



華邦科技控股有限公司
HUABANG TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3638)



2023

INTERIM REPORT

CONTENTS

Page	
2	CORPORATE INFORMATION
5	CONDENSED CONSOLIDATED INCOME STATEMENT
6	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
7	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
9	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
11	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
12	NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
34	MANAGEMENT DISCUSSION AND ANALYSIS
46	OTHER INFORMATION

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Qu Hongqing
Mr. Chan Wing Sum (*appointed on 24 August 2023*)
Ms. Kwok Ling Yee Pearl Elizabeth (*appointed on 24 August 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loo Hong Shing Vincent
Mr. Zhu Shouzhong
Mr. Li Huaqiang

AUTHORISED REPRESENTATIVES

Mr. Wong Kwok Ming
Mr. Qu Hongqing

COMPANY SECRETARY

Mr. Wong Kwok Ming

AUDIT COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Zhu Shouzhong
Mr. Li Huaqiang

REMUNERATION COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Qu Hongqing
Mr. Li Huaqiang

NOMINATION COMMITTEE

Mr. Loo Hong Shing Vincent (*Chairman*)
Mr. Qu Hongqing
Mr. Li Huaqiang

CORPORATE GOVERNANCE COMMITTEE

Mr. Qu Hongqing (*Chairman*)
Mr. Loo Hong Shing Vincent
Mr. Li Huaqiang

REGISTERED OFFICE

PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

33/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications (Hong Kong) Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
China Guangfa Bank Co., Ltd. Hong Kong Branch
China Merchants Bank Co., Ltd. Hong Kong Branch
Chiyu Banking Corporation Limited
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Dah Sing Bank, Limited
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

STOCK CODE

3638

COMPANY WEBSITE ADDRESS

www.huabangtechnology.com
(information contained in this website does not form
part of this report)

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Level 8, K11 ATELIER King's Road
728 King's Road, Quarry Bay
Hong Kong

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The board of Directors (the “Board”) of Huabang Technology Holdings Limited (the “Company”) is pleased to announce the following unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2023 (“Current Period”) together with the unaudited comparative figures for the corresponding periods in 2022 (“Last Corresponding Period”) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

		Unaudited Six months ended 30 September	
	Note	2023 HK\$'000	2022 HK\$'000
Revenue	4	197,320	125,883
Cost of sales		(203,485)	(119,501)
Gross (loss)/profit		(6,165)	6,382
Selling expenses		(945)	(9)
General and administrative expenses		(19,916)	(19,397)
Expected credit loss on financial assets, net	5	(9,167)	(61,150)
Other income and gains, net		558	718
Operating loss		(35,635)	(73,456)
Finance costs	6	(6,326)	(3,125)
Loss before income tax	7	(41,961)	(76,581)
Income tax (expense)/credit	8	(259)	8,648
Loss for the period		(42,220)	(67,933)
Attributable to:			
Owners of the Company		(32,913)	(68,972)
Non-controlling interests		(9,307)	1,039
		(42,220)	(67,933)
Loss per share attributable to owners of the Company			
Basic	9	HK(6.22) cent	HK(15.68) cent
Diluted	9	HK(6.22) cent	HK(15.68) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Loss for the period	(42,220)	(67,933)
Other comprehensive expense		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(116)	(536)
Total comprehensive expense for the period	(42,336)	(68,469)
Attributable to:		
Owners of the Company	(33,029)	(69,508)
Non-controlling interests	(9,307)	1,039
	(42,336)	(68,469)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	202,895	208,524
Right-of-use assets	11	9,230	11,120
Intangible assets	12	11,670	12,090
Deposits, prepayments and other receivables	15	1,477	1,495
Deferred tax assets		17,152	17,152
		242,424	250,381
Current assets			
Inventories		19,504	27,672
Loan receivables	13	12,985	20,362
Account receivables	14	40,289	58,943
Deposits, prepayments and other receivables	15	50,688	45,828
Financial assets at fair value through profit or loss		205	372
Income tax recoverable		1,095	1,056
Bank balances held on behalf of clients		1,941	2,314
Cash and cash equivalents	16	35,913	30,959
		162,620	187,506
Total assets		405,044	437,887
EQUITY			
Share capital	17	5,262	4,385
Other reserves		584,123	559,600
Accumulated losses		(416,963)	(384,050)
Total equity attributable to owners of the Company		172,422	179,935
Non-controlling interests		(2,960)	6,347
Total equity		169,462	186,282

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2023

	Note	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	6,277	7,943
Deferred tax liabilities		818	908
		7,095	8,851
Current liabilities			
Account payables	18	53,756	56,648
Other payables and accrued expenses	18	9,331	9,412
Lease liabilities	11	3,493	3,577
Borrowings	19	161,580	173,052
Income tax payables		327	65
		228,487	242,754
Total liabilities		235,582	251,605
Total equity and liabilities		405,044	437,887
Net current liabilities		(65,867)	(55,248)
Total assets less current liabilities		176,557	195,133

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Unaudited												
	Attributable to owners of the Company												
	Other reserves											Non-controlling interests	Total equity
	Share capital	Share premium	Shares held for share award scheme	Merger reserve	Capital reserve	Statutory reserve	Exchange reserve	Sub total	Accumulated losses	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			Note (a)	Note (b)	Note (c)								
For 6 months ended 30 September 2022													
Balance as at 1 April 2022 (audited)	3,654	502,332	(21,630)	50,374	2,480	1,042	4,177	538,775	(256,445)	285,984	8,716	294,700	
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(68,972)	(68,972)	1,039	(67,933)	
Other comprehensive expense													
Currency translation differences	-	-	-	-	-	-	(536)	(536)	-	(536)	-	(536)	
Total comprehensive (expense)/income	-	-	-	-	-	-	(536)	(536)	(68,972)	(69,508)	1,039	(68,469)	
Transaction with owners													
Issuance of shares upon placement	731	21,190	-	-	-	-	-	21,190	-	21,921	-	21,921	
Balance as at 30 September 2022 (unaudited)	4,385	523,522	(21,630)	50,374	2,480	1,042	3,641	559,429	(325,417)	238,397	9,755	248,152	
For 6 months ended 30 September 2023													
Balance as at 1 April 2023 (audited)	4,385	523,192	(21,630)	50,374	2,810	1,042	3,812	559,600	(384,050)	179,935	6,347	186,282	
Loss for the period	-	-	-	-	-	-	-	-	(32,913)	(32,913)	(9,307)	(42,220)	
Other comprehensive expense													
Currency translation differences	-	-	-	-	-	-	(116)	(116)	-	(116)	-	(116)	
Total comprehensive expense	-	-	-	-	-	-	(116)	(116)	(32,913)	(33,029)	(9,307)	(42,336)	
Transaction with owners													
Issuance of shares upon placement	877	24,639	-	-	-	-	-	24,639	-	25,516	-	25,516	
Balance as at 30 September 2023 (unaudited)	5,262	547,831	(21,630)	50,374	2,810	1,042	3,696	584,123	(416,963)	172,422	(2,960)	169,462	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2023

Notes:

(a) Merger reserve

The Group's merger reserve represents the difference between the share capital of the Company and the aggregate amount of share capital of other companies comprising the Group, after elimination of intra-group investments.

(b) Capital reserve

The Group's capital reserve represents deemed contribution by the Controlling Shareholders as a shareholder acquired the remaining non-controlling interests of a subsidiary and contributed to the Group at no cost prior to 1 April 2011.

(c) Statutory reserve

The Company's subsidiary in the People's Republic of China (the "PRC") is required to transfer 10% of its profit after income tax calculated in accordance with the PRC accounting standards and regulations to the statutory reserve until the balance reaches 50% of its respective registered capital, where further transfers will be at its directors' discretion. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to equity holders of the PRC subsidiary in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory reserve after such issue is no less than 25% of share capital of the PRC subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Net cash flows (used in)/generated from operating activities	(1,017)	10,054
Net cash flows generated from investing activities	–	638
Net cash flows generated from financing activities	6,075	3,765
Net increase in cash and cash equivalents	5,058	14,457
Cash and cash equivalents as at 1 April	30,959	46,660
Effect of foreign exchange rate changes, net	(104)	(49)
Cash and cash equivalents as at 30 September	35,913	61,068

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 February 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is 33/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in (i) computer and electronic products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim condensed consolidated financial information are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousands, unless otherwise stated.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Going concern assessment

As at 30 September 2023, the Group had net current liabilities of approximately HK\$65,867,000 (31 March 2023: approximately HK\$55,248,000) and loss for the period of approximately HK\$42,220,000 for the period then ended. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing the Group's ability to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its repayment obligations, as and when they fall due. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- the Group expects to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from computer products trading business and food trading business to generate additional operating cash inflows; and
- the Group is actively and regularly reviewing its capital structure and negotiating with banks and other financial institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing new shares, where appropriate.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2. BASIS OF PREPARATION *(Continued)*

Going concern assessment *(Continued)*

In addition, bank borrowings of HK\$141,062,000 (31 March 2023: HK\$151,250,000) were secured by the Group's owned properties situated in Hong Kong. The Group considered it has sufficient collateral to support the roll-over or refinancing of a substantial portion of the existing borrowings to extend the repayment dates to beyond twelve months from the end of the reporting period. In making this assessment, the Group has considered, among other things, the nature, the value and the volatility of value of its owned properties.

After considering the above, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to achieve the above plans and measures such that it would not be operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts and to provide for financial liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's interim condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRSs *(Continued)*

3.1 *Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the interim condensed consolidated financial statements.

3.2 *Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies*

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s consolidated financial statements for the year ending 31 March 2024.

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers (Note i)	196,677	122,670
Revenue from other sources		
<i>Interest income calculated using the effective interest method from:</i>		
– loan receivables	643	2,930
– cash client receivables	–	283
	643	3,213
Total revenue	197,320	125,883

Note:

- (i) Disaggregated revenue information for revenue from contracts with customers

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Type of goods or services		
<i>Sales of goods</i>	196,677	122,615
<i>Service income</i>		
– Provision of underwriting and placing services	–	–
<i>Commission income</i>		
– Provision of securities brokerage services	–	55
	196,677	122,670
Timing of revenue recognition		
A point in time	196,677	122,670

All the sales of goods, service income and commission income have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

In 2023, after the acquisition of food trading business, the CODM considers that the Group has three operating and reporting segments which are (i) computer and electronic products trading business (including computer and peripheral products and electronics products business), (ii) food trading business and (iii) financial services business (including securities brokerage business, advisory services business and money lending business).

The CODM assesses the performance of the operating segments based on segment (loss)/profit. Expenses, where appropriate, are allocated to operating segments with reference to revenue contributions of the respective segments. Unallocated income and expenses are not included in the result for each operating segment that is reviewed by the CODM.

Segment assets consist primarily of certain property plant and equipment, right-of-use assets, intangible assets, inventories, account receivables, loan receivables, certain deposits, prepayments and other receivables, certain financial assets at fair value through profit or loss, certain cash and cash equivalents and bank balances held on behalf of clients. They exclude interest in an associate, deferred tax assets, income tax recoverable and other unallocated assets, which are managed centrally.

Segment liabilities consist primarily of account payables, lease liabilities, certain borrowings, certain other payables and accrued expenses. They exclude deferred tax liabilities, income tax payables and other unallocated liabilities, which are managed centrally.

Food trading business were commenced during the year ended 31 March 2023 as a result of the acquisition of subsidiaries. Therefore, a new segment of food trading business was added in the current period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Unaudited			Total HK\$'000
	For the six months ended 30 September 2023			
	Computer and electronic products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	
Revenue from external customers	141,035	55,642	643	197,320
Cost of sales from external customers	(159,956)	(43,529)	–	(203,485)
	(18,921)	12,113	643	(6,165)
Selling expenses	(1)	(944)	–	(945)
General and administrative expenses	(4,724)	(5,568)	(943)	(11,235)
Expected credit loss on financial assets, net	–	–	(9,167)	(9,167)
Other income and gains, net	546	97	(108)	535
Finance costs	(5,400)	(402)	–	(5,802)
Segment (loss)/profit	(28,500)	5,296	(9,575)	(32,779)
Finance costs				(524)
Unallocated expenses				(8,658)
Loss before income tax				(41,961)
Income tax expense				(259)
Loss for the period				(42,220)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Unaudited		
	For the six months ended 30 September 2022		
	Computer and electronic products trading business HK\$'000	Financial services business HK\$'000	Total HK\$'000
Revenue from external customers	122,615	3,268	125,883
Cost of sales from external customers	(119,501)	–	(119,501)
	3,114	3,268	6,382
Selling expenses	(9)	–	(9)
General and administrative expenses	(2,673)	(5,979)	(8,652)
Expected credit loss on financial assets, net	–	(61,150)	(61,150)
Other income and gains, net	219	46	265
Finance costs	(2,281)	–	(2,281)
Segment loss	(1,630)	(63,815)	(65,445)
Finance costs			(844)
Unallocated expenses			(10,292)
Loss before income tax			(76,581)
Income tax credit			8,648
Loss for the period			(67,933)

Interest revenue of HK\$643,000 (Last Corresponding Period: HK\$3,213,000) was included in revenue from external customers, wholly contributed by financial services business segment.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Unaudited			Total HK\$'000
	As at 30 September 2023			
	Computer and electronic products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	
Segment assets	96,367	47,655	25,461	169,483
Segment liabilities	197,195	22,638	2,153	221,986

	Audited			Total HK\$'000
	As at 31 March 2023			
	Computer and electronic products trading business HK\$'000	Food trading business HK\$'000	Financial services business HK\$'000	
Segment assets	127,677	48,853	43,667	220,197
Segment liabilities	205,101	25,537	2,625	233,263

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Segment assets and liabilities (Continued)

The reconciliations of segment assets to total assets and segment liabilities to total liabilities are provided as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Segment assets	169,483	220,197
Cash and cash equivalents	25,598	3,728
Property, plant and equipment	191,166	195,284
Deposits, prepayments and other receivables	550	470
Deferred tax assets	17,152	17,152
Income tax recoverable	1,095	1,056
Total assets	405,044	437,887
Segment liabilities	221,986	233,263
Deferred tax liabilities	818	908
Income tax payables	327	65
Borrowings	10,000	10,000
Other unallocated liabilities	2,451	7,369
Total liabilities	235,582	251,605

The Group's operations are located in Hong Kong and the PRC.

Majority of the Group's revenue were derived from operations located in Hong Kong.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

Other segment information

	Unaudited			
	For the six months ended 30 September 2023			
	Computer and electronic products trading business	Food trading business	Financial services business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	807	691	7	1,505
Depreciation of right-of-use assets	316	1,574	–	1,890
Amortisation of intangible assets	–	420	–	420

	Unaudited		
	For the six months ended 30 September 2022		
	Computer and electronic products trading business	Financial services business	Total
	HK\$'000	HK\$'000	HK\$'000
Additions to property, plant and equipment	3	–	3
Depreciation of property, plant and equipment	809	70	879
Impairment of goodwill	–	3,391	3,391
Reversal of inventories impairment	(1,313)	–	(1,313)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS, NET

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Loan receivables	1,807	3,017
Cash client receivables	7,360	55,003
Interest receivables	–	3,130
	9,167	61,150

6. FINANCE COSTS

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Finance costs		
– Interest expenses on bank and other borrowings	6,184	3,125
– Interest expenses on lease liabilities	142	–
	6,326	3,125

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold	203,485	120,814
Auditor's remuneration	290	614
Depreciation of property, plant and equipment	5,617	5,249
Depreciation of right-of-use assets	1,890	211
Amortisation of intangible assets	420	–
Employee benefit expenses (Note)	7,230	5,151
Service fees for broker supplied systems	210	563
Impairment of goodwill	–	3,391
Reversal of impairment of inventories	–	(1,313)

Note:

For the six months ended 30 September 2022, COVID-19 related government grants under “Employment Support Scheme” of the Hong Kong government, amounting to HK\$456,000, has been offset against employee benefit expenses.

8. INCOME TAX EXPENSE/(CREDIT)

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	348	270
Deferred income tax	(89)	(8,918)
	259	(8,648)

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK\$2 million of assessable profits of the qualifying group entity are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime are charged at a flat rate of 16.5%.

The Group has no assessable profit in PRC during the reporting periods and is not subject to any PRC corporate income tax. The PRC corporate income tax rate during the reporting periods is 25%.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company for share award scheme.

	Unaudited Six months ended 30 September	
	2023	2022
Loss attributable to owners of the Company (HK\$'000)	(32,913)	(68,972)
Weighted average number of ordinary shares in issue	528,787,997	439,953,570
Basic loss per share	HK(6.22) cent	HK(15.68) cent

(b) Diluted

Diluted loss per share for the Current Period and the Last Corresponding Period was same as the basic loss per share as there were no potential dilutive ordinary shares in existence during the reporting periods.

10. DIVIDENDS

The Board does not recommend any interim dividend for the Current Period (Last Corresponding Period: nil).

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

- a) During the Current Period, there was no additions (Last Corresponding Period: approximately HK\$3,000) for property, plant and equipment.

Also, during the Current Period, there was no disposal of property, plant and equipment. During the Last Corresponding Period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$350,000 resulting in a gain on disposal of HK\$307,000.

- b) During the period ended 30 September 2023, the Group recognised HK\$nil (30 September 2022: HK\$1,264,000) of right-of-use assets and HK\$nil (30 September 2022: HK\$1,238,000) of lease liabilities. As at 30 September 2023, the balance of right-of-use assets and lease liabilities are HK\$9,230,000 (31 March 2023: HK\$11,120,000) and HK\$9,770,000 (31 March 2023: HK\$11,520,000) respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12. INTANGIBLE ASSETS

	Goodwill HK\$'000	Money lending license HK\$'000	Contractual customer relationship HK\$'000	Total HK\$'000
30 September 2023				
Opening carrying amount	8,035	–	4,055	12,090
Amortisation	–	–	(420)	(420)
Closing carrying amount	8,035	–	3,635	11,670
At 30 September 2023				
Cost	64,689	1,703	6,950	73,342
Accumulated amortisation and impairment	(56,654)	(1,703)	(3,315)	(61,672)
Net carrying amount	8,035	–	3,635	11,670
31 March 2023				
Opening carrying amount	3,391	–	–	3,391
Acquisition of subsidiaries	8,035	–	4,194	12,229
Amortisation	–	–	(139)	(139)
Impairment	(3,391)	–	–	(3,391)
Closing carrying amount	8,035	–	4,055	12,090
At 31 March 2023				
Cost	64,689	1,703	6,950	73,342
Accumulated amortisation and impairment	(56,654)	(1,703)	(2,895)	(61,252)
Net carrying amount	8,035	–	4,055	12,090

For the six months ended 30 September 2023, amortisation charge of HK\$420,000 (31 March 2023: HK\$139,000) was included in general and administrative expenses in the consolidated income statement.

During the Current Period, there was no additions for intangible assets (Last Corresponding Period: nil).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13. LOAN RECEIVABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Loan receivables	145,488	151,057
Less: Impairment		
– Stage 1	–	–
– Stage 2	–	–
– Stage 3	(132,503)	(130,695)
Loan receivables, net	12,985	20,362

The Group's loan receivables, which arise from its money lending business in Hong Kong, are denominated in Hong Kong dollars, unsecured, bearing fixed interest rate from 8% to 18%, and recoverable within one year from the dates of inception of the loan agreements.

14. ACCOUNT RECEIVABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Trade receivables (Note)	120,192	130,857
Cash client receivables	240,780	241,290
Less: Impairment	360,972 (320,683)	372,147 (313,204)
	40,289	58,943

Account receivables are denominated in the following currencies:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
HK\$	14,021	24,835
US\$	26,268	34,108
	40,289	58,943

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14. ACCOUNT RECEIVABLES (Continued)

Note:

The Group generally grants credit periods up to 60 days to the customers of trading business. The aging analysis of relevant trade receivables based on invoice date is as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
1 – 30 days	8,555	41,772
31 – 60 days	1,871	1,264
61 – 90 days	144	–
Over 90 days	109,622	87,821
	120,192	130,857
Less: Impairment	(87,998)	(87,879)
	32,194	42,978

No aging analysis is disclosed for account receivables from cash clients and clearing house as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Non-current		
Other non-current deposits	1,272	1,290
Other assets	205	205
	1,477	1,495
Current		
Prepayments	1,148	2,595
Deposits and other receivables	49,540	43,233
	50,688	45,828
Total deposits, prepayments and other receivables	52,165	47,323

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Deposits, prepayments and other receivables are denominated in the following currencies:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
HK\$	6,168	7,931
RMB	875	995
US\$	45,122	38,397
	52,165	47,323

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are denominated in the following currencies:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Cash on hand		
HK\$	74	138
Israeli Shekel ("ILS")	4	4
	78	142
Cash at banks		
HK\$	35,268	10,097
RMB	23	115
US\$	544	20,605
	35,835	30,817
	35,913	30,959

The effective interest rate on cash at bank was 0.2% (31 March 2023: 0.1%) per annum.

The conversion of bank and cash balances denominated in RMB into foreign currencies in the PRC and the remittance of these deposits or cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government. As at 30 September 2023, the Group's cash at banks of approximately HK\$5,000 (31 March 2023: HK\$97,000) was deposited at banks in the PRC.

As at 30 September 2023 and 31 March 2023, no impairment was made on cash and cash equivalents.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. SHARE CAPITAL

Authorised shares:

As at 30 September 2023, the total authorised number of ordinary shares is 9,600 million shares (31 March 2023: 9,600 million shares) with a par value of HK\$0.008333 per share (31 March 2023: HK\$0.008333 per share).

	Number of shares '000	Amount HK\$'000
As at 1 April 2022	438,478	3,654
Issuance of shares upon placement (Note a)	87,684	731
As at 31 March 2023, 1 April 2023	526,162	4,385
Issuance of shares upon placement (Note b)	105,228	877
As at 30 September 2023	631,390	5,262

Notes:

- (a) On 19 September 2022, the Group completed a placing of new shares under general mandate the "Placing". 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised as intended for the payment for procurement of computer and peripheral products for trading business.
- (b) On 19 September 2023, the Group completed a placing of new shares under general mandate the "Placing". 105,228,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$26.3 million. The net proceeds of approximately HK\$25.5 million from the Placing are intended to be used for general working capital of the Group. As of 30 September 2023, approximately HK\$9.9 million have been utilised as intended for general working capital of the Group. The remaining unutilised balance of approximately HK\$15.6 million will be utilised as intended before 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Trade payables (Note b)	51,816	54,334
Cash client payables (Note a)	1,940	2,314
Total account payables	53,756	56,648
Accrued expenses	2,664	3,431
Other payables	6,667	5,981
Total other payables and accrued expenses	9,331	9,412
Total account payables, other payables and accrued expenses	63,087	66,060

Notes:

- (a) The settlement terms of payables arising from securities brokerage business are normally two to three days after trade date or specific terms agreed. The majority of the cash client payables are unsecured, non-interest-bearing and repayable on demand, except where certain balances represent trades pending settlement or cash received from clients for their trading activities under the normal course of business.
- (b) The aging analysis of relevant trade payables based on invoice date is as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
1 – 30 days	1,731	54,334
31 – 60 days	23,036	–
61 – 90 days	7,824	–
91 – 180 days	19,225	–
	51,816	54,334

No aging analysis is disclosed for cash client payables as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18. ACCOUNT PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Continued)

Account payables, other payables and accrued expenses of the Group are denominated in the following currencies:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
HK\$	11,034	13,750
RMB	3	3
US\$	52,050	52,307
	63,087	66,060

Other than those disclosed in Note (a) above, account payables and other payables are unsecured, non-interest-bearing and repayable on demand.

19. BORROWINGS

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Bank borrowings	151,580	163,052
Other borrowings	10,000	10,000
	161,580	173,052
Analysed as:		
– Secured	141,062	151,250
– Unsecured	20,518	21,802
	161,580	173,052

As at 30 September 2023, the Group's bank borrowings of HK\$141,062,000 (31 March 2023: HK\$151,250,000) are secured by the Group's leasehold properties situated in Hong Kong of HK\$190,982,000 (31 March 2023: HK\$195,022,000).

As at 30 September 2023, the Group's bank borrowings of HK\$10,518,000 (31 March 2023: HK\$11,802,000) and other borrowings of HK\$10,000,000 (31 March 2023: HK\$10,000,000) were guaranteed by a shareholder of the Company and the spouse of a substantial shareholder of the Company.

The Group's secured bank borrowings, which contain a clause giving the lender an unconditional right to demand repayment at any time, have been classified as current liabilities irrespective of the probability that the lenders will invoke the clause without cause.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. BORROWINGS (Continued)

The maturities of the bank borrowings that contain repayable on demand clause and other borrowings in accordance with the scheduled repayment dates are as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
The carrying amounts of other borrowings are repayable:		
– Within one year	10,000	10,000
	10,000	10,000

The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) are repayable:

– Within one year	132,683	138,355
– Between one and two years	13,868	7,217
– Between two and five years	5,029	17,480
	151,580	163,052
	161,580	173,052

The exposure of the Group's borrowings are as follows:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Variable-rate borrowings	151,580	155,651
Fixed-rate borrowings	10,000	17,401
	161,580	173,052

As at 30 September 2023, the Group's variable-rate bank borrowings carry interest at a floating interest rate plus credit spread per annum (31 March 2023: same).

As at 30 September 2023, the Group's variable rate bank borrowings of approximately HK\$125,540,000 (31 March 2023: HK\$131,250,000) and HK\$26,040,000 (31 March 2023: HK\$24,401,000) are carrying interest at 3-month USD LIBOR plus premium and 3-month HIBOR plus premium respectively.

As at 30 September 2023, the Group's fixed rate bank borrowings of Nil (31 March 2023: HK\$7,401,000) other borrowings of HK\$10,000,000 (31 March 2023: HK\$10,000,000) are guaranteed, interest bearing at a fixed rate per annum and repayable within one year.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. BORROWINGS (Continued)

Borrowings of the Group are denominated in the following currencies:

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
HK\$	36,040	41,802
US\$	125,540	131,250
	161,580	173,052

20. CAPITAL COMMITMENTS

The Group had no capital commitments at the end of the reporting period (31 March 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group was principally engaged in (i) computer and electronic products trading business, (ii) food trading business and (iii) financial services business.

(i) Computer and electronic products trading business

During the period under review, there are various factors such as the increase of interest rates by major economies, the continuous trade disputes between the PRC and the USA and the geopolitical tension in various regions, all these factors affect the overall economic and business environment which slowed down global economy and hampered international trade. It has continuously generated unprecedented challenges and uncertainties to the overall trading business environment in which the Group operates during the period under review. Attributed to these market conditions, despite the Group's overall revenue in the computer and electronic products trading business segment during the period under review, increased by approximately HK\$18.4 million from approximately HK\$122.6 million to approximately HK\$141.0 million, representing an increasing of approximately 15.0%, the Group recorded a segment loss of approximately HK\$28.5 million (Last Corresponding Period: approximately HK\$1.6 million) for the period. In view of such market conditions, the Group continuously keeps on tight control of its operations. The Group focused on enhancing operation efficiency and implementing various cost control measures. The Group also managed to further enhance its long-term and close business relationships with suppliers and customers. The Group continues to monitor the market trends and takes prompt and appropriate actions to adjust our business strategies and allocates resources effectively under different market conditions.

(ii) Food trading business

On 11 January 2023, Excel Goal Limited, an indirectly wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in Shag Mei International Food Limited ("Shag Mei") and Legend International Food Limited ("Legend"). Shag Mei and Legend are principally engaged in trading of food products and provision of food processing in Hong Kong respectively.

The acquisition presents a great opportunity for the Group to increase its overall competitiveness and strengthen its growth momentum by expanding its trading business layout to meet the ever-changing demands which are crucial in facing market uncertainty.

The acquisition would allow the Group to accelerate business expansion in the trading segment. Upon completion of the acquisition, the Group further expand its trading products to food products. Given the difference in consumer demand between the Group's current computer products trading business and those operated by the new acquired food trading business (fast-moving nature of products), it is an opportunity for the Group to broaden its revenue streams.

Revenue and segment profit from this new food trading business contributed approximately HK\$55.6 million and 5.3 million respectively for the period ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Financial services business

The financial services business segment that the Group operates mainly includes securities brokerage business, advisory services business and money lending business. For the Current Period, the Group recorded an overall revenue of approximately HK\$0.6 million (Last Corresponding Period: approximately HK\$3.3 million) and a segment loss of approximately HK\$9.6 million (Last Corresponding Period: approximately HK\$63.8 million) for the business segment of financial services business.

During the period under review, the local economic and financial market was weak and sluggish, the Group recorded a revenue of HK\$nil (Last Corresponding Period: approximately HK\$0.4 million) and a segment loss of approximately HK\$8.4 million (Last Corresponding Period: segment loss of approximately HK\$60.5 million) respectively in respect of the Group's securities brokerage business. The Group recorded a revenue of HK\$nil (Last Corresponding Period: HK\$nil) and a segment loss of HK\$nil (Last Corresponding Period: approximately HK\$0.1 million) respectively in respect of the Group's advisory services business. The Group recorded a revenue of approximately HK\$0.6 million (Last Corresponding Period: approximately HK\$2.9 million) and a segment loss of approximately HK\$1.2 million (Last Corresponding Period: segment loss of approximately HK\$3.2 million) respectively in respect of the Group's money lending business.

LOOKING AHEAD

The Company's management has been dedicated to exploiting new business opportunities and new business segment from time to time, including business opportunities in the trading business and financial services business.

In respect of the financial services business, while the Company's has weathered difficult business conditions in the past years due to a number of extrinsic factors and notwithstanding the Group was receptive to proposals to downsize or terminate its financial services business as stated in the Company's Annual Report 2023, since October 2023, the Board has shifted to a more optimistic view towards the potential for growth of the financial services business of the Group, as the general economic environment has begun to show signs of stabilising and resumption of its normal pace. Further, the Board anticipates that many countries and jurisdictions would consider and adopt flexible and accommodative monetary policies and may introduce fiscal stimuli to jump-start and sustain economic recovery. Notably, the Hong Kong Government has made a number of beneficial proposals in the Policy Address published on 25 October 2023, including (i) reducing the rate of the Hong Kong stamp duty chargeable for stock transfers from 0.13% to 0.1% per side, (ii) facilitate the set-up or expansion of 200 family offices from 2022 to 2025, and (iii) the implementation of the Capital Investment Entrant Scheme, allowing entry for eligible investors with HK\$30 million or more invested in assets such as stocks, funds and bonds. Therefore, the Board believes that it is an opportune time to raise funds to equip the Group with the capacity to expand and/or make investments in relation to its existing businesses to take advantage of a rebound from prior years.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the trading business of computer and peripheral products and electronics products, we are confident in the future development of the Group in the electronic and semi-conductor industry which the group operates. We are confident about the mid-to-long-term recovery of the Mainland market. In Mainland China, it is expected that the economy will be stable with growth and we believe the central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. In view of (i) the continuing economic recovery in the PRC, and continued vitality in new consumer electronics, developments in 5G-networks and the internet-of-things, (ii) the general demand for electronic and semi-conductor components used in different sectors of manufacturing (from phones and personal electronics to new vehicles with navigation aids, etc.), and (iii) the risk of impact to the supply of electronic and semi-conductor components due to political and trade disputes between the United States of America and the PRC, as well as geopolitical tensions in various regions, the Board believes this presents opportunities in the electronics and semi-conductor industry, as well as the businesses supporting it in the PRC. The Board believes that having sufficient funds on hand would enable the Group to better verify and perform due diligence on potential investment opportunities, and allow the Group to represent itself as a genuinely interested party.

The Group has been actively exploring business opportunities in the electronics and semiconductor industry, including but not limited to acquisition of appropriate business. The Group has been commencing discussions and due diligence on relevant business opportunities of interest. It is the Group's objective to leverage suitable business opportunities to create synergies with the Group's existing electronics trading business, enabling the Group to achieve steady expansion within the electronics and semiconductor industry. As at the date of this report, the Group has not entered into any binding commitment with respect to any business opportunities. Should any relevant business acquisition materializes, the Company will comply with the requirements under the Listing Rules.

In respect of the food trading business, the Group took a positive view of the future prospects of the food trade business. Unlike other consumer discretionary products (such as durable goods and personal electronic products), food products enjoy a stable demand across a broad range of economic conditions. Based on the financial results of the business for the past few years, notwithstanding the social unrest experienced in Hong Kong in 2019 and the impact of the COVID-19 pandemic, this business performed steadily and continued to record profits even when broad sections of the economy in Hong Kong suffered. Looking ahead, as Hong Kong economic activities recover, the Group anticipates higher levels of consumer consumption, and higher demand from the local restaurants/catering service providers, resellers and retailers, which is expected to benefit the financial performance of the business.

Looking ahead, the management is confident with the future development of the Group. The Group will continue to adhere to our principle of steady development and positively cope with any challenges and capture suitable opportunities. The Group will continue to dedicate to exploiting new business opportunities in other sectors from time to time in order to further diversify and broaden revenue sources of the Group and generate fabulous returns and long-term values for the Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Gross Profit Margin

Revenue by business segments for the Group's revenue for the six months ended 30 September 2023 is as follows:

- Computer and electronic products trading business: approximately HK\$141.0 million, being an increase of approximately HK\$18.4 million when compared to the Last Corresponding Period of approximately HK\$122.6 million
- Food trading business: approximately HK\$55.6 million, being an increase of approximately HK\$55.6 million when compared to the Last Corresponding Period of HK\$nil
- Financial services business (including securities brokerage business, advisory services business and money lending business): approximately HK\$0.6 million, being a decrease of approximately HK\$2.7 million when compared to the Last Corresponding Period of approximately HK\$3.3 million

The Group's total revenue for the Current Period was approximately HK\$197.3 million, being an increase of approximately HK\$71.4 million when compared to the Last Corresponding Period of approximately HK\$125.9 million. The increase was mainly attributable to increase in revenue derived from computer and electronic products trading business and the acquisition of food trading business.

Gross loss margin for the Current Period was approximately 3.1% (Last Corresponding Period: Gross profit margin of approximately 5.1%). Decrease in gross profit margin was mainly caused by the relatively lower gross profit earned from financial services business and computer and electronic products trading business for the Current Period.

Selling Expenses

Selling expenses of approximately HK\$0.9 million was mainly incurred for the food trading business.

General and Administrative Expenses

General and administrative expenses for the Current Period increased by approximately HK\$0.5 million from the Last Corresponding Period, which was mainly attributable to the newly acquired food trading business, which was partially offset by a decrease impairment of goodwill of the Group for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Expected Credit Loss on Financial Assets, net

Expected Credit Loss (“ECL”) on financial assets for the Current Period was approximately HK\$9.2 million, being a decrease of approximately HK\$52.0 million when compared to the Last Corresponding Period of approximately HK\$61.2 million, which was mainly attributed to the change in ECL incurred from cash client receivables. During the Current Period, the rates of stock market volatility and deterioration in economy were slower compared to the Last Corresponding Period, the provision of ECL on cash client receivables decreased by approximately HK\$47.6 million compared to the Last Corresponding Period. The Group did not engage any independent external valuers to perform the assessment of ECL on financial assets, instead, conducted an internal assessment and evaluation to support the impairment made. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Expected credit loss on financial assets, net are as follows:

	Unaudited Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Loan receivables (i)	1,807	3,017
Cash client receivables (ii)	7,360	55,003
Interest receivables (i)	–	3,130
Total ECL on financial assets recognised in profit or loss	9,167	61,150

The basis for determining the impairment of the Company is based on the ECL model according to HKFRS 9. Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the impairment allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the impairment allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the impairment allowance is measured at an amount equal to lifetime ECLs

MANAGEMENT DISCUSSION AND ANALYSIS

In addition to the above three-stage framework, if there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery, the relevant amount will be written off.

The assessment of the impairment is conducted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The management of the Group regularly reviews the change of the factors in the ECL formula (if any), and determines whether the credit risk of financial assets has changed.

The Group always recognised lifetime ECL for trade receivables which are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information. For all other instruments, the Group measures the impairment equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, where the Group would then consider recognising lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk on the financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of a default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(i) *Expected credit loss on loan receivables and interest receivables*

Loan receivables and interest receivables are arising from the money lending business. The business model of the money lending business is targeted to provide short-term loan financing to individual and corporate clients through its business network in Hong Kong. The term of loans is within one year. The interest rate is within a range from 8% to 18% by reference to the market.

Credit risk assessments were performed by the Group before each loan was advanced. Identity checks, financial background checks, relevant public searches (such as company search and land search) were conducted on the borrowers (where applicable). In credit assessment, the Company will normally take into account factors including, but not limited to personal financial background and repayment ability of the borrowers, internal and external credit checking results, and the borrowers' repayment record to assure the clients have the financial capacity to meet loan obligations.

Subsequent to the drawdown of loans, to ensure that loan repayments are punctual and past due accounts are handled efficiently, the Group actively reviews and monitors the loan repayment status on a regular basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has closely monitored the loans receivables for the purpose of assessing credit risk and has put effort into the collection procedures of the loan receivables, such as making phone calls and sending reminders to the relevant customers from time to time. The Group may also negotiate with customers on the repayment arrangements on a case-by-case basis according to the circumstances of the customers, especially during the COVID-19 pandemic. Legal actions may be brought against the relevant customers depending on the actual circumstances on a case-by-case basis.

ECL assessment is done based on the Group's historical credit loss experience, latest financial capabilities of the borrowers, general economic and financial conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group performs collective assessments on impairment allowance for the loan receivables and respective interest receivables on a regular basis by dividing its loans receivables into different groups according to the loan types, with each loan type sharing similar credit risk characteristics, and calculates the ECL for each loan type. The measurement of impairment allowance for collective assessment is mainly based on the amount of loans receivables and interest receivables of each loan type at a point of time and will take into the past-due status, the probability of default (which may be affected by the duration of delinquency), loss given default (i.e. the magnitude of the loss if there is a default), historical repayment performance and adjusted by forwarding-looking information such as the economic and financial environment, etc.

The Group also performs individual assessments on impairment allowance for the loan receivables and interest receivables. For individual assessment, the amount of impairment allowance on loans receivables and interest receivables will be considered on a case-by-case basis by way of expected cash flow, taking into account, among other factors, the expected date of recovery.

The Group considers the loan and respective interest receivables as a loss if the repayment of principal and/or interest has been overdue for a pro-longed period and the collection of principal and interest in full is considered improbable after exhausting all collection efforts such as initiation of legal proceedings.

For the six months ended 30 September 2023, the Group recorded an ECL on loans receivables of approximately HK\$1.8 million (Last Corresponding Period: provision of approximately HK\$3.0 million) and recorded a provision of ECL on interest receivables of HK\$Nil (Last Corresponding Period: approximately HK\$3.1 million), after assessing all the borrowers' financial background, repayment abilities and expected future cash flows. During the year, the repayment of loan receivables and interest receivables were approximately HK\$5.6 million and HK\$0.6 million respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) *Expected credit loss on cash client receivables*

Cash client receivables are arising from the securities brokerage business. For cash client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet the loan call requirement and use the loan-to-collateral value (“LTV”) to make its assessment.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers a cash client receivable is in default when LTV is larger than a defined benchmark. However, in certain cases, the Group may also consider a cash client receivable to be in default when there is a significant shortfall which indicates the Group is unlikely to receive the outstanding contractual amounts in full taking into account the pledged securities held by the Group. A cash client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

For the six months ended 30 September 2023, the Group recorded an ECL on cash client receivables of approximately HK\$7.4 million (Last Corresponding Period: approximately HK\$55.0 million). The change was mainly due to the slower rates of stock market volatility and deterioration in economy during the period. The decrease in market value of the pledged securities of each client was relatively steady during the Current Period.

Other Income and Gains, net

The Group’s other income and gains for the Current Period was approximately HK\$0.6 million (Last Corresponding Period: approximately HK\$0.7 million). The amount mainly represents sundry income generated during the period.

Finance Costs

Finance costs for the Current Period was approximately HK\$6.3 million, being an increase of approximately HK\$3.2 million when compared to the Last Corresponding Period of approximately HK\$3.1 million. The increment was mainly attributable to the increase in interest rate during the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense/Credit

Income tax expense for the Current Period was approximately HK\$0.3 million (Last Corresponding Period: income tax credit approximately HK\$8.6 million). The change was mainly due to the assessable profits generated from food trading business for the Current Period.

Loss for the Period

The Group recorded a loss of approximately HK\$42.2 million for the Current Period, as compared to loss of approximately HK\$67.9 million for the Last Corresponding Period.

Loss for the Period Attributable to Owners of the Company

The loss for the Current Period attributable to the owners of the Company amounted to approximately HK\$32.9 million (Last Corresponding Period: approximately HK\$69.0 million), resulted in a basic loss per share for the Current Period of HK6.22 cent (Last Corresponding Period: HK15.68 cent (after share consolidation)) and diluted loss per share for the Current Period of HK6.22 cent (Last Corresponding Period: HK15.68 cent (after share consolidation)).

Inventories, Loan Receivables and Account Receivables

The Group has enhanced the inventory control policy to manage business risks associated with its principal activities. Inventories as at 30 September 2023 was approximately HK\$19.5 million (31 March 2023: approximately HK\$27.7 million). The overall inventories turnover days remained healthy and reasonable for the period under review.

As at 30 September 2023, the Group's loan receivables amounted to HK\$13.0 million (31 March 2023: approximately HK\$20.4 million), which arise from its money lending business in Hong Kong. The Group recorded an ECL of approximately HK\$1.8 million for the Current Period.

The Group continues to closely monitor the settlements from its customers on an ongoing basis to manage the credit risk from time to time. As at 30 September 2023, included in the account receivables are trade receivables and cash client receivables, which amounted to approximately HK\$32.2 million (31 March 2023: approximately HK\$43.0 million) and approximately HK\$8.1 million (31 March 2023: approximately HK\$16.0 million), respectively. Trade receivables are arising from its trading business. Cash client receivables are arising from its securities brokerage business. The Group recorded no ECL on trade receivables and recorded an ECL on cash client receivables of approximately HK\$7.4 million (30 September 2023: approximately HK\$55.0 million) for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources, Working Capital and Treasury Policy

As at 30 September 2023, cash and cash equivalents of the Group amounted to approximately HK\$35.9 million (31 March 2023: approximately HK\$31.0 million), and the Group's net assets amounted to approximately HK\$169.5 million (31 March 2023: approximately HK\$186.3 million). As at 30 September 2023, there was approximately HK\$161.6 million outstanding borrowings balance (31 March 2023: approximately HK\$173.1 million).

As at 30 September 2023, non-current assets of the Group amounted to approximately HK\$242.4 million (31 March 2023: approximately HK\$250.4 million), the Group's current assets amounted to approximately HK\$162.6 million (31 March 2023: approximately HK\$187.5 million), and net current liabilities as at 30 September 2023 amounted to approximately HK\$65.9 million (31 March 2023: approximately HK\$55.2 million). As at 30 September 2023, the current ratio was approximately 0.7 (31 March 2023: approximately 0.8) (calculated by dividing the total current assets by the total current liabilities).

The Group's gearing ratio is calculated as net debt divided by total capital (the sum of total equity and net debt), as shown in the consolidated statement of financial position. Net debt is calculated as total borrowings less cash and cash equivalents. The gearing ratio as at 30 September 2023 was approximately 42.6% (31 March 2023: approximately 43.3%).

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from the Company's equity fund raising exercises. In order to release the Group's liquidity stress, the Group will resolve different approaches including but not limited to reduction of overall operating cost of in all aspects and endeavor to obtain both long-term and short-term credit facilities. The Group will strive to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group would also be receptive to any feasible proposals to dispose of the low utilizing properties as suitable opportunities arise. The Group will continue to make efforts to improve the Group's liquidity and financial position by any ways including actively and regularly reviewing its capital structure negotiating with banks and other institutions for roll-over or re-financing its existing borrowings and will consider raising additional fundings by bank borrowings and by issuing bonds or new shares, where appropriate.

Capital Structure and Fund Raising Activities

The capital of the Company comprises only ordinary shares.

On 19 September 2023, 105,228,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$26.3 million. The net proceeds of approximately HK\$25.5 million from the Placing are intended to be used for general working capital of the Group. As of 30 September 2023, approximately HK\$9.9 million have been utilised as intended for general working capital of the Group. The remaining unutilised balance of approximately HK\$15.6 million will be utilised as intended before 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

On 19 September 2022, 87,684,000 ordinary shares were issued by the Company. Shares were issued at a price of HK\$0.25 per share giving the gross proceeds of approximately HK\$21.9 million. The net proceeds of approximately HK\$21.6 million from the Placing are intended to be used for trading business of the Group for the payment for procurement of computer and peripheral products. As at 31 March 2023, all of the net proceeds of approximately HK\$21.6 million had been fully utilised as intended for the payment for procurement of computer and peripheral products for trading business.

As at 30 September 2023, the number of ordinary shares of the Company issued and fully paid was 631,390,200 (31 March 2023: 526,162,200).

Capital Commitments

The Group had no capital commitments as at 30 September 2023.

Pledge of Assets

As at 30 September 2023, the Group's bank borrowings of approximately HK\$141.1 million is secured by Group's leasehold properties situated in Hong Kong of approximately HK\$191.0 million.

As at 31 March 2023, the Group's bank borrowings of approximately HK\$151.3 million is secured by Group's leasehold properties situated in Hong Kong of approximately HK\$195.0 million.

Foreign Currency Exposure

The Group is exposed to certain foreign currency risk primarily with respect to Renminbi ("RMB") and United States dollar ("US\$") as most of the transactions are denominated in Hong Kong dollar ("HK\$"), RMB and US\$. The Group is exposed to foreign exchange risk primarily through expenses transactions that are denominated in currencies other than the functional currencies of the group companies. During the Current Period, the Group recorded a foreign exchange gain of approximately HK\$0.1 million (Last Corresponding Period: foreign exchange loss of approximately HK\$0.4 million). The Group manages its exposure to foreign currency transactions by monitoring the level of foreign currency receipts and payments and ensures that the net exposure to foreign exchange risk is kept to an acceptable level. During the Current Period, the Group has not used any forward exchange contract to hedge against foreign exchange risk as management considers its exposure as not significant. The Group will continue to manage the net exposure of foreign exchange risk to keep it at an acceptable level from time to time.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Emolument Policy

As at 30 September 2023, the Group had a total of 38 employees. Employee benefits expenses, including Directors' remuneration for the Current Period, totally amounted to approximately HK\$7.2 million (Last Corresponding Period: approximately HK\$5.2 million). The Group's remuneration policy is based on the position, duties and performance of the employees. The employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme and a share award scheme for providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Current Period.

Subsequent Event after the Reporting Period

On 17 November 2023, the Company proposed to raise not more than HK\$56,825,118 before expenses by way of the Rights Issue to the Shareholders. The Rights Issue is not underwritten and involves the issue of up to 315,695,100 Rights Shares at the Subscription Price of HK\$0.18 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares in issue. The Company entered into the placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed to procure independent placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and Non-Qualifying Shareholders Unsold Rights Shares. Reference is made to the announcements of the Company dated 17 November 2023 and 29 November 2023.

OTHER INFORMATION

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

As at 30 September 2023, none of the Directors nor chief executive of the Company has registered an interest and short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the following interest of which would fall to be disclosed under Divisions 2 and 3 of part XV of the SFO, or the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Nature of interest	Number of shares held	Approximate percentage of issued share capital (Note 2)
Forever Star Capital Limited	Beneficial owner	243,989,600	38.64
Ms. Shen Wei	Interest in controlled corporation (Note 1)	243,989,600	38.64
Mr. Lin Ruiping	Beneficial owner	47,184,000	7.47

Note:

- (1) There are 243,989,600 shares were registered in the name of Forever Star Capital Limited ("Forever Star"), Ms. Shen Wei holds 100% interest in Forever Star, a company incorporated in the British Virgin Islands.
- (2) The percentage holding in calculated based on the issued share capital of the Company as at 30 September 2023 comprising 631,390,200 shares.

Save as disclosed above, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

SHARE OPTION SCHEMES

2013 Share Option Scheme

On 21 August 2013 (“the date of adoption”), the Company conditionally approved a share option scheme (the “2013 Share Option Scheme”) and refreshed on 24 February 2017, under which options will be granted to eligible persons to subscribe for shares of the Company at subscription price which should not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a trading day (“Offer Date”); (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Company’s shares, provided that for the purpose of calculating the subscription price, where the Company has been listed for less than five trading days, the issue price shall be used as the closing price for any business day falling within the period before listing. The purpose of the 2013 Share Option Scheme is to recognize and motivate eligible persons to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.

Pursuant to the 2013 Share Option Scheme, the participants of the scheme are, inter alia, executive, shareholder of any member of the Group, supplier, customer, consultant, business or joint venture partners, franchisee, contractor, agent, representative or service providers of any member of the Group, as may be determined by the Directors at their absolute discretion. Upon acceptance of the share option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The maximum number of shares issued and to be issued upon exercise of the options granted to any eligible person (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the shares in issue from time to time. An option may be exercised at any time during the period commencing immediately after the business day on which the share option is deemed to be granted in accordance with the 2013 Share Option Scheme but shall not exceed 10 years from the date of adoption. The Board may, at its absolute discretion, fix any minimum period for which a share option must be held. The 2013 Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 21 August 2013.

Without take into account the effect of Share Consolidation, on 21 December 2016, the Group announced the granting of a total of 288,000,000 share options to selected employees and Directors under the 2013 Share Option Scheme. The exercise price of the granted options is HK\$0.55 per share and number of 1,932,000 and 56,666,667 share options were exercised and forfeited during the year ended 31 March 2018 respectively. Reference is made to the announcement of the Company dated 28 August 2017 and 29 June 2018, the Group conditionally granted 85,000,000 share options to a former non-executive Director of the Company under the 2013 Share Option Scheme respectively, which the grants were subject to acceptance of the grantee and approval by the shareholders in general meeting. However, those share options have not been granted subsequently as the conditions were not being fulfilled, whereas, no share options were granted during the year ended 31 March 2018 and 31 March 2019. The number of share options of 101,500,000 and 127,901,333 were expired and lapsed accordingly as no share option were exercised by the employees during the year ended 31 March 2019 and 2020.

The 2013 Share Option Scheme has expired on 20 August 2023 (i.e. the tenth anniversary of its adoption). Upon its expiry, no further options could be granted by the Company under the 2013 Share Option Scheme.

OTHER INFORMATION

There was no outstanding options as at 1 April 2023 and as at 30 September 2023 under the 2013 Share Option Scheme. No option was granted, exercised, cancelled or lapsed during the six months ended 30 September 2023 (Last Corresponding Period: nil). Taking into account the options granted but not accepted or the conditions of grant not being fulfilled, the total number of shares available for grant under the 2013 Share Option Scheme mandate as at 1 April 2023 were 21,565,600 (after Share Consolidation). No shares were available for grant under the 2013 Share Option Scheme as at 30 September 2023 since the 2013 Share Option Scheme has expired on 20 August 2023.

The New Share Option Scheme

Since the 2013 Share Option Scheme has expired, the Board proposed to adopt a new share option scheme (the “New Share Option Scheme”) so that the Company can continue to provide incentives or rewards to the Group’s eligible participants for their contribution to the Group. The New Share Option Scheme was adopted by an ordinary resolution passed by the Shareholders at the annual general meeting held on 28 September 2023. The New Share Option Scheme is valid and effective for a period of 10 years commencing on 28 September 2023 (the “Adoption Date”).

Details of the New Share Option Scheme are set out in the circular of the Company dated 4 September 2023.

The purpose of the New Share Option Scheme is to grant Options at the discretion of the Board to Eligible Persons as incentives and rewards for their contribution to the Group.

The maximum number of shares in respect of all share options to be granted under the New Share Option Scheme was 63,139,020 shares, representing 10% of the issued shares of the Company as at its Adoption Date.

There were no outstanding options as the Adoption date and as at 30 September 2023. Since the adoption of the New Share Option Scheme and up to the date of this report, no share options have been granted by the Company under the New Share Option Scheme.

As at the Adoption Date and as at 30 September 2023, the total number of options available for grant under the New Share Option Scheme is 63,139,020, representing 10% of the total number of issued shares of the Company at the dates respectively.

The following is a summary of the principal terms of the New Share Option Scheme:

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of Eligible Persons to the Group, and provide the Eligible Persons with an opportunity to obtain a proprietary interest in the Company, to enable the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group.

OTHER INFORMATION

2. *WHO MAY JOIN*

The Board may, from time to time during the Scheme Period, at its absolute discretion, offer an Option to an Eligible Person to subscribe for such number of Shares at the exercise price as the Board may determine, as set out in paragraph 11 below, subject always to any limits and restrictions specified in the Listing Rules.

3. *MAXIMUM NUMBER OF SHARES*

The Scheme Mandate Limit must not exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme.

The Company may seek approval by the Shareholders in general meeting for refreshing the Scheme Mandate Limit under the New Share Option Scheme after three years from the date of Shareholders' approval for the adoption of the New Share Option Scheme or the last refreshment.

The refreshment of Scheme Mandate Limit within any three-year period must be approved by the Shareholders subject to (i) any controlling Shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting; and (ii) the Company's compliance with the requirements under Rule 17.03C(1)(b)(ii) of the Listing Rules. The aforesaid (i) and (ii) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole Share.

The total number of Shares which may be issued in respect of all Options and awards to be granted under all of the share option scheme and share award schemes involving issue of new Shares of the Company under the scheme mandate as refreshed must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed scheme mandate.

The Board may grant Options in excess of the Scheme Mandate Limit (as refreshed from time to time) if the grant of such Options is to specifically identified Eligible Persons and the grant of such Options to specifically identified Eligible Persons is first approved by the Shareholders in general meeting. In obtaining the approval of the Shareholders, the Company must send a circular to the Shareholders containing all information as required by the Listing Rules. In respect of any Options to be granted, the date of the meeting of the Board proposing such grant should be deemed to be the Date of Grant for the purpose of determining the exercise price of such Options.

If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options and awards to be granted under the New Share Option Scheme and any other share option schemes and share award schemes involving issue of new Shares of the Company under the Scheme Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

OTHER INFORMATION

4. *MAXIMUM NUMBER OF OPTIONS GRANTED TO ANY ONE INDIVIDUAL*

Unless approved by the Shareholders in the manner as set out in the paragraph below, the total number of Shares issued and to be issued in respect of all Options and awards granted under the New Share Option Scheme and any other share option schemes and share award schemes involving issue of new Shares of the Company to each Eligible Person (excluding any Options and awards lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes and share award schemes involving issue of new Shares of the Company) in any 12-month period (up to and including the date of such grant) shall not exceed in aggregate 1% of the relevant class of securities of the Company in issue.

Further Options (in the 12-month period up to and including the date of granting such further Options) in excess of this 1% limit may be granted to an Eligible Person by obtaining approval of the Shareholders in general meeting with such Eligible Person and his/her close associate(s) (or his/her associates if such Eligible Person is a connected person) abstaining from voting provided that the terms (including the exercise price) and number of Shares subject to the Options to be granted to such Eligible Person are fixed before the relevant Shareholders' approval is obtained, and the date of the meeting of the Board proposing such further grant shall be deemed to be the Date of Grant for the purpose of determining the exercise price of such Options. The Company must send a circular to the Shareholders disclosing all information as required by the Listing Rules.

5. *PERFORMANCE TARGET*

The New Share Option Scheme allows the Board at its absolute discretion, when offering an Option, to impose any condition including any performance target which must be achieved before the Option can be exercised. Such performance targets shall include, among others, financial targets and management targets which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Eligible Persons. For the avoidance of doubt, Options to be granted to an Eligible Person who is an independent non-executive Director shall not contain any performance-related elements, unless this is allowed by the Listing Rules.

6. *RESTRICTIONS ON THE TIME OF GRANT OF OPTION*

Subject to the requirements of the Listing Rules as may be amended from time to time, the Board shall not grant any Options under the New Share Option Scheme after Inside Information has come to the knowledge of the Company until (and including) the trading day after the Company has announced the Inside Information pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted on any day on which its financial results are published and:

- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly (if any) or half-year period up to the publication date of the results.

OTHER INFORMATION

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

7. *GRANT OF OPTIONS TO CONNECTED PERSONS*

Any Options granted to a Participant who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates under the New Share Option Scheme must be approved by the independent non-executive Directors and in any event that the proposed Participant is an independent non-executive Director, the vote of such independent non-executive Director shall not be counted for the purpose of approving such grant.

Any Options granted to an Eligible Person who is a substantial shareholder or independent non-executive Director or any of their respective associates, which will result in the total number of Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the relevant share option scheme or the share award scheme involving issue of new Shares of the Company) to such person in the period of 12 months up to and including the date of such grant representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue, such proposed grant of Options must be approved by the Shareholders in general meeting by poll convened and held in accordance with the Articles of Association and the Listing Rules. The Company must send a circular to the Shareholders. All relevant Participants, his/her associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting. The Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. The circular shall contain the information as required under Rule 17.04(5) of the Listing Rules.

8. *ACCEPTANCE OF OPTIONS*

An offer of an Option to acquire Shares must be made by the Company on a Business Day and accepted in writing by the Participant in such manner as the Board may prescribe within 21 days of the same being made and if not so accepted shall lapse. An offer may be accepted in part. An offer may not be accepted unless the offeree remains an Eligible Person on acceptance.

The amount payable for the acceptance of an Option shall be the sum of HK\$1.00 which shall be paid upon acceptance of the offer of such Option. This consideration shall not be refundable to the Participant and shall not be deemed to be a part payment of the exercise price.

9. *RIGHTS ARE PERSONAL TO GRANTEEES*

An Option shall be personal to the Participant to whom it is granted or made. Save where the Stock Exchange has granted a waiver to the Participant to transfer his/her Option to a vehicle (such as a trust or a private company) for the benefit of the Participant and any family members of such Participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the New Share Option Scheme and comply with other requirements under the Listing Rules, the Participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option held by him/her or any offer relating to the grant of an Option made to him/her.

OTHER INFORMATION

10. TIME OF EXERCISE OF OPTIONS

An Option may be exercised in whole or in part by the Participant at any time during the Exercise Period and subject to compliance with the terms of the relevant Option and the New Share Option Scheme.

11. EXERCISE PRICE

The exercise price shall be determined by the Board and shall not be less than the greater of:

- (a) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the Date of Grant of such Option, which must be a Business Day;
- (b) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant of such Option; and
- (c) the nominal value of the Shares.

12. VESTING PERIOD

The vesting period in respect of any Options granted to any Participant shall be determined by the Board at its discretion and shall not be shorter than 12 months. The Remuneration Committee (where the arrangements relate to grants of Options to the Directors and/or senior management) or the Board (where the arrangements do not relate to grants of Options to the Directors and/or senior management) shall have the authority to determine a shorter vesting period, if the Remuneration Committee (or, as the case may be, the Board) considers that a shorter vesting period in respect of the Participants who are the directors (or prospective directors) and/or the Employees (or prospective Employees) of the Group is appropriate to align with the purpose of the New Share Option Scheme under any of the following circumstances:

- (i) grants of "make-whole" Options to new joiners to replace the share options or share awards they forfeited when leaving the previous employers;
- (ii) grants to a director and/or Employee of the Group whose employment is terminated due to death, disability or occurrence of any out of control event;
- (iii) grants of Options with performance-based vesting conditions provided, in lieu of time-based vesting criteria; and the director and/or an Employee of the Group is required to satisfy the performance-based vesting conditions within 12 months from the Date of Grant. For the avoidance of doubt and save as otherwise provided in this paragraph, the vesting period shall not be less than 12 months if no performance target is imposed;
- (iv) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batches. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;

OTHER INFORMATION

- (v) grants of Options with a mixed or accelerated vesting schedule such as where the grant may vest evenly over a period of 12 months to reward exceptional performers; and
- (vi) grants of Options with a total vesting and holding period of more than 12 months to reward exceptional performers.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances, or (ii) attract talents or reward exceptional performers with accelerated vesting. These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period as set out in the Consultation Conclusions.

13. LAPSE OF OPTIONS

An Option shall lapse on the occurrence of the earliest of the following events:

- (a) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full), he/she (or his/her legal representative(s)) may exercise the Option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death or permanent disability or such longer period as the Board may determine; or
- (b) in the event that the grantee ceases to be an Executive (as defined below) by reason of his/her retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his/her Option (to the extent which has become exercisable and not already exercised) shall be exercisable until the expiry of the relevant Exercise Period; or
- (c) in the event that the grantee ceases to be an Executive by reason of his/her transfer of employment to a controlling shareholder (as defined under the Listing Rules) of the Company or a subsidiary or an associate of a controlling shareholder of the Company, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation; or

OTHER INFORMATION

- (d) in the event that the grantee ceases to be an Executive for any reason (including his/her employing company ceasing to be a member of the Group) other than his/her death, permanent disability, retirement pursuant to such retirement scheme applicable to the Group at the relevant time or the transfer of his/her employment to a controlling shareholder (as defined under the Listing Rules) of the Company or a subsidiary or an associate of a controlling shareholder of the Company or the termination of his/her employment with the relevant member of the Group by resignation or termination on the grounds that he/her has been guilty of serious misconduct, or there exists grounds allowing his/her summary dismissal under his/her employment contract or under common law, or he/she is unable or has no reasonable prospects of being able to pay his/her debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or another applicable law, or he/she has become otherwise insolvent or has made any arrangement or composition with his/her creditors generally, or he/she has been convicted of any criminal offence involving his/her integrity or honesty (“Culpable Termination”), the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation; or
- (e) in the event that an grantee ceases to be an Executive by reason of the termination of his/her employment by resignation or Culpable Termination, the Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the grantee is notified of the termination of his/her employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification; or
- (f) in the event that the prospective Executive does not join the Group, within 6 months after the grant of the Options to him/her, the Option shall lapse on the last day of the 6-month period.; or
- (g) upon the expiry of the periods as specified in paragraphs 17, 18 and 19.

“Executive” in paragraph 13 above refers to the directors (or prospective directors), employees (whether full-time or part-time) (or prospective employees) of the Group or of the Related Entities.

14. CLAWBACK MECHANISM

Notwithstanding the terms and conditions of the New Share Option Scheme, the Directors may provide in the Option certificate that any Option may be subject to clawback or a longer vesting period if any of the following events shall occur:

- (A) there being a material misstatement in the audited financial statements of the Company that requires a restatement; or

OTHER INFORMATION

- (B) the Participant being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or
- (C) if the Option is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

The Directors may by notice in writing to the Participant concerned (i) claw back all or a specified part of the Options granted as the Directors may consider appropriate, or (ii) extend the vesting period (regardless of whether the vesting has occurred) in relation to all or a specified part of the Options (to the extent not already exercised) to such longer period as the Directors may consider appropriate. The Options that are clawed back pursuant to this paragraph will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

15. RIGHTS

No dividends shall be payable and no voting rights shall be exercisable in relation to Options that have not been exercised. Shares issued or transferred on the exercise of an Option shall rank equally in all respects with the other Shares of the same class in issue at the date of allotment (including without limitation as to voting, dividend and transfer rights and rights arising on the liquidation of the Company) and will be subject to all the provisions of the Articles of Associations. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment. A Share issued upon the exercise of an Option will not carry voting rights until the registration of the grantee (or any other person) as the holder thereof in the register of members of the Company.

16. EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration to the capital structure of the Company while any Option remains exercisable, whether by way of capitalization issue, open offer, rights issue, consolidation, reclassification, reconstruction, sub-division or reduction of the share capital of the Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to the maximum number of Shares subject to the New Share Option Scheme, and/or the aggregate number of Shares subject to the Option so far as unexercised, and/or the subscription price of each outstanding Option, provided that any such adjustments will be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option will remain as nearly as practicable the same as (but shall not be greater than) it was before such alteration, and that any such adjustment shall be made in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules, supplementary guidance issued by the Stock Exchange from time to time and that no Share will be issued at less than its nominal value. Any adjustments required must give a Participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled.

OTHER INFORMATION

In respect of any such adjustment, other than any made on a capitalization issue, an independent financial advisor or the auditors for the time being of the Company must confirm to the Board that the adjustments satisfy the requirements under the Listing Rules.

If there has been any alteration in the capital structure of the Company as referred above, the Company shall, upon receipt of a notice from a grantee in respect of the exercise of Option, inform the grantee of such alteration in accordance with the certificate of the independent financial advisor or auditors, or if no such certificate has been obtained, inform the grantee of such fact and instruct the auditors or independent financial advisor as soon as practicable thereafter to issue such certificate.

17. RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER AND SCHEME OF ARRANGEMENT

If a general offer is made to all the Shareholders and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time within 21 days after the date on which the offer becomes or is declared unconditional (in the case of a takeover offer) or prior to such time and date as shall be notified by the Company (in the case of a scheme of arrangement).

18. RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or his/her legal representative(s)) shall be entitled to exercise all or any of his/her Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

OTHER INFORMATION

19. *RIGHTS ON COMPROMISE OR ARRANGEMENT*

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company, the Company shall give notice thereof to the grantees who have Options unexercised at the same date as it despatches notices to all members or creditors of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee (or his/her legal representative(s)) may until the expiry of the earlier of (i) the Exercise Period; (ii) the period of two months from the date of such notice; or (iii) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part of his/her Option. Except insofar as exercised in accordance with this paragraph, all Options outstanding at the expiry of the relevant period referred to in this paragraph shall lapse. The Company may thereafter require each grantee to transfer or otherwise deal with the Shares issued on exercise of the Options to place the grantee in the same position as would have been the case had such Shares been subject to such compromise or arrangement.

20. *ALTERATION OF THE NEW SHARE OPTION SCHEME*

The New Share Option Scheme may be altered in any respect by a resolution of the Board except for some material alterations thereto or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules which shall not be carried out except with the prior approval by the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or approval in writing of such number of grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the New Share Option Scheme.

Unless otherwise approved by the Stock Exchange, the amended terms of the New Share Option Scheme or the Options shall comply with the relevant requirements of the Listing Rules (including but not limited to Chapter 17 of the Listing Rules).

Any change to the terms of Options granted to an Eligible Person must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options or awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

21. *CANCELLATION OF OPTIONS*

Any cancellation of any Option must be approved by the Board (including the approval of the independent non-executive Directors) and the Participant(s) concerned. In the event that the Board elects to cancel Options and issue new Options to the Participant(s) concerned, the issue of such new Options shall be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the Scheme Mandate Limit as refreshed, as the case may be.

OTHER INFORMATION

22. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may terminate the operation of the New Share Option Scheme at any time by a resolution at the general meeting and in such event, no further Option shall be offered thereunder but the provisions of the New Share Option Scheme shall remain in force in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the New Share Option Scheme.

SHARE AWARD SCHEME

On 14 March 2019, the Company adopted the share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (including executive directors), consultants or advisers of or to the Group and non-executive directors (including independent non-executive directors) of the Group (the "Selected Person(s)") pursuant to the terms of the Share Award Scheme and trust deed of the Share Award Scheme (the "Trust Deed"). The purpose of the Share Award Scheme is to recognize the contributions by the Selected Persons and to offer suitable incentives to attract and retain targeted talent and personnel for the continuance of operations and future development of the Group. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 13 March 2029. The Share Award Scheme is subject to the administration of the Board of Directors and the trustee of the Share Award Scheme (the "Trustee") in accordance with the Share Award Scheme and the Trust Deed.

The Board of Directors shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board of Directors under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time. As at the date of this interim Report, the maximum number of shares which may be awarded to each participant was 6,313,902 shares, representing 1% of the then issued share capital of the Company, and 63,139,020 shares, representing 10% of the then issued share capital of the Company, were available for issue under the Share Award Scheme. Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion grant any share awards to any selected participant at nil consideration.

The Board of Directors may contribute funds to the trust constituted by the Trust Deed (the "Trust") for the purchase or subscription of shares of the Company and other purposes set out in the Share Award Scheme and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed, and the Board of Directors may instruct the Trustee to purchase shares of the Company on the Stock Exchange and to hold them in trust for the benefit of the persons who are eligible for the Awarded Shares on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed (the "Eligible Persons"). The Trustee shall not exercise the voting rights in respect of any shares, including but not limited to the Awarded Shares, any bonus shares and scrip shares derived therefrom, held by it under the Trust.

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Selected Person pursuant to the provision of the Share Award Scheme shall vest in such Selected Person in accordance with the vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Person on the vesting date at no consideration.

OTHER INFORMATION

The terms of the Share Award Scheme allow the Trustee to subscribe for new Shares to be allotted and issued by the Company, and to purchase the existing Shares on the market.

Pursuant to the terms of the Share Award Scheme, the Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any the Eligible Persons under the rules of the Share Award Scheme.

On 22 August 2023, the Board passed a resolution to amend the terms of the Share Award Scheme to the effect that the Trustee is allowed only to purchase the existing Shares on the market or off the market to satisfy the awards to be granted under the Share Award Scheme, such that the Share Award Scheme has become a share scheme that is funded only by the existing Shares.

Since all the Shares held by the Trustee as at 22 August 2023 were purchased by the Trustee on the market and the Board intends that the Trustee will continue to purchase existing Shares on the market or off the market to satisfy the grant of awards under the Share Award Scheme, the Board considered that the amendments to the rules of the Share Award Scheme would reflect the operation of the Share Award Scheme and provide more flexibility to the Trustee in administering the Share Award Scheme.

No share awards have been granted under the Share Award Scheme since its adoption on 14 March 2019. Since no awards have been granted under the Share Award Scheme, the number of awards available for grant under the share award scheme mandate as at 1 April 2023 and 30 September 2023 were 52,616,220 shares and 63,139,020 shares respectively, representing 10% of the then issued share capital of the Company.

During the Current Period, no ordinary share of the Company for the Share Award Scheme was acquired (Last Corresponding Period: nil). As at 30 September 2023, 4,274,400 shares of the Company were held by the Trustee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings according to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries of all Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the Current Period.

CHANGES IN THE COMPOSITION OF THE BOARD

Change in the composition of the Board during the six months ended 30 September 2023 and up to the date of this announcement are as follows:

Mr. Chan Wing Sum was appointed as an executive Director and Chief Executive Officer of the Company on 24 August 2023.

Ms. Kwok Ling Yee Pearl Elizabeth was appointed as an executive Director of the Company on 24 August 2023.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Current Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board is committed to achieving high standards of corporate governance to safeguard the interest of the Company's shareholders and to enhance corporate value and accountability. During the Current Period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principle duties of the audit committee include the review and supervision of the Group's financial reporting matters, risk management and internal control procedures. The audit committee of the Board (the "Audit Committee") comprises three independent Non-Executive Directors, namely Mr. Loo Hong Shing Vincent (Chairman of the Audit Committee), Mr. Zhu Shouzhong and Mr. Li Huaqiang. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim condensed consolidated financial information of the Group for the Current Period with the Directors of the Company.

By order of the Board
Huabang Technology Holdings Limited
Qu Hongqing
Executive Director

Hong Kong, 30 November 2023

As at the date of this report, the Executive Directors of the Company are Mr. Qu Hongqing, Mr. Chan Wing Sum and Ms. Kwok Ling Yee Pearl Elizabeth; and the independent Non-Executive Directors of the Company are Mr. Loo Hong Shing Vincent, Mr. Zhu Shouzhong and Mr. Li Huaqiang.