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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 2023**

**INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022. 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 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>Unaudited</b>	Unaudited
Revenue	3	<b>87,998</b>	138,359
Cost of sales		<u><b>(76,560)</b></u>	<u>(117,445)</u>
Gross profit		<b>11,438</b>	20,914
Other income	5	<b>1,414</b>	2,912
Reversal of impairment loss/(Impairment loss) on finance lease receivables	11	<b>2,610</b>	(2,598)
Impairment loss on trade and account receivables	12	<b>(15,856)</b>	(9,590)
(Impairment loss)/Reversal of impairment loss on factoring receivables	13	<b>(831)</b>	218
Impairment loss on loan and interest receivables	14	<b>(1,909)</b>	(2,308)
Impairment loss on deposit and other receivables		<b>(2,269)</b>	(578)
Impairment loss on intangible assets		–	(4,700)
Impairment loss on goodwill		–	(3,995)
Gain on changes in fair value of other financial assets		–	9,650
Gain/(Loss) on changes in fair value of held-for-trading investments		<b>32,839</b>	(770)
Gain on disposal of held-for-trading investments		–	9,651
Share of results of an associate		<b>(1,816)</b>	(3,297)
Administrative expenses		<u><b>(22,180)</b></u>	<u>(31,238)</u>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>Unaudited</b>	Unaudited
Operating profit/(loss)		<b>3,440</b>	(15,729)
Finance costs	7	<u>(462)</u>	<u>(984)</u>
Profit/(Loss) before taxation	6	<b>2,978</b>	(16,713)
Taxation	8	<u>1,401</u>	<u>1,061</u>
Profit/(Loss) for the period		<u><b>4,379</b></u>	<u>(15,652)</u>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently</i>			
<i>to profit or loss:</i>			
– Share of other comprehensive income of an associate		<b>5</b>	42
– Exchange differences arising on translation of foreign operations		<u>(38,927)</u>	<u>(71,474)</u>
Total comprehensive loss for the period		<u><b>(34,543)</b></u>	<u>(87,084)</u>
<b>Profit/(Loss) for the period attributable to:</b>			
Owners of the Company		<b>4,397</b>	(15,632)
Non-controlling interests		<u>(18)</u>	<u>(20)</u>
Profit/(Loss) for the period		<u><b>4,379</b></u>	<u>(15,652)</u>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>Unaudited</b>	Unaudited
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		<b>(35,314)</b>	(88,523)
Non-controlling interests		<u>771</u>	<u>1,439</u>
Total comprehensive loss for the period		<u><b>(34,543)</b></u>	<u>(87,084)</u>
<b>PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted profit/(loss) per share	<i>10</i>	<u><b>HK0.11 cents</b></u>	<u>HK(0.38) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2023*

		30 September 2023	31 March 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		32,472	36,904
Investment property		37,450	39,900
Right-of-use assets		12,545	16,727
Net investment in sublease		962	1,902
Interest in an associate		12,335	14,146
Intangible assets		16,800	16,800
Goodwill		1,000	1,000
Other non-current assets		230	230
Finance lease receivables	11	–	464
Loan and interest receivables	14	98,108	123,120
Deferred tax assets		19,125	17,498
		231,027	268,691
		231,027	268,691
<b>Current assets</b>			
Amount due from an associate		4,350	3,112
Trade and account receivables	12	241,842	283,775
Factoring receivables	13	18,316	20,258
Finance lease receivables	11	23,076	33,423
Loan and interest receivables	14	77,905	55,106
Deposits, prepayments and other receivables		67,498	74,272
Tax recoverable		7,323	7,694
Held-for-trading investments		40,281	7,443
Net investment in sublease		1,858	1,815
Cash held on behalf of clients		52,701	22,016
Cash and bank balances		127,185	138,497
		662,335	647,411
		662,335	647,411
<b>Total assets</b>		<b>893,362</b>	<b>916,102</b>

		<b>30 September 2023</b>	31 March 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>Unaudited</b>	Audited
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>82,412</b>	82,412
Reserves		<b>728,197</b>	763,511
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Total equity attributable to owners of the Company		<b>810,609</b>	845,923
Non-controlling interests		<b>(12,057)</b>	(12,828)
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<b>Total equity</b>		<b>798,552</b>	833,095
<hr/>			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>5,420</b>	10,318
Deferred tax liabilities		<b>3,298</b>	3,337
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		<b>8,718</b>	13,655
<hr/>			
<b>Current liabilities</b>			
Trade and account payables	<i>15</i>	<b>52,754</b>	33,105
Lease liabilities		<b>10,439</b>	10,564
Accruals, other payables and deposit received		<b>13,579</b>	15,800
Amount due to a Director		<b>1,592</b>	1,536
Amount due to non-controlling interests		<b>229</b>	244
Tax payables		<b>7,499</b>	8,103
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		<b>86,092</b>	69,352
<hr/>			
<b>Total liabilities</b>		<b>94,810</b>	83,007
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<b>Total equity and liabilities</b>		<b>893,362</b>	916,102
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<b>Net current assets</b>		<b>576,243</b>	578,059
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<b>Total assets less current liabilities</b>		<b>807,270</b>	846,750
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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 Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company and approved for issue by the Board on 30 November 2023.

## 2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the applicable disclosure requirements as prescribed in Appendix 16 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and held-for-trading investments that is measured at fair value.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. The functional currency of the Company and its subsidiaries is HK\$.

**2(a). Principal accounting policies and adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS(s)”)**

The significant accounting policies that have been used in the preparation of the Group’s condensed consolidated financial statements for the six months ended 30 September 2023 are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2023, except as described below.

The Group has adopted and applied, for the first time, the following new standards and interpretations that have been issued and effective for the accounting periods beginning on 1 April 2023:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>

The application of these new and amendments to HKASs and HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

**New/Revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKASs and HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current<sup>1</sup></i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants<sup>1</sup></i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangement<sup>1</sup></i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules<sup>3</sup></i>
Amendments to HKAS 21	<i>Lack of Exchangeability<sup>4</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>2</sup></i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2024*

<sup>2</sup> *Effective date to be determined*

<sup>3</sup> *Immediately effective for the disclosure of the use of mandatory temporary exception (from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes) upon issuance of the amendments and retrospectively. The remaining disclosure requirements apply for annual periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2025.*



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 condensed consolidated financial statements.

### 3 REVENUE

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) brokerage commission income from securities dealing; (iv) underwriting and placing commission income; and (v) asset management fee income.

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
Sales of goods	<b>76,831</b>	119,972
Interest income from money lending, factoring, finance leasing and margin financing	<b>10,619</b>	12,661
Brokerage commission income from securities dealings	<b>548</b>	1,417
Underwriting and placing commission income	–	4,159
Asset management fee income	–	150
	<b>87,998</b>	138,359
<b>Revenue from contracts with customers within HKFRS 15:</b>		
<i>Recognised at a point of time</i>		
Sales of goods	<b>76,831</b>	119,972
Brokerage commission income from securities dealings	<b>548</b>	1,417
Underwriting and placing commission income	–	4,159
	<b>77,379</b>	125,548
<i>Recognised over time</i>		
Asset management fee income	–	150
	<b>77,379</b>	125,698
<b>Revenue from other sources:</b>		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	<b>10,619</b>	12,661
	<b>87,998</b>	138,359

#### 4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. 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.

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/loss on changes in fair value of investment property, gain/loss on changes in fair value of other financial assets, gain/loss on changes in fair value of held-for-trading investments, gain/loss on disposal of held-for-trading investments, gains on bargain purchase of interest in an associate, share of results of an associate, finance costs, impairment loss on deposits and other receivables (non-trading nature), exchange gain/loss, rental income, sublease interest 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, net investment in sublease, interest in an associate, deferred tax assets, amount due from an associate, tax recoverable, held-for-trading investments, cash and bank balances and other corporate assets. All liabilities are allocated to operating segments other than retained consideration payables, deferred tax liabilities, amount due to a Director, tax payables and other corporate liabilities.

(a) **Segment revenue and results**

Segment revenue and results	Six months ended 30 September 2023				
	Trading <i>HK\$'000</i> Unaudited	Money lending and factoring <i>HK\$'000</i> Unaudited	Finance leasing <i>HK\$'000</i> Unaudited	Financial services <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
Segment revenue	76,831	8,629	295	2,243	87,998
Segment results	(16,046)	3,483	1,658	(9,492)	(20,397)
Impairment loss on intangible assets	-	-	-	-	-
Impairment loss on goodwill	-	-	-	-	-
	<u>(16,046)</u>	<u>3,483</u>	<u>1,658</u>	<u>(9,492)</u>	<u>(20,397)</u>
Corporate expenses					(8,731)
Operating loss					(29,128)
Corporate income					1,290
Gain on changes in fair value of held-for-trading investments					32,839
Share of results of an associate					(1,816)
Finance costs					(207)
Profit before taxation					2,978
Taxation					1,401
Profit for the period					<u>4,379</u>

Segment revenue and results	Six months ended 30 September 2022				
	Trading <i>HK\$'000</i> Unaudited	Money lending and factoring <i>HK\$'000</i> Unaudited	Finance leasing <i>HK\$'000</i> Unaudited	Financial services <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
Segment revenue	<u>119,972</u>	<u>8,408</u>	<u>1,109</u>	<u>8,870</u>	<u>138,359</u>
Segment results	(1,573)	5,081	(3,605)	(15,331)	(15,428)
Impairment loss on intangible assets	–	–	–	(4,700)	(4,700)
Impairment loss on goodwill	–	–	–	(3,995)	(3,995)
	<u>(1,573)</u>	<u>5,081</u>	<u>(3,605)</u>	<u>(24,026)</u>	<u>(24,123)</u>
Corporate expenses					<u>(8,544)</u>
Operating loss					(32,667)
Corporate income					1,704
Gain on changes in fair value of other financial assets					9,650
Loss on changes in fair value of held-for-trading investments					(770)
Gain on disposal of held-for-trading investments					9,651
Share of results of an associate					(3,297)
Finance costs					<u>(984)</u>
Loss before taxation					(16,713)
Taxation					<u>1,061</u>
Loss for the period					<u><u>(15,652)</u></u>

(b) **Segment assets and liabilities**

	As at 30 September 2023 and six months ended 30 September 2023				
	Trading	Money	Finance	Financial	Total
	HK\$'000	lending	leasing	services	HK\$'000
	Unaudited	and	Unaudited	Unaudited	Unaudited
	Unaudited	factoring	Unaudited	Unaudited	Unaudited
	Unaudited	HK\$'000	Unaudited	Unaudited	Unaudited
<b>Segment assets</b>					
Non-current assets					
Property, plant and equipment	655	670	29,458	1,487	32,270
Right-of-use assets	-	-	-	8,495	8,495
Intangible assets	-	-	-	16,800	16,800
Goodwill	-	-	1,000	-	1,000
Other non-current assets	-	-	-	230	230
Loan and interest receivables	-	98,108	-	-	98,108
	655	98,778	30,458	27,012	156,903
Current assets	224,803	96,705	24,000	85,692	431,200
	<u>225,458</u>	<u>195,483</u>	<u>54,458</u>	<u>112,704</u>	<u>588,103</u>
<b>Unallocated:</b>					
Net investment in sublease					2,820
Interest in an associate					12,335
Cash and bank balances					127,185
Others					162,919
Total assets per statement of financial position					<u>893,362</u>
<b>Segment liabilities</b>					
	<u>3,765</u>	<u>294</u>	<u>6,089</u>	<u>62,144</u>	<u>72,292</u>
<b>Unallocated:</b>					
Amount due to a Director					1,592
Others					20,926
Total liabilities per statement of financial position					<u>94,810</u>
<b>Other segment information</b>					
Capital expenditure	62	9	-	2	73
Unallocated capital expenditure					-
					<u>73</u>
Depreciation					
- Right-of-use assets	-	-	-	2,832	2,832
- Property, plant and equipment	321	33	565	1,437	2,356
Unallocated depreciation					1,434
					<u>6,622</u>

	As at 30 September 2022 and six months ended 30 September 2022				
	Money lending and factoring				Total
	Trading HK\$'000	factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Segment assets</b>					
Non-current assets					
Property, plant and equipment	1,018	1,082	31,381	4,337	37,818
Right-of-use assets	–	–	–	14,158	14,158
Intangible assets	–	–	–	16,800	16,800
Goodwill	–	–	1,000	–	1,000
Other non-current assets	–	–	–	230	230
Finance lease receivables	–	–	2,513	–	2,513
Loan and interest receivables	–	55,000	–	–	55,000
	1,018	56,082	34,894	35,525	127,519
Current assets	252,247	101,727	49,395	80,967	484,336
	<u>253,265</u>	<u>157,809</u>	<u>84,289</u>	<u>116,492</u>	611,855
<b>Unallocated:</b>					
Net investment in sublease					4,592
Interest in an associate					16,709
Cash and bank balances					145,789
Others					153,475
Total assets per statement of financial position					<u>932,420</u>
<b>Segment liabilities</b>					
	<u>3,745</u>	<u>588</u>	<u>8,605</u>	<u>37,641</u>	50,579
<b>Unallocated:</b>					
Amount due to a Director					1,198
Others					43,391
Total liabilities per statement of financial position					<u>95,168</u>
<b>Other segment information</b>					
Capital expenditure	–	–	14	8	22
Unallocated capital expenditure					–
					<u>22</u>
Depreciation					
– Right-of-use assets	–	–	–	2,832	2,832
– Property, plant and equipment	249	236	661	1,450	2,596
Unallocated depreciation					1,435
					<u>6,863</u>

## 5 OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Bank interest income	603	927
Sublease interest income	79	123
Rental income	606	644
Government grants ( <i>Note</i> )	–	728
Others	126	490
	<u>1,414</u>	<u>2,912</u>

*Note:* Government grants were mainly government subsidies received by the Group from relevant government bodies for, including but not limited to, relieving pressures from businesses during the COVID-19 pandemic.

## 6 PROFIT/LOSS BEFORE TAXATION

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Unaudited
Cost of inventories sold	<b>76,560</b>	117,404
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	<b>2,700</b>	2,826
Salaries, wages and other benefits (excluding directors' emoluments)	<b>7,895</b>	7,503
Contribution to defined contribution plans (excluding directors)	<b>452</b>	494
	<b>11,047</b>	10,823
Auditor's remuneration	<b>134</b>	239
Depreciation of property, plant and equipment	<b>2,440</b>	2,681
Depreciation of right-of-use-assets	<b>4,182</b>	4,182
Rental expenses in respect of short-term lease	<b>305</b>	354
(Reversal of impairment loss)/Impairment loss on finance lease receivables	<b>(2,610)</b>	2,598
Impairment loss on trade and account receivables	<b>15,856</b>	9,590
Impairment loss/(Reversal of impairment loss) on factoring receivables	<b>831</b>	(218)
Impairment loss on loan and interest receivables	<b>1,909</b>	2,308
Impairment loss on deposit and other receivables	<b>2,269</b>	578
Impairment loss on intangible assets	–	4,700
Impairment loss on goodwill	–	3,995
Gain on changes in fair value of other financial assets	–	(9,650)
(Gain)/loss on changes in fair value of held-for-trading investments	<b>(32,839)</b>	770
Gain on disposal of held-for-trading investments	–	(9,651)
Share of results of an associate	<b>1,816</b>	3,297



## 7 FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on lease liabilities	462	659
Interest on retained consideration payables	–	325
	<u>462</u>	<u>984</u>

## 8 TAXATION

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporation income tax	934	1,223
	<u>934</u>	<u>1,223</u>
Deferred tax	(2,335)	(2,284)
	<u>(1,401)</u>	<u>(1,061)</u>

### **Hong Kong profits tax**

Under the two-tiered profits tax rates regime, Hong Kong profits tax is 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 other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

No Hong Kong profits tax has been provided as the Group has no estimated assessable profits for the six months ended 30 September 2023 and 2022.

### **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 year 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 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 2023 (six months ended 30 September 2022: Nil).

## **10 PROFIT/LOSS PER SHARE**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Profit/(Loss) attributable to shareholders	<b>4,397</b>	(15,632)
Weighted average number of ordinary shares, for the purposes of calculating basic profit/(loss) per share ( <i>shares in thousands</i> )	<b>4,120,600</b>	4,120,600
Basic and diluted profit/(loss) per share	<b><u>HK\$0.11 cents</u></b>	<b><u>HK\$(0.38) cents</u></b>

As there are no dilutive potential ordinary shares outstanding as at 30 September 2023 and 2022, the diluted profit/loss per share is equal to the basic profit/loss per share.

## 11 FINANCE LEASE RECEIVABLES

	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
Current portion of finance lease receivables	<b>32,985</b>	46,681
Non-current portion of finance lease receivables	<u>–</u>	<u>468</u>
	<b>32,985</b>	47,149
<i>Less:</i> Impairment loss	<u><b>(9,909)</b></u>	<u>(13,262)</u>
	<u><b>23,076</b></u>	<u>33,887</u>

	<b>Minimum finance lease receivables</b>		<b>Present value of minimum finance lease receivables</b>	
	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
Within one year	<b>23,389</b>	33,802	<b>23,076</b>	33,423
In the second to fifth years, inclusive	<u>–</u>	<u>474</u>	<u>–</u>	<u>464</u>
	<b>23,389</b>	34,276	<b>23,076</b>	33,887
<i>Less:</i> Unearned finance income	<u><b>(313)</b></u>	<u>(389)</u>	<u>N/A</u>	<u>N/A</u>
Present value of minimum finance lease receivables	<u><b>23,076</b></u>	<u>33,887</u>	<b>23,076</b>	33,887
<i>Less:</i> Current portion of finance lease receivables			<u><b>(23,076)</b></u>	<u>(33,423)</u>
Non-current portion of finance lease receivables			<u><u>–</u></u>	<u>464</u>

The movement of provision for impairment of finance lease receivables is as follows:

	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	<b>13,262</b>	10,105
(Reversal of)/Provision for impairment	<b>(2,610)</b>	3,931
Currency translation difference	<b>(743)</b>	(774)
	<hr/>	<hr/>
At end of the reporting period	<b><u>9,909</u></b>	<b><u>13,262</u></b>

As at 30 September 2023 and 31 March 2023, the finance lease receivables were secured over the leased assets mainly by machineries and equipment. The carrying amounts of 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 10% to 15% (31 March 2023: 10% 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 2023 and 31 March 2023. The Group applies the simplified approach to provide lifetime 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 and fair value of collaterals, if any.

## 12 TRADE AND ACCOUNT RECEIVABLES

	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
Receivables arising from securities broking business:		
– Loans to margin clients	51,422	60,438
– Clearing houses	378	–
	<u>51,800</u>	<u>60,438</u>
<i>Less:</i> Impairment loss	<u>(28,330)</u>	<u>(28,431)</u>
	----- 23,470	----- 32,007
Receivables arising from asset management business	–	–
Receivables arising from trading business	<u>274,789</u>	<u>295,339</u>
	274,789	295,339
<i>Less:</i> Impairment loss	<u>(56,417)</u>	<u>(43,571)</u>
	----- 218,372	----- 251,768
Total trade and account receivables	<u><u>241,842</u></u>	<u><u>283,775</u></u>

### 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. Securities are assigned with specific margin ratios for calculating their margin values.

### Receivables arising from trading business

The Group's trade receivables are generally with credit periods of 60 to 120 days (31 March 2023: 60 to 120 days).

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. The Group does not hold any collateral as security.

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

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
HK\$	<b>23,470</b>	32,007
RMB	<b>218,372</b>	251,768
	<b>241,842</b>	283,775

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.

An aged analysis of receivables arising from trading business, 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:

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
0 to 30 days	<b>21,152</b>	26,967
31 to 60 days	<b>21,903</b>	3,526
61 to 90 days	<b>10,086</b>	–
91 to 180 days	<b>29,560</b>	11,702
More than 180 days	<b>135,671</b>	209,573
	<b>218,372</b>	251,768

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. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the trade and account receivables.

The movement of provision for impairment of trade and account receivables is as follows:

	<b>30 September 2023</b>	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
At beginning of the reporting period	72,002	61,949
Provision for impairment	15,856	13,092
Currency translation difference	(3,111)	(3,039)
	<u>72,002</u>	<u>61,949</u>
At end of the reporting period	<u><b>84,747</b></u>	<u>72,002</u>

### 13 FACTORING RECEIVABLES

	<b>30 September 2023</b>	31 March 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Factoring receivables	19,581	20,862
Interest receivables	131	22
	<u>19,712</u>	<u>20,884</u>
<i>Less: Impairment loss</i>	<u>(1,396)</u>	<u>(626)</u>
	<u><b>18,316</b></u>	<u>20,258</u>

The movement of provision for impairment of factoring receivables is as follows:

	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
At beginning of the reporting period	626	1,564
Provision/(Reversal of) for impairment	831	(831)
Currency translation difference	(61)	(107)
	<u>          </u>	<u>          </u>
At end of reporting period	<b><u>1,396</u></b>	<b><u>626</u></b>

The carrying amounts of factoring receivables are denominated in RMB.

The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for factoring receivables. The management assessed the expected loss on factoring receivables individually. The maximum exposure to credit risk at each of the end of the reporting period is the carrying value of the factoring receivables.

#### 14 LOAN AND INTEREST RECEIVABLES

	<b>30 September 2023 HK\$'000 Unaudited</b>	31 March 2023 HK\$'000 Audited
Loan receivables	180,062	182,951
Interest receivables	28,404	26,952
	<u>          </u>	<u>          </u>
Loan and interest receivables	208,466	209,903
Less: Impairment loss	(32,453)	(31,677)
	<u>          </u>	<u>          </u>
	<b><u>176,013</u></b>	<b><u>178,226</u></b>
Current portion of loan and interest receivables	77,905	55,106
Non-current portion of loan and interest receivables	98,108	123,120
	<u>          </u>	<u>          </u>
	<b><u>176,013</u></b>	<b><u>178,226</u></b>
Analysed as:		
Within one year	98,108	55,106
In the second to fifth years, inclusive	77,905	123,120
	<u>          </u>	<u>          </u>
	<b><u>176,013</u></b>	<b><u>178,226</u></b>



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

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
HK\$	<b>43,529</b>	35,608
RMB	<b>132,484</b>	142,618
	<b><u>176,013</u></b>	<u>178,226</u>

Loan receivables are interest-bearing at approximately 8% to 18% (31 March 2023: 8% to 18%) 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 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.

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.

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

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
At beginning of the reporting period	<b>31,677</b>	29,424
Provision for impairment	<b>1,909</b>	3,569
Currency translation difference	<b>(1,133)</b>	(1,316)
	<b><u>32,453</u></b>	<u>31,677</u>

## 15 ACCOUNT PAYABLES

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Payables arising from securities broking business:		
– Cash clients account payables	2,134	1,903
– Margin clients account payables	50,620	19,746
– Clearing houses	–	55
Payables arising from trading business	–	11,401
	<hr/>	<hr/>
Total trade and account payables	<b><u>52,754</u></b>	<b><u>33,105</u></b>

The carrying amounts 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 due to clearing houses are two trading days after the trade date.

## 16 COMMITMENTS

### The Group as lessee

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

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Not later than 1 year	<b><u>23</u></b>	<b><u>23</u></b>

None of the leases include contingent rentals.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The Group recorded a turnover of approximately HK\$88.0 million with a gross profit of approximately HK\$11.4 million for the six months ended 30 September 2023 as compared to approximately HK\$138.4 million and HK\$20.9 million respectively for the last corresponding period. The profit for the current period was approximately HK\$4.4 million as compared to a loss of approximately HK\$15.7 million for the last corresponding period. The turnaround was mainly attributable to the net effect of the followings:

- (i) an increase in aggregate amount of gain on changes in fair values and disposal of held-for-trading investments of approximately HK\$24.0 million;
- (ii) a decrease in gross profit and other income of approximately HK\$9.9 million and HK\$1.5 million respectively;
- (iii) an increase in aggregate amount of impairment losses on receivables of approximately HK\$3.4 million; and
- (iv) a decrease in administrative expenses of approximately HK\$9.1 million.

As at 30 September 2023, the total assets and net assets of the Group amounted to approximately HK\$893.4 million (31 March 2023: HK\$916.1 million) and HK\$798.6 million (31 March 2023: HK\$833.1 million) respectively. The decrease in total assets and net assets were mainly caused by the recognition of exchange losses due to the depreciation of Renminbi against Hong Kong Dollars during the current period.

## **BUSINESS REVIEW**

### **Trading Business**

The Group is principally engaged in trading of foodstuff and electronic products in the PRC. The Group recorded a turnover of approximately HK\$76.8 million with a loss of approximately HK\$16.0 million from its trading business for the six months ended 30 September 2023 as compared to approximately HK\$120.0 million with a loss of approximately HK\$1.6 million for the same period in 2022. The increase in the loss recorded for the current period was mainly caused by a decrease in revenue and an increase in provision for impairment losses for trade and accounts receivables.

During the current period, anti-pandemic measures were finally relaxed in early 2023. It was expected that in light with the introduction of economic enhancement measurements by the PRC government, consumption demand in the retail markets was expected to be increased. However, as the sentiments of both the PRC real estate and stock markets were not very positive with the debt issues of the companies from the PRC property sector still not yet been fully resolved, the economic environment surrounding the Group's trading business was less than satisfactory. During the last corresponding period in 2022, as people adapted to living with the pandemic and the disrupted supply chains gradually improving, the Group recorded a period by period increase in sales for the last corresponding period. But such improvement in the market conditions was not carried over to the current period, the general market was also plagued by unfavorable news such as the insolvency of certain large companies in the PRC. As the Group's trading business focused on electronic products and imported seafood which are not mandatory for people's everyday lives, the above factors resulted in a negative impact on the Group's trading business and led to a decrease in revenue. The Group will remain vigilant in the development of the economic environment.

Under such circumstances, the management of the Group prudently re-assessed the individual conditions of our customers to evaluate the businesses and credit risks with reference to historical trading and repayment patterns, and conditions of the market as a whole. With the assistance of an independent professional valuer on the computation of expected credit losses, impairment loss on trade receivables amounted to approximately HK\$16.0 million was provided for during the current period. This provision includes certain customers which were severely affected by the impact of the pandemic and defaulted in repayments as mentioned by the Group in prior years. During the years, despite appropriate measures including legal proceedings against such customers were taken by the Group with judgement in favour of the Group by the Court and certain of the customers' assets were seized and recovered by the Group thereon, the management considered that the recoverability of one of the customers was less than satisfactory. Accordingly, after due and careful assessment, a specific impairment loss of approximately HK\$12.3 million was fully provided for on the carrying amount of that particular customer during the current period.

### **Money Lending and Factoring Business**

The Group offers corporate and personal loans in Hong Kong and the PRC to well-established businesses and affluent individuals of occupations ranging from executives, businessmen and professionals. Clients are generally solicited through (i) the directors and senior management of the subsidiaries whom are in charge of each of the lending businesses; (ii) direct approaches from clients; and (iii) referral from existing clients.

The loan portfolio consists of loans with initial terms generally ranging from 1 to 3 years and with outstanding balances of approximately HK\$5 million to HK\$30 million which are principally for the development and expansion of their businesses and their corporate and personal needs.

The Group also offers factoring loans on trade receivables in the PRC with initial terms of not more than 6 months and sizes ranging from approximately RMB10 million to RMB20 million in general. The financing purpose of the Group's clients is principally for their operation requirements.

The Group has loan portfolios in Hong Kong and the PRC with carrying amounts of approximately HK\$176.0 million and factoring receivables with carrying amounts of approximately HK\$18.3 million as at 30 September 2023. The Group recognised an aggregate interest income of approximately HK\$8.6 million and a profit of approximately HK\$3.5 million for the current period as compared to approximately HK\$8.4 million and HK\$5.1 million respectively for the last corresponding period. The decrease in profit was mainly caused by an increase in administrative expenses.

Collaterals and guarantors would be obtained from clients as appropriate on a case-by-case basis by considering the background, repayment ability and credit worthiness of the potential clients a whole. While the Group aims to have securities over the loans granted in accordance with the industry practice and in compliance with the relevant regulations, if applicable, unsecured loans may also be granted which is considered by the Group as a balance of our product-mix and part of our portfolio. Nevertheless, the Group is conservatively prudent in assessing the creditworthiness of the unsecured loans including but not limited to the review and inspection of asset title, asset portfolio, leverage level and liquidity conditions before approval.

As previously mentioned, the Group has cautiously adjusted its loan portfolio to take advantage of the market opportunities presented by policies such as the introduction of policy-easing measures in the PRC. Management of the Group considered that the current loan portfolio of the Group during the current period was appropriate under the current economic environment as the return on the loans being commensurate with the related risks.

### **Finance Leasing Business**

The Group is engaged in finance leasing business in the PRC and mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from 1 to 5 years and the size of which generally ranges from RMB5 million to RMB30 million. The Group provides both direct leasing and sale-leaseback services to customers and the financing purpose of the Group's customers is principally for the development and expansion of their business.

The finance leasing business maintained a portfolio with carrying amount of approximately HK\$23.1 million as at 30 September 2023. The finance leasing portfolio has attributed a turnover of approximately HK\$0.3 million with a profit of approximately HK\$1.7 million to the Group during the current period as compared to approximately HK\$1.1 million and a loss of approximately HK\$3.6 million respectively for the last corresponding period. As previously reported, there were certain customers from the finance leasing business deeply impacted by the pandemic due to their industry nature, who default in repayments on schedules, and the Group has taken necessary legal proceedings to seize and safeguard the assets. The interest income from the current period was lower than that of last corresponding periods, as no interest income was recognized by the Group on credit-impaired customers. As the management considered asset-heavy clients faces more business risks in this turbulent economic environment and hence was more prudent in accepting new businesses, no finance lease was granted during the current period, which further attributed to the decrease in interest income generated. Nevertheless with the effort of the management of the Group in collection of the overdue amount, the Group successfully recovered from certain customers and recorded a reversal of impairment loss on finance lease receivables of approximately HK\$2.7 million leading to the turnaround from loss to profit making for the current period. The Group will closely monitor the credit worthiness of the clients and formulate appropriate actions for recovery of the other outstanding finance lease receivables.

## Loan Portfolio Summary

In respect of our money lending and factoring business and finance leasing business, in order to diversify the clients and lower the concentration of our loan portfolio, our portfolio include corporations from different industries such as hotel management, health management, computer software and trading and individuals. As at 30 September 2023, the Group's lending businesses has 23 clients with outstanding balances from different types of loans and fell within the following bands.

<b>Types of loans</b>	<b>Number of customers</b>
Finance leases	5
Factoring loans	2
Corporate loans	7
Personal loans	<u>9</u>
	<u><u>23</u></u>

<b>Carrying amounts of loans</b>	<b>Number of loans</b>
Less than HK\$5,000,000	11
HK\$5,000,001 – HK\$10,000,000	2
HK\$10,000,001 – HK\$20,000,000	7
Above HK\$20,000,001	<u>3</u>
	<u><u>23</u></u>

As at 30 September 2023, the top five clients constituted approximately 47% of the total carrying amounts of the Group's loan portfolio of the lending businesses.

In addition to minimising the risks by restricting the Group's source of funds to its internally generated cash resources, the Group has appointed the directors and senior management personnel of the subsidiaries whom are in charge of each of the lending businesses (the "Management Teams") to be responsible for the credit assessment, granting of and supervision of loans. Each of the Management Teams have vast experiences and knowledge in the industries.

Notwithstanding the nature of the loans granted, the internal control measures are in general very similar to each other. Each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval. The following is a summary of procedures the Group conducts on potential clients assessment.

- (i) identity checks must be performed on potential clients and the ultimate beneficial owner(s) of the potential clients by obtaining, including but not limited to, constitution documents, business registrations, identity cards or passports;
- (ii) background checks must be performed by understanding the business operations, occupation and employment, the source and origin of funds and obtaining address proof of the potential clients, which included utility bills, bank/credit card statements or formal correspondence issued by either a governmental department or statutory body;
- (iii) repayment ability of potential clients must be assessed through their financial statements, assets portfolio (e.g. properties held) and the related leverage level, liquidity condition, bankruptcy or winding up or litigation searches, media and news searches, past payment record (where applicable) and any other available information to evaluate their repayment ability;
- (iv) check the availability of guarantor(s), if any; and
- (v) in case of security being provided as collateral for the loan, the validity, title and value of the security must be assessed.

Furthermore, guarantors who provide personal/corporate guarantee in favour of a loan, where applicable, are also required to meet the same basic eligibility and approval criteria as the borrower of loans, and will be required to go through the same verification and approval procedures.

After credit assessment, with the terms determined (having taken into consideration factors such as the credit quality of the clients, their recoverability and the prevalent market interest rates), loan documents will be prepared and the loans will be recommended for the Management Teams' review and approval. The Management Teams will monitor on a continued basis the credit quality of such loans and may require other credit enhancement measures from the borrowers from time to time. The Management Teams are primarily responsible for the approval of loans by considering whether such loans are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole.



The Management Teams conduct regular review and carry out follow up actions on a continuing basis in respect of overdue amounts to minimise the Group's exposure to credit risk and follows up closely with its clients as to the repayment deadlines. An aging analysis of the borrowers is prepared and reviewed on a monthly basis. As for loan collection, in case of any minor defaults, the Management Teams shall send reminders and/or demand letters to its clients. In case the default persists, the Group may engage lawyers to advise on the recovery and take out enforcement actions as and when appropriate.

### **Financial Services Business**

The Group acquired the financial services business in December 2019 (the "Acquisition") which is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The financial services business attributed a turnover of approximately HK\$2.2 million with a loss (excluding impairment losses on intangible assets and goodwill) of approximately HK\$9.5 million to the Group during the current period, as compared to approximately HK\$8.9 million and a loss (excluding impairment losses on goodwill) of approximately HK\$15.3 million respectively for the last corresponding period. The decrease in loss recorded for the current period was mainly caused by better cost controls and the decrease in provision for impairment loss on account receivables from margin clients as the necessary provisions were already made in previous years.

The stock market was under-performed during the years. The market sentiment and economic downturn of Hong Kong attributed to the decrease in revenue from brokerage, margin financing and underwriting and placing during the current period. Nonetheless, the management actively searched for business opportunities and after the end of the reporting period, the Group assisted in the completion of an IPO project. Besides, in order to increase the Group's exposure within the capital markets, the management has actively explored the possibility on the development of the debt financing market and other financial services so as to enlarge the sources of income.

During the Company's preparation of the condensed consolidated financial statements, based on the latest information available, the Group re-assesses its position, with reference to the actual results up to the date of this announcement and the prospects of the financial services business. As such, the profit and cashflow forecast prepared by the Group for the assessment of the recoverable amounts of the financial services business has incorporated the most updated information for the best estimate of the impairment of intangible assets, if any. Based on the impairment assessment on the assets of this business unit, no further impairment was considered necessary to provide for intangible assets for the period.

In respect of the profit guarantee given by the vendors of the Acquisition, the Group has actively negotiated with the vendors for the settlement and has instructed our lawyers to issue a writ of summons to initiate legal proceedings against the vendors for recovery of the amount receivable in December 2022. In May 2023, the Company and the vendors agreed on a settlement arrangement, under which the vendors agreed to pay jointly and severally of the amounts due from them under the second guaranteed year in five instalments. The Company is in the process of continuing negotiations with the vendors on settlement of outstanding installments as well as the settlement schedule for the amounts due under the third guaranteed year. Further updates regarding this profit guarantee will be announced by the Company as and when appropriate.

### **Potential Business Development**

In May 2023, the Company entered into a non-legally binding memorandum of understanding with two potential vendors, pursuant to which the Company intends to acquire an equity interest in a target company which is principally engaged in (a) marketing and sales of medical equipment and nutritional supplements, (b) marketing of medicine, and (c) provision of operation systems and training for clinics in the PRC. Further to the enter of a supplemental agreement in November 2023, the Group is granted a period up to 4 May 2024 for examination of the due diligence documents of the target company. As at the date of this announcement, the Group has not yet entered into any formal agreements in respect of this proposed acquisition.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base and may consider restructuring its business segments pursuant to the ever-changing economic environment in the PRC and Hong Kong. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING**

The Group generally finances its operations with internally generated resources.

As at 30 September 2023, the Group had cash and bank balances of approximately HK\$127.2 million (31 March 2023: approximately HK\$138.5 million) and total borrowings of approximately HK\$17.5 million (31 March 2023: approximately HK\$22.4 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 2.18% (31 March 2023: 2.69%) and liquidity ratio, being the ratio of current assets over current liabilities, was 7.69 (31 March 2023: 9.33) as at 30 September 2023.

The increase in gearing ratio was mainly due to the decrease in lease liabilities. The decrease in liquidity ratio was mainly due to the increase in trade and account payables which arose from increase in cash held on behalf of clients.

## **FOREIGN EXCHANGE EXPOSURE**

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

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 as appropriate.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of interim dividends for the six months ended 30 September 2023.

## **CAPITAL STRUCTURE**

As at 30 September 2023, 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 2023, none of the Group's asset was pledged.

## SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

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

## SECURITIES INVESTMENTS HELD

As at 30 September 2023, the Group had held-for-trading investments in securities in Hong Kong (the "Securities Investments") with a market value of approximately HK\$40.3 million. Other details of the Securities Investments as at 30 September 2023 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition HK\$'000	Fair value as at 30 September 2023 HK\$'000	% of net assets of the Group as at 30 September 2023	Gain/(Loss) on changes in fair value for the period HK\$'000	
1	Unity Enterprise Holdings Limited	2195	provision of repair, maintenance, alteration and addition works services in Hong Kong	63,050,000	6.31%	8,367,000	37,830,000	4.74%	33,101
2	Vicon Holdings Limited	3878	Provision of foundation works and ancillary services and leasing of construction machinery in Hong Kong	21,886,000	4.6%	3,915,000	2,451,000	0.31%	(262)
								32,839	

## CONTINGENT LIABILITIES

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

## COMMITMENTS

Details of the Group's commitments as at 30 September 2023 are set out in Note 16 to the condensed consolidated financial statements.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed 38 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**

Save as the transactions as disclosed in Note 23 to the condensed consolidated financial statements, 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 had a material interest, whether directly or indirectly, subsisted at 30 September 2023 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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has complied with all the applicable code provisions in the CG Code throughout the six months ended 30 September 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2023.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

During the period under review and up to the date of this announcement, the Directors having an interest in 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:

<b>Director</b>	<b>Name of company</b>	<b>Nature of business</b>	<b>Nature of interests</b>
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 as 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 Model Code throughout the six months ended 30 September 2023.

## **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 Ms. Wong Chi Yan. 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 2023.

## **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 2023 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, 30 November 2023

*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. Yu Pak Yan, Peter, Mr. Chi Chi Hung, Kenneth and Ms. Wong Chi Yan.*