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HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2020**

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2020 together with the comparative figures for the corresponding period in 2019. The unaudited condensed consolidated financial statements have been reviewed by the Company’s audit committee.

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited Restated
CONTINUING OPERATIONS			
Revenue	3	186,478	102,607
Cost of sales		<u>(128,081)</u>	<u>(79,689)</u>
Gross profit		58,397	22,918
Other income	5	4,119	1,808
Gain on changes in fair value of other financial assets		2,214	–
Realised (loss)/gain on held-for-trading investments		(540)	3,959
Loss on changes in fair value of held-for-trading investments		(8,847)	(17,278)
Impairment loss on finance lease receivables		–	(233)
Impairment loss on loan and interest receivables		(11,330)	(100)
Impairment loss on factoring and interest receivables		(233)	–
(Impairment loss)/Reversal of impairment loss on trade and account receivables		(15,540)	256
Administrative expenses		<u>(40,562)</u>	<u>(18,557)</u>

		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited Restated
Operating loss from continuing operations		(12,322)	(7,227)
Finance costs	7	<u>(1,680)</u>	<u>(398)</u>
Loss before taxation from continuing operations	6	(14,002)	(7,625)
Taxation	8	<u>329</u>	<u>(4,559)</u>
Loss for the period from continuing operations		<u>(13,673)</u>	<u>(12,184)</u>
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation		<u>–</u>	<u>(26)</u>
Loss for the period		<u>(13,673)</u>	<u>(12,210)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently</i>			
<i>to profit or loss:</i>			
– Exchange differences arising on translation		<u>29,125</u>	<u>(38,673)</u>
Total comprehensive income/(loss) for the period		<u>15,452</u>	<u>(50,883)</u>
Loss for the period attributable to:			
Owners of the Company		(14,026)	(11,603)
Non-controlling interests		<u>353</u>	<u>(607)</u>
Loss for the period		<u>(13,673)</u>	<u>(12,210)</u>

		Six months ended	
		30 September	
		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Unaudited Restated
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		15,625	(50,966)
Non-controlling interests		<u>(173)</u>	<u>83</u>
Total comprehensive income/(loss) for the period		<u>15,452</u>	<u>(50,883)</u>
 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
 Basic and diluted			
– For loss for the period	<i>10</i>	<u>HK(0.34) cents</u>	<u>HK(0.32) cents</u>
– For loss from the continuing operations	<i>10</i>	<u>HK(0.34) cents</u>	<u>HK(0.32) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		30 September 2020 <i>HK\$'000</i> Unaudited	31 March 2020 <i>HK\$'000</i> Audited
ASSETS			
Non-current assets			
Property, plant and equipment		46,956	47,903
Investment property		44,916	42,946
Right-of-use assets		16,693	23,438
Intangible assets		21,500	21,500
Goodwill		76,695	76,695
Deferred tax assets		6,054	–
Other non-current assets		230	230
Other financial assets		2,809	356
Finance lease receivables	11	46,733	65,011
		262,586	278,079
Current assets			
Trade and account receivables	12	344,422	294,174
Factoring and interest receivables	13	52,301	26,762
Finance lease receivables	11	101,672	110,867
Loan and interest receivables	14	73,505	72,951
Deposits, prepayments and other receivables		21,938	24,945
Tax recoverable		–	10
Held-for-trading investments		7,829	17,100
Cash held on behalf of clients		42,047	35,787
Cash and bank balances	15	238,639	183,430
		882,353	766,026
Total assets		1,144,939	1,044,105
EQUITY			
Capital and reserves			
Share capital	16	82,412	82,412
Reserves		840,115	824,490
Total equity attributable to owners of the Company		922,527	906,902
Non-controlling interests		(11,850)	(11,677)
Total equity		910,677	895,225

		30 September	31 March
		2020	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Bond payable		–	7,800
Retained consideration payable		25,886	33,301
Lease liabilities		4,066	10,333
Contract liabilities		–	37
Deferred tax liabilities		5,367	5,283
		35,319	56,754
Current liabilities			
Account payables	<i>17</i>	56,312	35,223
Accruals, other payables and deposit received	<i>18</i>	98,633	27,237
Bond and interest payable		7,878	78
Retained consideration payable		8,330	–
Contract liabilities		399	893
Lease liabilities		13,045	13,450
Amount due to a director	<i>19</i>	539	2,286
Amount due to non-controlling interests	<i>20</i>	244	233
Tax payables		13,563	12,726
		198,943	92,126
Total liabilities		234,262	148,880
Total equity and liabilities		1,144,939	1,044,105
Net current assets		683,410	673,900
Total assets less current liabilities		945,996	951,979

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Company and its subsidiaries (together, the “Group”) are principally engaged in trading, money lending, factoring, finance leasing and was further expanded into financial services through the completion of the acquisition of a company and its subsidiaries which hold licences to carry on Type 1, 2, 4 and 9 regulated activities as defined under the Securities and Futures Ordinance (the “SFO”) on 31 December 2019. The Group also ceased and discontinued the vessel chartering business during the year ended 31 March 2020.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These unaudited condensed consolidated financial statements have been reviewed by the audit committee and approved for issue by the Board of the Company on 27 November 2020.

2 BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2020.

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

The accounting policies adopted for preparation of these unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 March 2020 except as disclosed below.

(a) New and amended standards adopted by the Group

During the period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2020.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Except for the amendments to HKAS 39, HKFRSs 7 and 9, which are not relevant to the preparation of the Group's unaudited condensed consolidated financial statements, the nature and the impact of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) are described below:

Amendments to HKASs 1 and 8

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could 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 clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's unaudited condensed consolidated financial statements.

Amendments to HKFRS 3

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

Conceptual Framework for Financial Reporting 2018

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 April 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

(b) Accounting policies newly applied by the Group

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

(c) New and amended standards not yet adopted

The following new and amended standards and interpretations have been issued but are not effective for the financial period beginning 1 April 2020 and have not been early adopted.

HKAS 1 (Amendments)	Classification of Liabilities as Current and Non-current ³
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use ²
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ²
HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 (Amendments)	Annual Improvements to HKFRSs 2018-2020 ²
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS16 (Amendments)	COVID-19-Related Rent Concession ¹
HKFRS 17	Insurance Contracts ³
Annual Improvements 2018-2020 Cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 ²

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early adoption of the amendments continue to be permitted.

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

3 REVENUE FROM CONTINUING OPERATIONS

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

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

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	Unaudited	Unaudited
		Restated
Sales of goods	131,091	81,453
Interest income from money lending, factoring, finance leasing and margin financing	22,430	20,485
Consultancy fee and handling fee income from finance leasing*	2,417	669
Asset management fee income	31	–
Brokerage commission income from securities dealings	2,592	–
Underwriting and placing commission income	27,917	–
	186,478	102,607
Revenue from contracts with customers within HKFRS 15:		
<i>Recognised at a point of time</i>		
Sales of goods	131,091	81,453
Consultancy fee and handling fee income from finance leasing*	2,417	669
Brokerage commission income from securities dealings	2,592	–
Underwriting and placing commission income	27,917	–
	164,017	82,122
<i>Recognised over time</i>		
Asset management fee income	31	–
	164,048	82,122
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	22,430	20,485
	186,478	102,607

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

During the period, the Group recognised revenue of approximately HK\$527,000 (six months ended 30 September 2019: approximately HK\$670,000) from consultancy fee income that was included in contract liabilities at the beginning of the period.

As at 30 September 2020, an aggregated amount of transaction price allocated to the remaining performance obligation under the Group's existing contracts is approximately HK\$399,000 (31 March 2020: approximately HK\$930,000). This amount represents revenue expected to be recognised in the future from the consultancy contracts entered into with the Group's customers. The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next one year (31 March 2020: one to two years).

4 SEGMENT INFORMATION

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

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

During the year ended 31 March 2020, the Group expanded its business into financial services and discontinued the business of vessel chartering. Certain comparative segment information related to the vessel chartering is classified as "loss for the period from a discontinued operation" in the unaudited condensed consolidated statement of profit or loss. The impact of the changes in the Group's reportable operating segments for the six months ended 30 September 2019 is considered retrospectively and the Group's operating segment information is restated. Furthermore, certain comparative segment information has been represented to conform with changes in measurement of segment profit or loss during the six months ended 30 September 2020.

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

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

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

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

(a) **Segment revenue and results**

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

Six months ended 30 September 2019

	Continuing operations			Discontinued operation		Total <i>HK\$'000</i> Unaudited
	Trading <i>HK\$'000</i> Unaudited	Money lending and factoring <i>HK\$'000</i> Unaudited	Finance leasing <i>HK\$'000</i> Unaudited	Sub-total <i>HK\$'000</i> Unaudited	Vessel chartering <i>HK\$'000</i> Unaudited	
Segment revenue and results						
Segment revenue	81,453	6,507	14,647	102,607	1,763	104,370
Segment results	<u>1,003</u>	<u>3,482</u>	<u>11,076</u>	15,561	(43)	15,518
Corporate expenses				(11,185)	–	(11,185)
Operating profit/(loss)				4,376	(43)	4,333
Corporate income				1,716	17	1,733
Realised gain on disposal of held-for-trading investments				3,959	–	3,959
Loss on changes in fair value of held-for-trading investments				(17,278)	–	(17,278)
Finance costs				(398)	–	(398)
Loss before taxation				(7,625)	(26)	(7,651)
Taxation				(4,559)	–	(4,559)
Loss for the period				<u>(12,184)</u>	<u>(26)</u>	<u>(12,210)</u>

(b) Segment assets and liabilities

Segment assets and liabilities	As at 30 September 2020 and six months ended 30 September 2020				
	Trading HK\$'000 Unaudited	Money lending and factoring HK\$'000 Unaudited	Finance leasing HK\$'000 Unaudited	Financial services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Non-current assets					
Property, plant and equipment	1,257	228	35,285	9,342	46,112
Right-of-use assets	-	-	-	12,586	12,586
Goodwill	-	-	1,000	75,695	76,695
Other non-current assets	-	-	-	230	230
Intangible assets	-	-	-	21,500	21,500
Finance lease receivables	-	-	46,733	-	46,733
	<u>1,257</u>	<u>228</u>	<u>83,018</u>	<u>119,353</u>	<u>203,856</u>
Current assets	<u>217,304</u>	<u>126,347</u>	<u>103,147</u>	<u>184,495</u>	<u>631,293</u>
Segment assets	<u><u>218,561</u></u>	<u><u>126,575</u></u>	<u><u>186,165</u></u>	<u><u>303,848</u></u>	<u><u>835,149</u></u>
Unallocated:					
Cash and bank balances					238,639
Others					<u>71,151</u>
Total assets per statement of financial position					<u><u>1,144,939</u></u>
Segment liabilities	<u><u>3,803</u></u>	<u><u>1,072</u></u>	<u><u>18,916</u></u>	<u><u>141,389</u></u>	<u><u>165,180</u></u>
Unallocated:					
Amount due to a director					539
Others					<u>68,543</u>
Total liabilities per statement of financial position					<u><u>234,262</u></u>
Other segment information					
Capital expenditure	-	-	-	275	275
Unallocated capital expenditure					<u>33</u>
					<u><u>308</u></u>
Depreciation					
- Right-of-use assets	-	-	-	4,528	4,528
- Property, plant and equipment	174	44	754	1,498	2,470
Unallocated depreciation					<u>1,970</u>
					<u><u>8,968</u></u>
Impairment loss on trade and account receivables	2,292	-	-	13,248	15,540
Impairment loss on loan and interest receivables	-	11,330	-	-	11,330
Impairment loss on factoring and interest receivables	-	233	-	-	233

As at 30 September 2019 and
six months ended 30 September 2019

	Continuing operations				Discontinued operation	Total <i>HK\$'000</i> Unaudited
	Trading <i>HK\$'000</i> Unaudited	Money lending and factoring <i>HK\$'000</i> Unaudited	Finance leasing <i>HK\$'000</i> Unaudited	Sub-total <i>HK\$'000</i> Unaudited	Vessel chartering <i>HK\$'000</i> Unaudited	
Segment assets and liabilities						
Non-current assets						
Property, plant and equipment	397	1,403	36,354	38,154	12,753	50,907
Goodwill	–	–	1,000	1,000	–	1,000
Finance lease receivables	–	–	86,794	86,794	–	86,794
	397	1,403	124,148	125,948	12,753	138,701
Current assets	152,302	93,350	113,561	359,213	436	359,649
Segment assets	152,699	94,753	237,709	485,161	13,189	498,350
Unallocated:						
Cash and bank balances						148,968
Others						117,588
Total assets per statement of financial position						764,906
Segment liabilities	3,262	553	20,759	24,574	13,544	38,118
Unallocated:						
Amount due to a director						2,600
Others						26,797
Total liabilities per statement of financial position						67,515
Other segment information						
Capital expenditure	384	569	17	970	–	970
Unallocated capital expenditure						5
						975
Depreciation	2	122	932	1,056	461	1,517
Unallocated depreciation						2,117
						3,634
Reversal of impairment loss on trade receivables	(256)	–	–	(256)	–	(256)
Impairment loss on loan and interest receivables	–	100	–	100	–	100
Impairment loss on finance lease receivables	–	233	–	233	–	233

5 OTHER INCOME FROM CONTINUING OPERATIONS

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited Restated
Exchange gain, net	–	612
Bank interest income	650	341
Rental income	1,953	622
Government grants	880	–
Others	636	233
	<u>4,119</u>	<u>1,808</u>

6 LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

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

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited Restated
Cost of inventories sold	127,890	79,419
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	2,826	2,826
Salaries, wages and other benefits (excluding directors' emoluments)	9,755	4,833
Contribution to defined contribution plans (excluding directors)	312	384
	<u>12,893</u>	<u>8,043</u>
Auditor's remuneration	–	81
Depreciation of property, plant and equipment	2,680	1,326
Depreciation of right-of-use-assets	6,288	1,847
Property rental expenses in respect of short-term lease	150	144
Realised loss/(gain) on held-for-trading investments	540	(3,959)
Gain on changes in fair value of other financial asset	(2,214)	–
Loss on changes in fair value of held-for-trading investments	8,847	17,278
Impairment loss on finance lease receivables	–	233
Impairment loss on loan and interest receivables	11,330	100
Impairment loss on factoring and interest receivables	233	–
Impairment loss/(Reversal of impairment loss) on trade and account receivables	15,540	(256)

7 FINANCE COSTS

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on bond payable	156	144
Interest on lease liabilities	572	238
Interest on retained consideration payable	915	–
Others	37	16
	<u>1,680</u>	<u>398</u>

8 TAXATION

	Six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Current income tax		
– Hong Kong profits tax	2,681	24
– PRC corporation income tax	2,960	4,535
	<u>5,641</u>	<u>4,559</u>
Deferred tax	(5,970)	–
	<u>(329)</u>	<u>4,559</u>
Tax (income)/expenses are attributed to:		
Loss from continuing operations	(329)	4,559
Loss from discontinued operations	–	–
	<u>(329)</u>	<u>4,559</u>

Hong Kong profits tax

Under the two-tier profits tax rates regime effective from March 2018, Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying entity of the Group and 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

PRC corporate income tax

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

Withholding tax on distributed/undistributed profits

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

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

9 INTERIM DIVIDENDS

The Directors do not recommend the payment of interim dividends for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

10 LOSS PER SHARE

	Six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	Unaudited	Unaudited
		Restated
Loss attributable to shareholders		
– from continuing operations	(14,026)	(11,577)
– from discontinued operation	–	(26)
	<u>–</u>	<u>(26)</u>
	<u>(14,026)</u>	<u>(11,603)</u>
Weighted average number of ordinary shares, for the purposes of calculating basic loss per share (shares in thousands)	<u>4,120,600</u>	<u>3,680,600</u>
Basic and diluted loss per share		
– from continuing operations	HK\$(0.34) cents	HK\$(0.32) cents
– from discontinued operation	–	–*
	<u>–</u>	<u>–*</u>
	<u>HK\$(0.34) cents</u>	<u>HK\$(0.32) cents</u>

As there are no dilutive potential ordinary shares outstanding as at 30 September 2020 and 2019, the diluted loss per share is equal to the basic loss per share.

* *Amount presented as nil due to rounding.*

11 FINANCE LEASE RECEIVABLES

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Current portion of finance lease receivables	102,268	111,437
Non-current portion of finance lease receivables	47,078	65,341
	149,346	176,778
<i>Less: Impairment loss</i>	(941)	(900)
	148,405	175,878

* *The current portion of finance lease receivables included an amount of HK\$228,000 (31 March 2020: HK\$436,000), being handling fee receivables in respect of the finance leases.*

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Within one year	112,004	123,164	101,672	110,867
In the second to fifth years, inclusive	50,881	72,092	46,733	65,011
	162,885	195,256	148,405	175,878
<i>Less: Unearned finance income</i>	(14,480)	(19,378)	N/A	N/A
Present value of minimum finance lease receivables	148,405	175,878	148,405	175,878
<i>Less: Current portion of finance lease receivables</i>			(101,672)	(110,867)
Non-current portion of finance lease receivables			46,733	65,011

As at 30 September 2020 and 31 March 2020, the finance lease receivables, except for the handling fee receivables, were secured over the leased assets mainly by machineries and equipment. The finance lease receivables are denominated in RMB. The maturity date for each finance lease contract is normally not more than 5 years. The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rate is approximately 9% to 15% (31 March 2020: 9% to 15%) per annum. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the finance lease receivables.

There was no unguaranteed residual values of assets leased under finance leases as at 30 September 2020 and 31 March 2020. The Group applies the simplified approach to provide lifetime expected credit loss (the “ECL”) prescribed by HKFRS 9 for finance lease receivables. The management assessed the expected loss on all finance lease receivables individually and the credit quality of finance lease receivables has been assessed by reference to historical information about counterparty default rates.

12 TRADE AND ACCOUNT RECEIVABLES

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Receivables arising from securities broking business:		
– Cash client receivables	9,363	267
– Loans to margin clients	114,297	112,638
– Clearing houses	18,481	444
	<u>142,141</u>	113,349
<i>Less: Impairment loss</i>	<u>(13,411)</u>	(164)
	<u>128,730</u>	113,185
Receivables arising from asset management business	–	43
Receivables arising from trading business	242,463	241,198
	<u>242,463</u>	241,241
<i>Less: Impairment loss</i>	<u>(26,771)</u>	(60,252)
	<u>215,692</u>	180,989
Total trade and account receivables	<u><u>344,422</u></u>	<u><u>294,174</u></u>

Receivables arising from trading business

The Group's trade receivables are generally with credit periods of 60 to 120 days (31 March 2020: 60 to 120 days).

Receivables arising from securities broking

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

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

Loans to margin clients are secured by the underlying pledged securities, repayable on demand and bear interest at commercial rates. As at 30 September 2020, the total market value of securities pledged as collateral in respect of the loans to margin clients amounted to approximately HK\$143,161,000 (31 March 2020: HK\$471,436,000). Securities are assigned with specific margin ratios for calculating their margin values.

Receivables arising from asset management business

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

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

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

	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
	Unaudited	Audited
HK\$	128,730	113,228
RMB	215,692	180,946
	344,422	294,174

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

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
0 to 30 days	35,639	23,277
31 to 60 days	29,974	5,941
61 to 90 days	18,780	33,345
91 to 180 days	31,526	3,399
More than 180 days	99,773	115,027
	<u>215,692</u>	<u>180,989</u>

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

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

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

13 FACTORING AND INTEREST RECEIVABLES

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Factoring receivables	52,212	27,032
Interest receivables	611	–
	<hr/>	<hr/>
Factoring and interest receivables	52,823	27,032
<i>Less: Impairment loss</i>	(522)	(270)
	<hr/>	<hr/>
	52,301	26,762
	<hr/> <hr/>	<hr/> <hr/>

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

Factoring receivables are interest-bearing at 7% to 13% (31 March 2020: 13%) and are repayable with fixed terms agreed with the Group's customers. The maturity date for each factoring contract is normally not more than one year (31 March 2020: 180 days) and is secured, among others, by the customer's trade receivables. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the factoring and interest receivables mentioned above.

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

14 LOAN AND INTEREST RECEIVABLES

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Loan receivables	77,091	67,571
Interest receivables	9,277	6,665
	<hr/>	<hr/>
Loan and interest receivables	86,368	74,236
Less: Impairment loss	(12,863)	(1,285)
	<hr/>	<hr/>
	73,505	72,951
	<hr/>	<hr/>
Current portion of loan and interest receivables	73,505	72,951
Non-current portion of loan and interest receivables	–	–
	<hr/>	<hr/>
	73,505	72,951
	<hr/>	<hr/>
Analysed as:		
Within one year	73,505	72,951
In the second to fifth years, inclusive	–	–
	<hr/>	<hr/>
	73,505	72,951
	<hr/> <hr/>	<hr/> <hr/>

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

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
HK\$	49,612	43,764
RMB	23,893	29,187
	<hr/>	<hr/>
	73,505	72,951
	<hr/> <hr/>	<hr/> <hr/>

Loan receivables are interest-bearing at 8% to 24% (31 March 2020: 8% to 24%) and are repayable with fixed terms agreed with the Group's customers. The maturity date for each loan contract is normally not more than 3 years (31 March 2020: 3 years) and is unsecured. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan and interest receivables mentioned above.

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

15 CASH AND CASH EQUIVALENTS

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Cash at bank and on hand	<u>238,639</u>	<u>183,430</u>

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

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
HK\$	108,440	49,607
RMB	128,949	132,580
US\$	1,246	1,239
EUR	<u>4</u>	<u>4</u>
	<u>238,639</u>	<u>183,430</u>

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

16 SHARE CAPITAL

(a) Authorised capital

	Number of shares	Nominal value <i>HK\$'000</i>
As at 1 April 2019, 31 March 2020 (audited) and 30 September 2020 (unaudited), ordinary shares of HK\$0.02 each	<u>5,000,000,000</u>	<u>100,000</u>

(b) Issued and fully paid capital

	Number of shares	Nominal value <i>HK\$'000</i>
As at 1 April 2019 and 30 September 2019 (unaudited), ordinary shares of HK\$0.02 each	3,680,600,000	73,612
Placing of new shares (<i>Note</i>)	<u>440,000,000</u>	<u>8,800</u>
As at 31 March 2020 (audited), 1 April 2020 and 30 September 2020 (unaudited), of ordinary shares of HK\$0.02 each	<u>4,120,600,000</u>	<u>82,412</u>

Note:

On 2 December 2019, the Company entered into a placing agreement with a placing agent to place (the "Placing") up to 440,000,000 shares of the Company of HK\$0.02 each at a placing price of HK\$0.50 per placing share. The closing market price of the shares of the Company on that date was HK\$0.54. The Placing was completed on 27 December 2019 and a total of 440,000,000 ordinary shares with nominal value of HK\$8,800,000 were issued to not less than six independent placees. Details of the Placing are set out in announcements of the Company dated 2 December 2019 and 27 December 2019. Net proceeds of the Placing was approximately HK\$214.1 million (equivalent to approximately HK\$0.49 per share), of which HK\$204.0 million has been applied for the settlement of part of the consideration payable by the Company in respect of the acquisition of 100% equity interest in ChaoShang Financial Holdings Limited and its subsidiaries, which hold licences to carry on Type 1, 2, 4 and 9 regulated activities under the SFO, details of which are set out in the Note 35 to the consolidated financial statements for the year ended 31 March 2020. The remaining proceeds of approximately HK\$10.1 million was applied as general working capital of the Group.

17 ACCOUNT PAYABLES

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Payables arising from securities broking business:		
– Cash client payables	20,003	16,292
– Margin client payables	<u>36,309</u>	<u>18,931</u>
Total account payables	<u><u>56,312</u></u>	<u><u>35,223</u></u>

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

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

18 ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	30 September 2020 HK\$'000 Unaudited	31 March 2020 HK\$'000 Audited
Deposits received (<i>Note (i)</i>)	16,322	16,232
Accruals and other payables (<i>Note (ii)</i>)	<u>82,311</u>	<u>11,005</u>
	<u><u>98,633</u></u>	<u><u>27,237</u></u>

Notes:

- (i) Amount represents the security deposits received from customers of finance leasing business.
- (ii) Included in the accruals and other payables was HK\$71.7 million (31 March 2020: Nil), being amounts due to an securities dealer arising from securities broking business.

- (iii) The carrying amounts of accruals, other payables and deposits received are denominated in the following currencies:

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
HK\$	77,607	7,241
RMB	20,277	19,268
US\$	370	370
EUR	379	358
	<u>98,633</u>	<u>27,237</u>

19 AMOUNT DUE TO A DIRECTOR

Amount due to a director is unsecured, interest free and repayable on demand. The carrying amount of the balance is denominated in HK\$ and is approximate to its fair value.

20 AMOUNT DUE TO NON-CONTROLLING INTEREST

Amount due to non-controlling interest is unsecured, interest free and repayable on demand. The carrying amount of balance is denominated in RMB and is approximate to its fair value.

21 RELATED PARTY TRANSACTIONS

Key management compensation

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

	30 September	30 September
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Salaries, allowances and other benefits	4,568	3,930
Contribution to defined contribution plans	76	45
	<u>4,644</u>	<u>3,975</u>

22 COMMITMENTS

(a) The Group as lessee

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

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Not later than 1 year	<u><u>52</u></u>	<u><u>21</u></u>

None of the leases include contingent rentals.

(b) The Group as lessor

The Group leases its property to independent third parties under operating lease arrangement with lease negotiated for terms of 1 year (31 March 2020: 1 year).

The Group had total future minimum lease receivable under non-cancellable operating lease with its tenant falling due as follows:

	30 September	31 March
	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Not later than 1 year	<u><u>342</u></u>	<u><u>981</u></u>

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded a turnover of approximately HK\$186.5 million with a gross profit of approximately HK\$58.4 million from the continuing operations during the six months ended 30 September 2020 as compared to approximately HK\$102.6 million and approximately HK\$22.9 million respectively for the same period in 2019. The loss for the period was approximately HK\$13.7 million whilst approximately HK\$12.2 million was recorded for the last corresponding period. The increase in loss for the period was mainly attributable to the net effect of the followings:

- (i) an increase in gross profit and administrative expenses for the six months ended 30 September 2020 of approximately HK\$35.5 million and HK\$22 million, respectively, of which HK\$37.5 million and HK\$21.9 million was attributed by the financial services business acquired during the second half of the year ended 31 March 2020;
- (ii) an increase in other income of approximately HK\$2.3 million;
- (iii) a decrease in loss on changes in fair value of held-for-trading investments of approximately HK\$8.4 million;
- (iv) a realised loss on held-for-trading investments of approximately HK\$540,000 was recognised during the six months ended 30 September 2020 whilst a gain of approximately HK\$4 million was recorded in the last corresponding period;
- (v) a gain on changes in fair value of other financial assets of approximately HK\$2.2 million was recorded for the six months ended 30 September 2020;
- (vi) an increase in finance costs of approximately HK\$1.3 million;
- (vii) an increase in impairment loss on financial assets with an aggregate amount of approximately HK\$27 million; and
- (viii) an increase in provision for taxation of approximately HK\$1.1 million and the recognition of deferred tax assets of approximately HK\$6 million.

As at 30 September 2020, the unaudited total assets and net assets of the Group were approximately HK\$1,144.9 million (31 March 2020: approximately HK\$1,044.1 million) and approximately HK\$910.7 million (31 March 2020: approximately HK\$895.2 million) respectively. The Board does not recommend the payment of interim dividends for the six months ended 30 September 2020.

BUSINESS REVIEW AND OUTLOOK

Trading Business

The Group is principally engaged in trading of food and electronic products in the PRC. There was a growth in the Group's trading business during the period which was mainly attributed from the electronic products trading.

The Group recorded a turnover of approximately HK\$131.1 million with a loss of approximately HK\$0.8 million from its trading business during the six months ended 30 September 2020 as compared to approximately HK\$81.5 million with a profit of approximately HK\$1.0 million for the same period in 2019. The loss recorded for the six months ended 30 September 2020 was mainly caused by the provision of impairment loss on trade receivables of approximately HK\$2.3 million.

A turnover of approximately HK\$88.8 million was attributed from trading of food products for the six months ended 30 September 2020, as compared to approximately HK\$81.5 million for the last corresponding period. In addition, the Group also recorded a turnover of approximately HK\$42.3 million (2019: Nil) for the six months ended 30 September 2020 from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC.

The business environment of the PRC market has been impacted by the intensified Sino-US trade frictions and the outbreak of COVID-19. The management will pay cautious on the ever changing trading environment and adopt measures to minimise the operation risks of the Group through rigorous purchase and stringent cost control. The Group is optimistic towards the ongoing prospect of its trading business in the long term.

Money Lending and Factoring Business

The Group has outstanding loan portfolios in Hong Kong and the PRC amounted to approximately HK\$77.1 million and factoring receivables of approximately HK\$52.7 million as at 30 September 2020. The Group recognized an aggregate interest income of approximately HK\$8.5 million and a loss of approximately HK\$4.2 million for the six months ended 30 September 2020 as compared to approximately HK\$6.5 million and a profit of HK\$3.5 million respectively for the last corresponding period.

The outbreak of the COVID-19 delivered a considerable hit to the global and local economy, as the implementation of different levels of lockdown restrictions across the world has led various economic activities to a near standstill. The economy of Hong Kong and the PRC was severely affected amid the epidemic situation and has impacted certain of our customers, which result to these customers default in repayment of the loan on schedules. As such the Group provided an impairment loss on loan and interest receivables of approximately HK\$11.3 million during the six months ended 30 September 2020.

The Group has adopted a more prudent credit risk assessment both in accepting new customers and reviewing the credit risk over the existing customers. The Group will closely monitor the development of COVID-19 in order to cultivate a policy to cope with the ever changing environment.

Finance Leasing Business

The Group is engaged in finance leasing business in the PRC. It mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from one year to five years and the size of which generally ranges from RMB10 million to RMB50 million. The Group provides both direct leasing and sale-leaseback services to customers. The Group solicits its customers principally through referrals from former and existing customers, visits to potential customers by the marketing staff, referrals from the finance leasing industry and other business connections of the Group. Furthermore, the Group's marketing team has extensive experience and business relationship in banking and financing industry, thereby enabling the Group's finance leasing business to expand its customer base and the business.

The finance leasing business maintained a portfolio with outstanding principal amount of approximately RMB126.8 million (equivalent to approximately HK\$144.6 million) as at 30 September 2020. The finance leasing portfolio has attributed a turnover of approximately HK\$9.4 million with a profit of approximately HK\$6.5 million to the Group during the six months period ended 30 September 2020 as compared to approximately HK\$14.6 million and HK\$11.1 million respectively for the last corresponding period.

The financing purpose of the Group's customers is principally for the development and expansion of their business. Due to the current subdued economic conditions which lead the loan demand dampening, the new finance leasing transactions granted by the Group during the period was affected. As such, the interest income from the finance leasing business decreased during the six months ended 30 September 2020.

It is anticipated that global economy uncertainties will persist in the next half financial year amid the outbreak of COVID-19. The Group will continue to adopt a prudent credit risk management strategy as well as closely monitor the development of COVID-19 and its impact to the finance leasing business.

Financial Services Business

During the year ended 31 March 2020, the Company acquired the entire equity interest in ChaoShang Financial Holding Limited and its subsidiaries, which principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The financial services business has attributed a turnover of approximately HK\$37.5 million with a profit of approximately HK\$3 million to the Group during the six months ended 30 September 2020.

The average daily turnover of the Hong Kong stock market for the first three quarters of 2020 was approximately HK\$125.7 billion, represents an increase of 39% when compared with HK\$90.5 billion for the corresponding period of last year. The Group has completed four placing and underwriting projects and which contributed a turnover of approximately HK\$27.4 million to the Group for the six months ended 30 September 2020.

The management will continue to keep abreast of the latest development of the Hong Kong financial market and the update on the regulatory requirements applicable to the Group and to strive to achieve the business objective to increase the Group's exposure and scale of operations within the capital markets and to capture a larger market share.

Vessel Chartering Business

The Group recorded a turnover of approximately HK\$1.8 million with an operating loss of approximately HK\$43,000 from its vessel chartering business during the six months ended 30 September 2019.

The Group has ceased and discontinued its vessel chartering business during the year ended 31 March 2020 through disposal of a subsidiary.

Outbreak of COVID-19

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

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

Securities Investments

The Group invested surplus funds in securities listed in Hong Kong during the period. The fair value of the Group's securities investment amounted to approximately HK\$7.8 million as at 30 September 2020. Due to the volatile stock market in Hong Kong, the Group recorded an unrealised loss on changes in fair value of held for trading investments of approximately HK\$8.8 million during the period as compared to approximately HK\$17.3 million for the last corresponding period. The Group disposed of certain of the held for trading investments with a realised loss of approximately HK\$540,000 for the six months ended 30 September 2020, whilst a gain of approximately HK\$4 million was recognised for the same period in 2019. The management will continue to adopt a prudent approach in investment and monitor the stock markets closely and keep looking for opportunities to realise gains from its investment portfolio.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group generally finances its operations with internally generated resources.

As at 30 September 2020, the Group had cash and bank balances of approximately HK\$238.6 million (31 March 2020: approximately HK\$183.4 million) and total borrowings of approximately HK\$25.5 million (31 March 2020: approximately HK\$33.9 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 2.79% as at the end of the reporting period (31 March 2020: 3.78%). The total borrowings comprises of bond payable, lease liabilities and amount due to a director. The liquidity ratio, being the ratio of current assets over current liabilities, was 4.44 (31 March 2020: 8.31) as at 30 September 2020.

There was no material changes in the gearing ratio for the period. The decrease in liquidity ratio was mainly due to (i) increase in account payables and other payables arising from securities broking business during the period; (ii) the bond payable and part of the retained consideration payable will be due within one year as at 30 September 2020; and (iii) the decrease in the fair value of held-for-trading investments.

FOREIGN EXCHANGE EXPOSURE

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

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

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2020.

CAPITAL STRUCTURE

As at 30 September 2020, the total number of issued shares of the Company was 4,120,600,000.

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

CHARGES ON GROUP ASSETS

As at 30 September 2020, none of the Group’s asset was pledged to secure any facilities and borrowings granted to the Group.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

Save as the acquisition and disposal of held-for-trading investments in securities as mentioned below, there has been no significant acquisition and disposal of assets by the Group during the period.

SECURITIES INVESTMENTS HELD

As at 30 September 2020, the Group had held-for-trading investments in securities in Hong Kong (the “Securities Investments”) with a market value of approximately HK\$7.8 million. The Group recorded a realised loss of approximately HK\$540,000 (six months ended 30 September 2019: gain approximately HK\$4 million) in respect of the Securities Investments during the six months ended 30 September 2020. The other details of the Securities Investments as at 30 September 2020 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Fair value as at 30 September 2020 <i>HK\$'000</i>	% of net assets of the Group as at 30 September 2020	Unrealised loss on fair value change for the period <i>HK\$'000</i>
1 Royal Century Resources Holdings Limited	8125	Provision of fitting out and engineering services, design and procurement of furnishings and related products services, leasing of construction equipment business, sourcing and merchandising of fine and rare wines and provision of financial services	85,752,000	16.41%	2,658	0.29%	(2,123)
2 China Best Group Holding Limited	370	Finance leasing business, money lending business, securities and futures brokerage business, trading business, securities investment business, freight forwarding business, property investment business, property brokerage business, building architecture and interior design business, property development business, geothermal energy business and building construction contracting business	6,000,000	0.59%	2,670	0.29%	(1,830)
3 Wing Chi Holdings Limited	6080	Provision of foundation and site formation works and machineries leasing	9,120,000	0.98%	1,213	0.13%	(1,095)
4 Others					1,288	0.14%	(3,799)
					<u>7,829</u>		<u>(8,847)</u>

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2020.

COMMITMENTS

Details of the Group’s commitments as at 30 September 2020 are set out in Note 22 to this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed approximately 64 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual’s performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the transactions as disclosed in Note 21 to this announcement, no contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 30 September 2020 or at any time during the period then ended.

CORPORATE GOVERNANCE

The Company endeavors in maintaining good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the Code throughout the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2020.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Securities Dealing Code throughout the six months ended 30 September 2020.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth (Chairman), Mr. Yu Pak Yan, Peter and Mr. Man Kwok Leung. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Name of Director	Details of Change
Mr. Chan Chi Yuen	– resigned as an independent non-executive director of Asia Energy Logistics Group Limited (stock code: 351), the shares of which are listed on the Stock Exchange, on 14 July 2020.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement of the Group for the period is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.chaoshang.hk>) respectively. The 2020 interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

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

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

Hong Kong, 27 November 2020

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