss of approximately HK\$6.3 million (30 September 2021: HK\$6.2 million), which included a decrease of approximately HK\$7.8 million (30 September 2021: HK\$6.8 million) in fair value of financial assets at fair value through profit or loss ("FVTPL"). The Group will continue to monitor the investment portfolio and balance investment risks from time to time to cope with the market conditions.

On 25 January 2022, Lai Chi Kok Amusement Park Company, Limited ("LCKAP"), a wholly-owned subsidiary of the Company and Cornhill Enterprises Limited (a related company controlled by Mr. Derek Chiu and his family which holds certain portions of the application site on trust for LCKAP) (as the applicants), have submitted an application (the "Application") under section 16 of the Town Planning Ordinance (Chapter 131 of the laws of Hong Kong) to the Town Planning Board (the "TPB") to seek approval for the proposed comprehensive development of various lots in Survey District No. 4 and the adjoining Government Land at Kau Wa Keng, Kwai Chung, New Territories which is designated as Comprehensive Development Area zone under the Draft Kwai Chung Outline Zoning Plan No. S/KC/29. For details of the Application, please refer to the announcement of the Company dated 26 January 2022 and the summary of the Application with further information published on the website of the TPB.

The uncertainties surrounding the ongoing pandemic, geopolitical tensions and travel restrictions will continue to affect our business in the years ahead. Nevertheless, the Group will continue to navigate through challenging market and take this opportunity to improve the service quality and strengthen operational efficiency. The Group will look for appropriate investment opportunities.

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## USE OF PROCEEDS FROM PLACING

The net proceeds from the placing of shares under general mandate in March 2021 (the "Placing") after deducting the placing commission and other related expenses and professional fees, was amounted to approximately HK\$12.7 million. Net proceeds from the Placing were intended to be used for general working capital for the Group. For details of the Placing, please refer to the announcements of the Company dated 1 March 2021 and 22 March 2021. The net proceeds were fully used as the Group's general working capital as at 30 September 2022. The table below sets out the proposed application and the actual usage of the net proceeds from the Placing as at 30 September 2022 as follows:

	<b>Planned use of net proceeds (HK\$)</b>	<b>Unused net proceeds as at 1 April 2022 (HK\$)</b>	<b>Actual use of the net proceeds during the six months ended 30 September 2022 (HK\$)</b>	<b>Unused net proceeds as at 30 September 2022 (HK\$)</b>
General working capital	<u>12.7 million</u>	<u>2.5 million</u>	<u>2.5 million</u>	<u>–</u>

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had approximately 70 employees (31 March 2022: 70). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees. The Company adopted a new share option scheme (the "New Scheme") on 2 September 2016 as an incentive to the Directors and other eligible participants. The Group also provides and arranges on-the-job training for the employees.

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 30 September 2022, the Group's financial assets at FVTPL, with market value of approximately HK\$19.5 million (31 March 2022: approximately HK\$22.6 million), mainly represented investment portfolio of 19 equity securities listed in Hong Kong and 1 equity security listed in Singapore (31 March 2022: 20 equity securities listed in Hong Kong and 1 equity security listed in Singapore). The Board considers that the investments with market value as at 30 September 2022 accounting for more than 5% of the Group's total assets as at 30 September 2022 as significant investments. As at 30 September 2022, none of each investment represents 5% or more of the Group's total assets.

Save as the above, during the six months ended 30 September 2022, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group had bank balances and cash of HK\$31,207,100 (31 March 2022: HK\$22,703,497) and no bank deposits with original maturity more than three months (31 March 2022: HK\$6,169,031), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 30 September 2022, the Group had outstanding bank loans facilities of HK\$15,023,700 (31 March 2022: HK\$16,414,423). All outstanding bank loans were denominated in Hong Kong dollars with interest at prevailing market rates, details of which are set out in note 12 to the condensed consolidated financial statements.

As at 30 September 2022, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

Shareholders' funds as at 30 September 2022 amounted to approximately HK\$396.9 million (31 March 2022: HK\$382.8 million). Accordingly, the Group's gearing ratio (total bank borrowings to shareholders' funds) as at 30 September 2022 was approximately 3.8% (31 March 2022: 4.3%).

# MANAGING DIRECTOR AND CHIEF EXECUTIVE'S STATEMENT

## CHARGES OVER ASSETS OF THE GROUP

As at 30 September 2022, certain property, plant and equipment and right-of-use assets with an aggregate carrying value of approximately HK\$28.4 million (31 March 2022: approximately HK\$29.4 million) are secured for the Group's bank borrowings.

## CONTINGENT LIABILITIES

As at 30 September 2022, the Company had issued financial guarantees of HK\$15,000,000 (31 March 2022: HK\$15,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK\$12,180,533 (31 March 2022: HK\$12,180,533) had been utilised by its subsidiaries.

## CAPITAL COMMITMENTS

As at 30 September 2022, the Group had capital commitments of HK\$275,813 (31 March 2022: HK\$275,813).

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2022, the Group did not have other plans for material investments and capital assets.

## EVENTS AFTER THE REPORTING DATE

The Group has no material event subsequent to the six months ended 30 September 2022 and up to the date of this report.

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 (unaudited) HK\$	2021 (unaudited) HK\$
Revenue	3	19,884,178	26,599,543
Cost of sales		(14,867,053)	(16,189,943)
Gross profit		5,017,125	10,409,600
Other income, gains or losses	5	(4,727,686)	(6,128,172)
Net increase in fair values of investment properties		32,056,748	19,168,366
Selling expenses		(711,922)	(593,074)
Administrative expenses		(10,609,845)	(8,364,101)
Finance costs	6	(484,754)	(669,281)
Share of results of associates		286,273	278,793
Profit before tax	4	20,825,939	14,102,131
Income tax (expense) credit	7	(906,256)	1,704,281
<b>Profit for the period attributable to owners of the Company</b>		<b>19,919,683</b>	<b>15,806,412</b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(7,780,411)	208,459
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>12,139,272</b>	<b>16,014,871</b>
<b>EARNINGS PER SHARE</b>			
Basic	8	2.67 cents	2.16 cents
Diluted		2.48 cents	2.16 cents

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
<b>Non-current assets</b>			
Property, plant and equipment		28,709,662	29,845,335
Right-of-use assets		3,495,034	3,124,905
Deposits for capital expenditure		304,445	334,958
Investment properties		312,560,482	322,382,611
Interests in associates		933,989	647,716
Finance lease receivables		15,809,127	6,923,075
Paintings		4,371,660	4,423,846
		<u>366,184,399</u>	<u>367,682,446</u>
<b>Current assets</b>			
Financial assets at FVTPL		19,492,271	22,612,546
Inventories		335,639	284,072
Finance lease receivables		15,895,508	5,508,059
Trade receivables	10	885,974	1,423,630
Other receivables, deposits and prepayment		1,995,493	2,011,898
Bank deposits		–	6,169,031
Demand deposits held with security broker companies		1,805,779	4,964,817
Bank balances and cash		31,207,100	22,703,497
		<u>71,617,764</u>	<u>65,677,550</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2022

	Notes	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
<b>Current liabilities</b>			
Trade and other payables and accruals	11	6,087,828	9,816,603
Contract liabilities		195,531	295,864
Rental deposits received		72,000	104,400
Amount due to an associate		531,381	318,381
Amounts due to related companies		670,001	671,051
Bank borrowings	12	15,023,700	14,982,707
Lease liabilities		5,745,291	6,761,074
Tax payable		1,569,507	2,201,144
		<u>29,895,239</u>	<u>35,151,224</u>
<b>Net current assets</b>		<u>41,722,525</u>	<u>30,526,326</u>
<b>Total assets less current liabilities</b>		<u>407,906,924</u>	<u>398,208,772</u>
<b>Capital and reserves</b>			
Share capital	13	327,866,573	325,964,479
Reserves		69,004,513	56,865,241
		<u>396,871,086</u>	<u>382,829,720</u>
<b>Non-current liabilities</b>			
Deferred taxation		4,523,879	4,084,173
Provision for long service payments		627,173	717,884
Bank borrowings	12	–	1,431,716
Lease liabilities		5,884,786	9,145,279
		<u>11,035,838</u>	<u>15,379,052</u>
		<u>407,906,924</u>	<u>398,208,772</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$	Share option reserve HK\$	Statutory reserve HK\$	Translation reserve HK\$	(Accumulated losses)/ retained earnings HK\$	Total HK\$
At 1 April 2021 (audited)	325,837,279	11,802,252	–	(3,650,696)	(8,623,840)	325,364,995
Profit for the period	–	–	–	–	15,806,412	15,806,412
Exchange differences arising on translation of foreign operations	–	–	–	208,459	–	208,459
Total comprehensive income for the period	–	–	–	208,459	15,806,412	16,014,871
Share-based payment	–	1,097,592	–	–	–	1,097,592
At 30 September 2021 (unaudited)	<u>325,837,279</u>	<u>12,899,844</u>	<u>–</u>	<u>(3,442,237)</u>	<u>7,182,572</u>	<u>342,477,458</u>
At 1 April 2022 (audited)	325,964,479	12,851,504	363,763	(1,393,007)	45,042,981	382,829,720
Profit for the period	–	–	–	–	19,919,683	19,919,683
Exchange differences arising on translation of foreign operations	–	–	–	(7,780,411)	–	(7,780,411)
Total comprehensive income for the period	–	–	–	(7,780,411)	19,919,683	12,139,272
Shares issued upon exercise of share options	1,902,094	(852,580)	–	–	852,580	1,902,094
At 30 September 2022 (unaudited)	<u>327,866,573</u>	<u>11,998,924</u>	<u>363,763</u>	<u>(9,173,418)</u>	<u>65,815,244</u>	<u>396,871,086</u>

# INTERIM FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 (unaudited) HK\$	2021 (unaudited) HK\$
<b>Net cash generated from (used in) operating activities</b>	<b>4,531,811</b>	<b>(12,600,999)</b>
<b>Investing activities</b>		
Interest received	58,649	115,377
Addition of investment properties	–	(3,413,772)
Addition of property, plant and equipment	(324,463)	(78,377)
Withdrawal of bank deposits	5,528,527	15,613,740
<b>Net cash generated from investing activities</b>	<b>5,262,713</b>	<b>12,236,968</b>
<b>Financing activities</b>		
Proceeds from shares issued upon exercise of share options	1,902,094	–
Repayment of bank borrowings	(1,390,723)	(1,351,020)
Interest paid	(484,754)	(669,281)
Repayment of lease liabilities	(2,910,977)	(4,162,572)
Advances from an associate	213,000	215,000
Repayment to related companies	(1,050)	(1,250)
<b>Net cash used in financing activities</b>	<b>(2,672,410)</b>	<b>(5,969,123)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,122,114</b>	<b>(6,333,154)</b>
<b>Cash and cash equivalents brought forward</b>	<b>27,668,314</b>	<b>32,243,988</b>
<b>Effect of foreign exchange rate changes</b>	<b>(1,777,549)</b>	<b>(185,771)</b>
<b>Cash and cash equivalents carried forward</b>	<b>33,012,879</b>	<b>25,725,063</b>
<b>Represented by:</b>		
Bank balances and cash	31,207,100	23,905,050
Demand deposits held with security broker companies	1,805,779	1,820,013
	<b>33,012,879</b>	<b>25,725,063</b>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively) and should be read in conjunction with the annual financial statements for the year ended 31 March 2022.

The financial information relating to the year ended 31 March 2022 that is included in the Interim Report 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2022 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor has reported on those financial statements. The independent auditor’s report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022, except for those due to the application of amendments to HKFRSs issued by the HKICPA.

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2022:

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

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

1. Hotel operation in Hong Kong
2. Serviced property letting in the Mainland China
3. Property investment in Hong Kong
4. Property investment overseas
5. Securities investment and trading

INTERIM FINANCIAL INFORMATION  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3. REVENUE AND SEGMENT INFORMATION (Continued)**

**Disaggregation of revenue from contracts with customers**

Segments	Six months ended 30 September 2022 (unaudited)		
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	Total HK\$
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	8,908,276	–	8,908,276
– Food and beverages	3,441,342	–	3,441,342
Property management services	–	2,883,179	2,883,179
<b>Total</b>	<b>12,349,618</b>	<b>2,883,179</b>	<b>15,232,797</b>
<b>Geographical markets</b>			
Hong Kong	12,349,618	–	12,349,618
Mainland China	–	2,883,179	2,883,179
<b>Total</b>	<b>12,349,618</b>	<b>2,883,179</b>	<b>15,232,797</b>
<b>Timing of revenue recognition</b>			
A point in time	3,441,342	–	3,441,342
Over time	8,908,276	2,883,179	11,791,455
<b>Total</b>	<b>12,349,618</b>	<b>2,883,179</b>	<b>15,232,797</b>

INTERIM FINANCIAL INFORMATION  
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segments	Six months ended 30 September 2021 (unaudited)		Total HK\$
	Hotel operation in Hong Kong HK\$	Serviced property letting in the Mainland China HK\$	
<b>Types of goods or services</b>			
Hotel operation			
– Hotel rooms revenue	9,092,886	–	9,092,886
– Food and beverages	3,518,586	–	3,518,586
Property management services	–	489,487	489,487
<b>Total</b>	<b>12,611,472</b>	<b>489,487</b>	<b>13,100,959</b>
<b>Geographical markets</b>			
Hong Kong	12,611,472	–	12,611,472
Mainland China	–	489,487	489,487
<b>Total</b>	<b>12,611,472</b>	<b>489,487</b>	<b>13,100,959</b>
<b>Timing of revenue recognition</b>			
A point in time	3,518,586	–	3,518,586
Over time	9,092,886	489,487	9,582,373
<b>Total</b>	<b>12,611,472</b>	<b>489,487</b>	<b>13,100,959</b>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Hotel operation in Hong Kong HK\$	Served property letting in the Mainland China HK\$	Property investment in Hong Kong HK\$	Property investment overseas HK\$	Securities investment and trading HK\$	Total HK\$
<b>Six months ended</b>						
<b>30 September 2022</b>						
<b>(unaudited)</b>						
Revenue	12,349,618	6,891,425	449,256	193,879	–	19,884,178
Segment profit (loss)	3,194,842	(5,845,159)	35,254,506	105,281	(6,332,893)	26,376,577
Unallocated other income, gains and losses						194,422
Unallocated expenses						(5,831,015)
Unallocated finance costs						(200,318)
Share of results of associates						286,273
Profit before tax						20,825,939
<b>Six months ended</b>						
<b>30 September 2021</b>						
<b>(unaudited)</b>						
Revenue	12,611,472	13,538,392	449,679	–	–	26,599,543
Segment profit (loss)	2,883,307	(5,594,415)	29,848,896	(30,375)	(6,243,535)	20,863,878
Unallocated gains or losses						34
Unallocated expenses						(6,805,861)
Unallocated finance costs						(234,713)
Share of results of associates						278,793
Profit before tax						14,102,131

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from external customers by geographical location is analysed below:

	Six months ended 30 September	
	2022 (unaudited) HK\$	2021 (unaudited) HK\$
Hong Kong	12,798,874	13,061,151
Mainland China	6,891,425	13,538,392
Overseas	193,879	–
	<u>19,884,178</u>	<u>26,599,543</u>

### 4. PROFIT BEFORE TAX

	Six months ended 30 September	
	2022 (unaudited) HK\$	2021 (unaudited) HK\$
Profit before tax has been arrived at after charging:		
Auditor's remuneration	655,000	590,000
Cost of inventories recognised as an expense	1,794,534	1,865,180
Depreciation of property, plant and equipment	1,333,552	1,425,314
Depreciation of right-of-use assets	786,948	797,515
Directors' remuneration and other staff costs:		
– Salaries and other allowances	7,794,333	7,637,690
– Retirement benefit schemes contributions	534,086	562,008
– Share-based payment expenses	–	1,097,592
	<u>8,328,419</u>	<u>9,297,290</u>

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. OTHER INCOME, GAINS OR LOSSES

	Six months ended 30 September	
	2022 (unaudited) HK\$	2021 (unaudited) HK\$
Government subsidies	678,400	–
Dividend income from financial assets at FVTPL	1,435,710	550,088
Change in fair value of financial assets at FVTPL	(7,768,653)	(6,793,637)
Bank interest income	58,650	115,377
Finance lease interest income	878,020	–
Loss on disposal of property, plant and equipment	(9,813)	–
	<b>(4,727,686)</b>	<b>(6,128,172)</b>

### 6. FINANCE COSTS

	Six months ended 30 September	
	2022 (unaudited) HK\$	2021 (unaudited) HK\$
Interests on borrowings	183,441	189,816
Interests on lease liabilities	301,313	479,465
	<b>484,754</b>	<b>669,281</b>

### 7. INCOME TAX (EXPENSE) CREDIT

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the Mainland China subsidiary is 25% for both periods.

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 20%.

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the profit for the six months ended 30 September 2022 of HK\$19,919,683 (30 September 2021: HK\$15,806,412) and the number of shares as calculated below:

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	746,524,755	732,852,810
Effect of dilutive potential ordinary shares – share options	<u>38,850,401</u>	<u>250,223</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>785,375,156</u></u>	<u><u>733,103,033</u></u>

The computation of the diluted earnings per share for the six months ended 30 September 2022 and 2021 was calculated by adjusting the weighted average number of ordinary shares to assuming conversion of all dilutive potential ordinary shares.

### 9. DIVIDEND

The Board has resolved not to declare the payment of any interim dividend in respect of the six months ended 30 September 2022 (30 September 2021: Nil).

### 10. TRADE RECEIVABLES

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
	Trade receivables	
– contracts with customers	132,331	696,819
– leases	<u>753,643</u>	<u>726,811</u>
	<u><u>885,974</u></u>	<u><u>1,423,630</u></u>

## INTERIM FINANCIAL INFORMATION

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 10. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period which approximate the respective date of rendering of services.

	<b>30 September 2022 (unaudited) HK\$</b>	31 March 2022 (audited) HK\$
0–30 days	199,248	710,423
31–60 days	66,317	13,282
Over 60 days	<b>620,409</b>	699,925
	<b>885,974</b>	1,423,630

As at 30 September 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$686,726 (31 March 2022: HK\$713,207) which are past due but which are not considered in default because there had not been a significant change in credit quality of these debtors with reference to track records as well as relevant forward looking information of these customers under internal assessment by the Group.

Trade receivables aged over 30 days are normally past due.

#### 11. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 September 2022 (unaudited) HK\$</b>	31 March 2022 (audited) HK\$
Trade payables	599,418	414,149
Other payables and accruals	5,402,856	5,222,878
Rental receipt in advance	<b>85,554</b>	4,179,576
	<b>6,087,828</b>	9,816,603

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

The following is an aged analysis of the trade payables based on invoice date:

	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
0–30 days	181,381	135,003
31–60 days	394,547	245,475
Over 60 days	23,490	33,671
	<u>599,418</u>	<u>414,149</u>

The average credit period on purchase of goods is 60 days.

Included in the other payables and accruals of HK\$1,858,347 (31 March 2022: HK\$1,640,104) related to accrued professional fees.

### 12. BANK BORROWINGS

	30 September 2022 (unaudited) HK\$	31 March 2022 (audited) HK\$
The secured bank borrowings are repayable as follows:		
– Within one year*	2,843,167	2,802,174
– Within a period of more than one year but not exceeding two years*	–	1,431,716
	<u>2,843,167</u>	<u>4,233,890</u>
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	<u>12,180,533</u>	<u>12,180,533</u>
	<u>15,023,700</u>	<u>16,414,423</u>
Less: Amount due within one year shown under current liabilities	<u>(15,023,700)</u>	<u>(14,982,707)</u>
Amount due after one year shown under non-current liabilities	<u>–</u>	<u>1,431,716</u>

\* The amounts due are based on schedule repayment dates set out in the loan agreements.

The bank borrowings carry floating-rate interest based on the bank's prime rate minus 2.5% and the Hong Kong Interbank Offered Rate plus 1.3% ranged from 1.49% to 3.10% (30 September 2021: 1.36% to 2.88%).

# INTERIM FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL

	Number of shares	HK\$
Issued and fully paid:		
Ordinary shares with no par value		
At 1 April 2021	732,852,810	325,837,279
Exercise of share options ( <i>note a</i> )	1,000,000	127,200
At 31 March 2022 and 1 April 2022	733,852,810	325,964,479
Exercise of share options ( <i>note b</i> )	14,677,000	1,902,094
At 30 September 2022	748,529,810	327,866,573

*Notes:*

- a. During the year ended 31 March 2022, 1,000,000 share options which were granted on 18 August 2021 were exercised by two employees at HK\$0.1272 per share.
- b. During the six months ended 30 September 2022, 12,300,000 share options (granted on 18 August 2021) and 2,377,000 share options (granted on 25 March 2020) were exercised by two Directors at HK\$0.1272 and HK\$0.1420 per share, respectively.

### 14. OPERATING LEASES

#### The Group as lessor

The properties have committed tenants for a remaining term of one to three years (31 March 2022: one to three years) at fixed rental.

Minimum lease payments receivable on leases are as follows:

	<b>30 September 2022 (unaudited) HK\$</b>	<b>31 March 2022 (audited) HK\$</b>
Within one year	1,788,133	5,907,816
In the second year	1,583,098	1,625,821
In the third year	123,607	909,606
	<b>3,494,838</b>	<b>8,443,243</b>

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

#### (a) Long position in the ordinary shares of the Company (the "Shares") and underlying Shares

Name of Directors/ Chief executive	Number of issued Shares held		Number of underlying Shares held <i>(Note 2)</i>	Total	Approximate percentage of issued Shares
	Personal interests (held as a beneficial owner)	Corporate interests (held as a controlled corporation)			
Mr. Derek Chiu	77,092,576	78,430,299 <i>(Note 1)</i>	21,893,000	177,415,875	23.70%
Ms. Amanda Chiu	5,000,000	–	18,500,000	23,500,000	3.14%
Madam Chiu Ju Ching Lan	188,000	–	2,000,000	2,188,000	0.29%
Mr. Alex Chiu	–	–	8,100,000	8,100,000	1.08%
Mr. Choy Wai Shek Raymond	3,000,000	–	4,000,000	7,000,000	0.94%
Mr. Ip Shing Hing	–	–	6,000,000	6,000,000	0.80%
Mr. Ng Wing Hang Patrick	–	–	6,000,000	6,000,000	0.80%

#### Notes:

1. The 78,430,299 Shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu, an executive Director who is also the managing director and the chief executive of the Company.
2. The underlying Shares were comprised in the share options granted to the Directors. Please refer to section (b) "Share options of the Company" below for further details.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### (b) Share options of the Company

Pursuant to an ordinary resolution duly passed by shareholders of the Company on 2 September 2016, the Company's old share option scheme adopted on 1 June 2007 (the "Old Scheme") was terminated on 2 September 2016 and the New Scheme was adopted for a period of 10 years commencing on the adoption date. Upon the termination of the Old Scheme, no further options were granted thereunder, and the options granted prior to and remaining outstanding at the termination shall continue to be valid and exercisable in accordance with the terms of the Old Scheme. On 9 September 2020, a resolution has been approved by the shareholders to refresh the limit of granting option under the New Scheme. More information can be referred in the Company's circular dated 31 July 2020.

Movements of share options under the Old Scheme and the New Scheme held by the Directors and employees are as follows:

Category of grantees	Number of underlying Shares comprised in share options					Exercise price per Share HK\$	Grant date	Exercisable period	
	Held as at 1 April 2022	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Held as at 30 September 2022			From	To
<b>Executive Directors</b>									
Mr. Derek Chiu	6,000,000	-	-	-	6,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	6,070,000	-	-	-	6,070,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	6,100,000	-	-	-	6,100,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	6,100,000	-	(2,377,000)	-	3,723,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	7,300,000	-	(7,300,000)	-	-	0.1272	18/08/2021	18/08/2021	17/08/2031
Ms. Amanda Chiu	4,000,000	-	-	-	4,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	2,100,000	-	-	-	2,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	4,000,000	-	-	-	4,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	6,100,000	-	-	-	6,100,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	7,300,000	-	(5,000,000)	-	2,300,000	0.1272	18/08/2021	18/08/2021	17/08/2031
<b>Non-executive Directors</b>									
Madam Chiu Ju Ching Lan	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Alex Chiu	2,000,000	-	-	-	2,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	4,100,000	-	-	-	4,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	2,000,000	-	-	-	2,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Category of grantees	Number of underlying Shares comprised in share options				Held as at 30 September 2022	Exercise price per Share HK\$	Grant date	Exercisable period	
	Held as at 1 April 2022	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period					
<b>Independent Non-executive Directors</b>									
Mr. Ip Shing Hing	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
	1,000,000	-	-	-	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	-	-	-	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
Mr. Ng Wing Hang Patrick	2,000,000	-	-	-	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
	1,000,000	-	-	-	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	-	-	-	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
Mr. Choy Wai Shek Raymond	1,000,000	-	-	-	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	-	-	-	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
Aggregate for employees	800,000	-	-	-	800,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	-	-	-	1,000,000	0.1272	18/08/2021	18/08/2021	17/08/2031
	<u>82,970,000</u>	<u>-</u>	<u>(14,677,000)</u>	<u>-</u>	<u>68,293,000</u>				

No vesting period was provided for the above share options granted.

On 20 April 2022, two share options holders under the New Scheme exercised their options and subscribed for 12,300,000 Shares and 2,377,000 Shares at the exercise price of HK\$0.1272 and HK\$0.1420, respectively. The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$0.9600. Save for the above, no share options were granted or exercised or cancelled or lapsed during the six months ended 30 September 2022.

As at the date of this report, the Company has outstanding share options comprising 68,293,000 underlying Shares under the Old Scheme and the New Scheme, which representing approximately 9.12% of the Shares in issue as at that date.

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

Save as disclosed above, as at 30 September 2022, none of the Directors nor the chief executive of the Company, had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### OPTIONS TO TAKE UP UNISSUED SHARES

During the six months ended 30 September 2022, 14,677,000 Shares were issued at a consideration of HK\$1,902,094 by virtue of the exercise of options under the New Scheme.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as the interests of certain Directors disclosed under the section headed "Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures", according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the Directors are aware, as at 30 September 2022, the following persons who (other than a Director or the chief executive of the Company) or corporations which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company:

#### Long position in the Shares

Name of shareholders	Capacity/Nature of interests	Number of issued Shares held	Approximate percentage of issued Shares
Mr. Deacon Te Ken Chiu (deceased) (Note 1)	Beneficial owner/Personal interest; and interest in controlled corporations/Corporate interest	113,726,476	15.19%
Achiemax Limited (Note 1)	Beneficial owner/Personal interest	72,182,400	9.64%
Energy Overseas Ltd. (Note 2)	Beneficial owner/Personal interest	78,430,299	10.48%

## ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

### *Notes:*

1. The late Mr. Deacon Te Ken Chiu beneficially owned 12,491,424 Shares. Of the remaining 101,235,052 Shares, (i) 100,939,842 Shares were held by various private companies wholly owned by the late Mr. Deacon Te Ken Chiu of which 72,182,400 Shares were held by Achiemax Limited; and (ii) 295,210 Shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited. The late Mr. Deacon Te Ken Chiu was a controlling shareholder of these companies and a director of Achiemax Limited.
2. Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu (an executive Director who is also the managing director and the chief executive of the Company) who is also its director.

Save as disclosed above, as at 30 September 2022, the Company has not been notified of any persons who (other than a Director or the chief executive of the Company) or corporations which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as the share options disclosed above, at no time during the six months ended 30 September 2022 was the Company, or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the six months ended 30 September 2022, the Company did not redeem any of the Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Following a specific enquiry made by the Company with each Director, the Directors have confirmed that they had fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 September 2022.

# ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

## CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2022, the Company has complied with all the code provisions of the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules (the “Code”), except for the following:

Code provision C.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

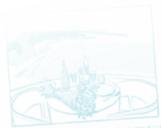
The role of chairman is responsible for formulating and setting the Group’s strategies and policies in conjunction with the Board.

The role of chief executive is responsible for managing the Group’s strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

The post of the chairman of the Board (the “Chairman”) has left vacant since 17 March 2015. Mr. Derek Chiu, an executive Director, assumes the roles and responsibilities of both the Chairman and the Managing Director as well as the Chief Executive. The Board considers that the current structure of vesting the roles of the Chairman and the Managing Director and the Chief Executive in the same person will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.



# ADDITIONAL INFORMATION REQUIRED BY LISTING RULES

## REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) comprises all of the three independent non-executive Directors, namely Mr. Ng Wing Hang Patrick (chairman of the Audit Committee), Mr. Ip Shing Hing and Mr. Choy Wai Shek Raymond.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including a review of the unaudited consolidated financial statements and this report of the Company for the six months ended 30 September 2022.

On behalf of the Board

**Derek Chiu**

*Executive Director, Managing Director and Chief Executive*

Hong Kong, 25 November 2022