

# HK Asia Holdings Limited 港亞控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code :1723

INTERIM REPORT  
2023



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Siu Muk Lung (*Chairman*)

Mr. Chung Chi Fai

#### Non-executive Directors

Mr. Ritchie Ma

Mr. Lam Kin Lun Davie

#### Independent Non-executive Directors

Mr. Lee Kwan Ho, Vincent Marshall

Mr. Kwok Wai Leung, Stanley

Mr. Fok Kam Chau

Mr. Shiao Hei Lok Herod

### AUDIT COMMITTEE

Mr. Fok Kam Chau (*Chairman*)

Mr. Lam Kin Lun Davie

Mr. Kwok Wai Leung, Stanley

Mr. Shiao Hei Lok Herod

### REMUNERATION COMMITTEE

Mr. Shiao Hei Lok Herod (*Chairman*)

Mr. Ritchie Ma

Mr. Kwok Wai Leung, Stanley

Mr. Fok Kam Chau

### NOMINATION COMMITTEE

Mr. Siu Muk Lung (*Chairman*)

Mr. Lee Kwan Ho, Vincent Marshall

Mr. Kwok Wai Leung, Stanley

Mr. Shiao Hei Lok Herod

Mr. Fok Kam Chau

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Chung Chi Fai (*Chairman*)

Mr. Chan Him Alfred

Ms. Chau Pui Cheung

### AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)

Mr. Siu Muk Lung

Mr. Chan Him Alfred

### COMPANY SECRETARY

Mr. Chan Him Alfred

### AUDITORS

HLB Hodgson Impey Cheng Limited

### LEGAL ADVISOR TO THE COMPANY AS TO HONG KONG LAW

Sit, Fung, Kwong & Shum, Solicitors

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

24th Floor, Chun Wo Commercial Centre

23 Wing Wo Street, Sheung Wan

Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### STOCK CODE

1723

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

### COMPANY WEBSITE

[www.hkasiaholdings.com](http://www.hkasiaholdings.com)

# Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of HK Asia Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”), together with the comparative figures for the six months ended 30 September 2022.

## BUSINESS REVIEW

The Group conducts wholesale and retail sales of pre-paid products (i.e. SIM card and top up voucher) (“**Pre-paid Products**”) in Hong Kong targeted at Indonesian and Filipino consumers and Pre-paid Products targeted at mobile users who demand for local and international phone call and/or mobile data services in Hong Kong and overseas (“**Other Users**”). The Group is a long-established and well-recognised distributor in the industry.

During the Period, the Group set up an online platform to facilitate our customers to top-up the value of our Pre-Paid Products. During the Period, the Group obtained ten more products sourced from the suppliers for sales which were Pre-paid Products with local phone call and mobile data services in Hong Kong, four more Pre-paid Products with overseas mobile data services in various countries; and twenty three more Pre-paid Products with local phone call and mobile data services in Hong Kong and overseas mobile data services in various countries. After the Period, the Group launched three more Pre-paid Products with overseas mobile data services in various countries. As at 30 September 2023, the Group rented a total of six self-managed retail shops for selling Pre-paid Products in Hong Kong, including two in Central, one in Causeway Bay, one in Tsuen Wan, one in Yuen Long and one in Mong Kok.

## OUTLOOK AND PROSPECT

The Group is seeking to expand its business and further increase its market share in the sectors of Pre-paid Products targeted at (i) Indonesian and Filipino consumers; and (ii) Other Users.

The Group plans to increase the number of retailers in sales network, strengthen the Group’s inventory management capability and adopt other alternatives to seize the opportunities brought by the growth of inbound and outbound tourists in Hong Kong and the economic growth after the COVID-19 pandemic.

## FINANCIAL REVIEW

### Revenue

During the Period, the Group’s revenue amounted to approximately HK\$129.0 million which represented an increase of approximately 47.3% as compared to approximately HK\$87.6 million for the corresponding period in 2022. The increase in revenue was mainly attributable to the increase in sales to Other Users of approximately HK\$24.6 million and the increase in sales to Indonesian and Filipino consumers of approximately HK\$16.9 million. The increase in revenue was mainly attributable to the increase in inbound and outbound tourists in Hong Kong.

## Management Discussion and Analysis (continued)

### Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$5.3 million or 19.9% from approximately HK\$26.6 million for the six months ended 30 September 2022 to approximately HK\$31.9 million for the six months ended 30 September 2023. The increase in gross profit was mainly attributable to the increase in revenue. The overall gross profit margin decreased from approximately 30.4% for the six months ended 30 September 2022 to approximately 24.7% for the six months ended 30 September 2023. The decrease in overall gross profit margin was primarily due to the increase in discounts provided to customers due to the keen market competition.

### Other revenue

During the Period, the Group's other revenue amounted to approximately HK\$1.6 million, representing an increase of approximately 6.7% as compared to approximately HK\$1.5 million for the corresponding period in 2022. The increase in other revenue was mainly due to the increase in bank interest income of approximately HK\$1.0 million which was partly offset by the decrease in government subsidy of approximately HK\$0.8 million.

### Selling and distribution expenses

Selling and distribution expenses mainly comprised (i) depreciation of right-of-use assets; (ii) staff costs; (iii) advertising and promotion expenses; and (iv) other expenses. During the Period, selling and distribution expenses amounted to approximately HK\$12.1 million (six months ended 30 September 2022: approximately HK\$11.3 million), representing an increase of approximately 7.1% as compared to corresponding period in 2022. The increase in selling and distribution expenses was mainly due to the increase in advertising and promotion expenses of approximately HK\$0.2 million, the increase in staff costs of approximately HK\$0.2 million, the increase in depreciation of right-of-use assets of approximately HK\$0.3 million and the increase in transportation costs of approximately HK\$0.1 million.

### Administrative expenses

Administrative expenses mainly represented (i) staff costs; (ii) depreciation of right-of-use assets; and (iii) professional fees. For the Period, administrative expenses amounted to approximately HK\$8.1 million (six months ended 30 September 2022: approximately HK\$9.7 million) which was mainly due to the decrease in staff cost of approximately HK\$2.5 million which was partly offset by the increase in staff welfare of approximately HK\$0.9 million.

### Finance cost

Finance cost comprised interest expenses on lease liabilities and amounted to approximately HK\$0.3 million for the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$0.2 million).

## Management Discussion and Analysis (continued)

### Taxation

During the Period, the income tax expenses amounted to approximately HK\$2.2 million (six months ended 30 September 2022: approximately HK\$1.2 million) and the effective tax rate for the Period was approximately 16.9% (six months ended 30 September 2022: approximately 17.2%).

### Profit for the Period

Profit attributable to owners of the Company for the Period was approximately HK\$10.8 million, representing an increase of approximately 86.2% as compared with approximately HK\$5.8 million for the corresponding period in 2022 which was mainly attributed to the reasons mentioned above.

### Inventories

The Group had inventories of approximately HK\$42.0 million as at 30 September 2023, representing a decrease of approximately HK\$17.8 million as compared to the inventories of approximately HK\$59.8 million as at 31 March 2023. The decrease was mainly resulted from the increase in sales during the Period.

## LIQUIDITY AND CAPITAL RESOURCES

### Net current assets

The Group had net current assets of approximately HK\$103.0 million as at 30 September 2023 (31 March 2023 approximately HK\$163.3 million). The current ratio of the Group decreased from approximately 22.4 times as at 31 March 2023 to approximately 12.6 times as at 30 September 2023. Such decrease was mainly attributable to (i) the decrease in current assets of approximately HK\$59.0 million which was mainly attributable to the decrease in bank balances and cash of approximately HK\$35.6 million, decrease in trade receivables of approximately HK\$0.3 million, decrease in inventories of approximately HK\$17.8 million, the decrease in deposits, prepayments and other receivables of approximately HK\$2.5 million, the decrease in tax recoverable of approximately HK\$3.1 million and the increase in amount due from a related party of approximately HK\$0.2 million; and (ii) the increase in current liabilities of approximately HK\$1.2 million which was mainly due to the increase in lease liabilities of approximately HK\$1.6 million and the decrease in accruals and other payables of approximately HK\$0.4 million.

### Borrowings

The Group's bank and other borrowings was nil as at 30 September 2023 (31 March 2023: nil).

### Gearing ratio

The Group's gearing ratio was nil as at 30 September 2023 (31 March 2023: nil) as it has no outstanding debts. The gearing ratio equals total amount of debts divided by total amount of equity and multiplied by 100%.

## Management Discussion and Analysis (continued)

### Share capital structure

As at 30 September 2023, the Company's issued share capital was HK\$4,000,000 and the number of issued shares of the Company was 400,000,000 ordinary shares of HK\$0.01 each (the "Shares").

There has been no change in the share capital structure of the Company during the Period and up to the date of this report.

### Foreign exchange exposure

Transactions of the Group are mainly denominated in HK\$ and the Group is not exposed to any significant foreign exchange risk. The Group had not used any financial instruments for hedging purposes and no hedging policy against foreign currency risk was maintained by the Group.

## EMPLOYEES AND EMOLUMENTS POLICY

As at 30 September 2023, the Group had 47 employees (30 September 2022: 43 employees) with a total remuneration of approximately HK\$8.6 million during the Period (30 September 2022: approximately HK\$11.0 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices. Performance bonuses are offered to qualified employees based on individual and the Group's performance. The Group is dedicated to providing training programs for new employees and regular on-the-job trainings to employees to enhance their sales and marketing skills and know-how. The emoluments of the Directors are recommended by the remuneration committee of the Company, with reference to their respective contribution of time, effort and expertise on the Company's matters. The Company has also adopted a share option scheme to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

### PLEDGE OF ASSETS

As at 30 September 2023, the Group did not have any pledged assets (31 March 2023: nil).

## MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Period, the Group acquired a property in Hong Kong to be used as the Group's office premise at the consideration of HK\$9,000,000.

There was no material acquisition or disposal of subsidiaries, associates or joint ventures, or significant investments by the Group during the Period (six months ended 30 September 2022: nil).

### CAPITAL COMMITMENT

As at 30 September 2023, the Group did not have any capital commitments (31 March 2023: HK\$197,000) in respect of acquisition of property, plant and equipment.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING

Apart from strengthening the Group's current business and implementing the future plans as disclosed in the prospectus of the Company dated 11 September 2018, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholders' value.

### CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2023 (31 March 2023: nil).

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2023, the Directors and the chief executive of the Company had the following interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which 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 Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be notified to the Company and the Stock Exchange:

#### Long positions in the ordinary shares of the Company

Name of Director/ Chief executive	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding (Note)
Mr. Siu Muk Lung (“Mr. Siu”)	Beneficial Owner	281,070,000	70.26%

Note:

The percentage of shareholding was calculated based on the Company’s total number of issued shares as at 30 September 2023 (i.e. 400,000,000 shares).

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executive of the Company had any interest and/or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was 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 which was required pursuant to section 352 of the SFO to be entered in the register referred to therein or which was required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 30 September 2023, the following persons (not being a Director or chief executive of the Company) had or were deemed to have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long positions in the ordinary shares of the Company

Name of shareholder	Capacity/Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding <i>(Note 1)</i>
Ms. Lee Chun Yuk (“Mrs. Siu”)	Interest of spouse <i>(Note 2)</i>	281,070,000	70.26%

#### Notes:

1. The percentage of shareholding was calculated based on the Company's total number of issued shares as at 30 September 2023 (i.e. 400,000,000 shares).
2. Mrs. Siu is the spouse of Mr. Siu. Under the SFO, Mrs. Siu is deemed to be interested in the same number of shares of the Company which Mr. Siu is interested in.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at 30 September 2023, there was no other person (not being a Director or chief executive of the Company) who had or was deemed to have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 17 to the unaudited condensed consolidated interim financial statements, no contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

### DIRECTORS' INTEREST IN A COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor any of their respective associates (as defined in the Listing Rules) that compete or may compete with the business of the Group or any other conflict of interests which any such person has or may have with the Group during the six months ended 30 September 2023.

## Corporate Governance and Other Information (continued)

### SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was conditionally adopted by the Company on 27 August 2018 (the “**Adoption Date**”) and became effective on 27 September 2018 (the “**Listing Date**”). The purpose of the Share Option Scheme is to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants. Pursuant to the Share Option Scheme, the Board may, at its discretion, make offer of options to any employee (full-time or part-time), director (including executive, non-executive or independent non-executive director) and any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the “**Eligible Participants**”). The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date, i.e., 40,000,000 Shares, which represents 10% of the total number of Shares in issue as at the date of this report, unless shareholders’ approval has been obtained.

No share option has been granted, exercised, cancelled, lapsed or outstanding under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, a total of 40,000,000 Shares were available for issue under the Share Option Scheme at the beginning and the end of the Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Period.

### DIVIDEND

A special dividend of HK\$0.15 per ordinary Share was approved and declared by the Board on 17 August 2023 and was paid on 18 September 2023. For details, please refer to the announcements of the Company dated 7 August 2023 and 17 August 2023.

The Board does not recommend a payment of an interim dividend for the Period (for six months ended 30 September 2022: Nil).

### CORPORATE GOVERNANCE PRACTICES

The Board has adopted the principles and code provisions in part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as the basis of the Company’s corporate governance practices. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code during the Period and up to the date of this report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge, information and belief of the Directors, the Company has maintained a sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules during the Period and up to the date of this report.

### CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

The Company is not aware of any changes in the information of the Directors and chief executive of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Period and up to the date of this report.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) which are of no less exacting terms than the Model Code for securities transactions by the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance with the Employees Written Guidelines by the relevant employees during the Period was noted by the Company.

### EVENTS AFTER REPORTING PERIOD

No significant events which would materially affect the Group's operating and financial performance occurred since the end of the Period and up to the date of this report.

### AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL RESULTS

The Company established an audit committee (the “**Audit Committee**”) on 27 August 2018 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee now comprises four members, three being independent non-executive Directors, namely, Mr. Fok Kam Chau (Chairman), Mr. Kwok Wai Leung, Stanley and Mr. Shiao Hei Lok Herod, one being non-executive Director, Mr. Lam Kin Lun Davie.

The financial information for the six months ended 30 September 2023 in this report has not been audited by the auditors of the Company, but has been reviewed by the Audit Committee. The Audit Committee has reviewed and discussed with the management the accounting principles and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Period.

# Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Notes	For the six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Revenue</b>	5	<b>129,004</b>	87,560
Cost of sales		<u>(97,131)</u>	<u>(60,913)</u>
<b>Gross profit</b>		<b>31,873</b>	26,647
Other revenue	6	<b>1,614</b>	1,536
Selling and distribution expenses		<b>(12,115)</b>	(11,281)
Administrative expenses		<b>(8,074)</b>	(9,729)
Finance cost		<b>(257)</b>	(183)
<b>Profit before taxation</b>	7	<b>13,041</b>	6,990
Taxation	8	<b>(2,200)</b>	(1,200)
<b>Profit and total comprehensive income for the period</b>		<b>10,841</b>	5,790
<b>Profit for the period attributable to owners of the Company</b>		<b>10,841</b>	5,790
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>10,841</b>	5,790
<b>Earnings per share</b>			
Basic and diluted (HK cents)	9	<b>2.71</b>	1.45

# Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	<i>Notes</i>	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	11,219	1,631
Financial assets at fair value through profit or loss		2,188	2,188
Right-of-use assets		6,620	4,283
		<u>20,027</u>	<u>8,102</u>
<b>Current assets</b>			
Inventories		41,989	59,754
Trade receivables	12	1,163	1,456
Deposits, prepayments and other receivables	13	6,572	9,077
Amount due from a related party	14	201	18
Tax recoverable		483	3,561
Bank balances and cash		61,518	97,080
		<u>111,926</u>	<u>170,946</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accruals and other payables	15	4,550	4,983
Lease liabilities		4,331	2,660
		<u>8,881</u>	<u>7,643</u>
<b>Net current assets</b>		<u>103,045</u>	163,303
<b>Total assets less current liabilities</b>		<u>123,072</u>	171,405
<b>Non-current liabilities</b>			
Lease liabilities		2,534	1,708
<b>Net assets</b>		<u>120,538</u>	169,697
<b>Equity</b>			
Share capital	16	4,000	4,000
Reserves		116,538	165,697
<b>Total equity</b>		<u>120,538</u>	169,697

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share Capital HK\$'000	Share Premium HK\$'000	Other Reserve HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
<b>At 1 April 2023 (Audited)</b>	4,000	65,556	670	99,471	169,697
Profit and total comprehensive income for the period	–	–	–	10,841	10,841
Special dividend (Note 10)	–	–	–	(60,000)	(60,000)
<b>At 30 September 2023 (Unaudited)</b>	<u>4,000</u>	<u>65,556</u>	<u>670</u>	<u>50,312</u>	<u>120,538</u>
At 1 April 2022 (Audited)	4,000	65,556	670	95,531	165,757
Profit and total comprehensive income for the period	–	–	–	5,790	5,790
At 30 September 2022 (Unaudited)	<u>4,000</u>	<u>65,556</u>	<u>670</u>	<u>101,321</u>	<u>171,547</u>

# Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Net cash generated from operating activities</b>	<b>37,976</b>	48,887
<b>Net cash used in investing activities</b>	<b>(9,888)</b>	(1)
<b>Net cash used in financing activities</b>	<b>(63,650)</b>	(2,464)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(35,562)</b>	46,422
<b>Cash and cash equivalents at the beginning of the period</b>	<b>97,080</b>	62,428
<b>Cash and cash equivalents at the end of the period</b>	<b>61,518</b>	108,850
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>61,518</b>	108,850

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 May 2016 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. Its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is at 24th Floor, Chun Wo Commercial Centre, 23 Wing Wo Street, Sheung Wan, Hong Kong.

The Company's issued shares have been listed on the Main Board of the Stock Exchange on the Listing Date.

The Company is an investment holding company and its subsidiaries are principally engaged in wholesale and retail sales of the Pre-paid Products in Hong Kong.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company. All values are rounded to the nearest thousand ("HK\$'000") except otherwise indicated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Report, except as stated below.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 4. OPERATING SEGMENT

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. During the Period, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line or geographical area and the executive Directors reviewed the financial results of the Group as a whole reported under HKFRSs.

The Group currently has one operating segment which is revenue from sale of the Pre-paid Products. Accordingly, the Group does not have separate reportable segments.

As all the Group's operations and non-current assets are located in Hong Kong, there is no geographical analysis.

### 5. REVENUE

Revenue, which is also the Group's turnover, represents the income generated by sale of Pre-paid Products during the six months ended 30 September 2023 and 2022.

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Sales of Pre-paid Products	<b>129,004</b>	87,560

### 6. OTHER REVENUE

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Promotion income	390	390
Consignment income	233	271
Sundry income	1	30
Bank interest income	990	–
Government subsidy	–	845
	<b>1,614</b>	1,536

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 7. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditors' remuneration	–	–
Cost of inventories recognised as an expense	100,578	60,913
Depreciation of property, plant and equipment	300	350
Employee benefit expenses (including Directors' emoluments)	8,648	11,026
Expenses relating to short-term leases	3,881	3,897
Depreciation of right-of-use assets	3,011	2,677
Advertising and promotion expenses	1,247	998

### 8. TAXATION

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The taxation charge comprises:		
Hong Kong Profits Tax		
– Current year	2,200	1,200

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for the six months ended 30 September 2023 and 2022.

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 9. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings:		
Earning for the purpose of calculation of basic earnings per share		
– Profit attributable to owners of the Company	<u>10,841</u>	<u>5,790</u>

	For the six months ended 30 September	
	2023 '000 shares	2022 '000 shares
Number of shares:		
Weighted average number of ordinary shares in issue	<u>400,000</u>	<u>400,000</u>

Diluted earnings per share for the six months ended 30 September 2023 and 2022 were the same as the basic earnings per share as there were no potential dilutive ordinary shares existing for both periods.

### 10. DIVIDEND

	For the six months ended 30 September	
	2023 HK\$'000	2022 HK\$'000
Special dividend of HK\$0.15 per ordinary share	<u>60,000</u>	<u>–</u>

A special dividend of HK\$0.15 per ordinary share of the Company was declared by the Board on 17 August 2023 and was paid on 18 September 2023.

The Board did not recommend the payment for interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group paid approximately HK\$9,888,000 (for the year ended 31 March 2023: approximately HK\$934,000) on acquisition of property, plant and equipment.

### 12. TRADE RECEIVABLES

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables	<b>1,163</b>	1,456

The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period of 0 to 21 days to its customers.

The following table sets forth the ageing analysis of trade receivables, based on invoice date, as at the dates indicated:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
0 – 21 days	1,163	483
Over 21 days	–	973
	<b>1,163</b>	1,456

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Deposits	5,483	5,195
Prepayments	1,089	3,518
Other receivables	–	364
	<b>6,572</b>	<b>9,077</b>

### 14. AMOUNT DUE FROM A RELATED PARTY

The amount due from a related party was unsecured, interest-free and repayable on demand.

### 15. ACCRUALS AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Accruals	1,271	1,801
Provision for severance payments ( <i>note</i> )	3,279	3,179
Other payables	–	3
	<b>4,550</b>	<b>4,983</b>

*Note:* The provision for severance payments is determined with reference to the employee's remuneration and their years of services and the movements of the provision for severance payments during the six months ended 30 September 2023 are as follows:

	Severance payments HK\$'000
As at 31 March 2023 and 1 April 2023 (Audited)	3,179
Provision	100
As at 30 September 2023 (Unaudited)	<b>3,279</b>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 16. SHARE CAPITAL

	As at 30 September 2023		As at 31 March 2023	
	number of Shares	nominal value HK\$'000	number of Shares	nominal value HK\$'000
<b>Authorised:</b>				
At beginning and end of the period/year of nominal value of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>				
At beginning and end of the period/year of nominal value of HK\$0.01 each	<u>400,000,000</u>	<u>4,000</u>	<u>400,000,000</u>	<u>4,000</u>

### 17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these interim financial statements, the Group entered into the following material related party transactions:

#### (a) Compensation of key management personnel

The remuneration of key management for the Group (including Directors) during the six months ended 30 September 2023 and 2022 is set out as follows:

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, allowance and benefit in kind	3,210	6,110
Retirement benefits scheme contributions	<u>32</u>	<u>32</u>
	<u>3,242</u>	<u>6,142</u>

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

### 17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Group entered into the following significant related party transactions during the six months ended 30 September 2023 and 2022

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Recurring:		
Rental expense paid to related parties:		
– Lung Shun Holdings Limited ( <i>note a</i> )	496	458
– Hung Sang Group Limited ( <i>note a</i> )	–	69
Consignment income received from:		
– Hong Kong Telecommunication Direct Selling Centre Limited ( <i>note b</i> )	233	271

*Notes:*

- (a) Lung Shun Holdings Limited and Hung Sang Group Limited were owned by Mr. Siu as to 50% and owned by Mrs. Siu as to 50%.
- (b) Hong Kong Telecommunication Direct Selling Centre Limited is a limited liability company incorporated in Hong Kong that is wholly-owned by Mr. Siu.