



Fu Shek Financial Holdings Limited
富石金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2263

I N T E R I M
R E P O R T
2021/22

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Corporate Information

BOARD OF DIRECTORS

Non-executive Director

Mr. Keng Stephen Lee
(formerly known as Li Ching Chung) (*Chairman*)

Executive Directors

Mr. Sy Man Chiu (*Chief Executive Officer*)
Mr. Ng Sik Chiu

Independent Non-executive Directors

Dr. Yu Sun Say
Mr. Lai Man Sing
Ms. Tsang Ngo Yin
(appointed on 1 October 2021)
Mr. Ho Chung Tai, Raymond
(resigned on 1 October 2021)

AUDIT COMMITTEE

Mr. Lai Man Sing (*Chairman*)
Dr. Yu Sun Say
Ms. Tsang Ngo Yin

REMUNERATION COMMITTEE

Dr. Yu Sun Say (*Chairman*)
Mr. Keng Stephen Lee
(formerly known as Li Ching Chung)
Mr. Lai Man Sing

NOMINATION COMMITTEE

Mr. Keng Stephen Lee
(formerly known as Li Ching Chung) (*Chairman*)
Dr. Yu Sun Say
Mr. Lai Man Sing

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2705–6, 27/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPANY SECRETARY

Mr. Wu Man Sun

LEGAL ADVISER

Michael Li & Co.
19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
2/F, 625 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

China Bohai Bank Co. Ltd, Hong Kong Branch
Chong Hing Bank Limited
Dah Sing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.hkfsfinance.com

Management Discussion and Analysis

INDUSTRY REVIEW

Hong Kong's economy rose 5.4% year on year in the third quarter of 2021, continuing the economic recovery to the third straight quarter. As impacted by the macroeconomic environment, investors' attitude over the market shifted quite a lot after the pandemic outbreak, as they turn generally prudent. Yet, even under the coronavirus ("COVID-19") pandemic and a weakening macroeconomic environment, Hong Kong's capital market proves its resilience with IPO activities of sizeable listings. The total funds raised for the first ten months of 2021 was HK\$638.1 billion, which recorded an increase of 19% as compared to corresponding period in a year earlier.

Despite market volatility reflected on the fluctuation of the Hang Seng Index, investors did not lose hope on Hong Kong's capital investment opportunities and generally believe in a gradual recovery soon. According to the monthly market highlights provided by Hong Kong Stock Exchange, active trading activities in the capital market are reflected in the growing average daily turnover for the securities market for the first 10 months of 2021, which reached HK\$175.8 billion by increasing 41% as compared to corresponding period in a year earlier. Although the business environment may still seem gloomy, investors have managed to navigate under extreme uncertainties, exhibiting relatively lower volatility than anticipated.

BUSINESS REVIEW

Since over a decade ago, Fu Shek Financial Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") has been providing comprehensive financial services based in Hong Kong, including (i) securities trading services including brokerage services and margin financing services; (ii) placing and underwriting services; and (iii) asset management services. During the six months ended 30 September 2021 (the "Reporting Period"), the Group's revenue was approximately HK\$21.6 million, which recorded a 3.0% increase of total revenue for the corresponding period in 2020.

Securities Trading Services

Brokerage services

The Group provides securities dealing and brokerage services and ancillary service to clients who maintain a trading account. Commission income from the Group's securities brokerage business and handling and other fee income for the Reporting Period decreased by 0.6% to approximately HK\$10.3 million as compared with that of the six months ended 30 September 2020 (the six months ended 30 September 2020: approximately HK\$10.3 million) and accounted for 47.5% (the six months ended 30 September 2020: 49.3%) of the total revenue. The slight decrease in revenue from brokerage services was attributable to the decreased commission income received due to decreased trading turnover during the Reporting Period. The segment profit from brokerage services decreased by 15.5% to approximately HK\$7.2 million as compared with the corresponding period of 2020 (the six months ended 30 September 2020: approximately HK\$8.5 million) as more commission expenses incurred during the Reporting Period.

Management Discussion and Analysis (Continued)

Margin Financing Services

The Group provides financing services to facilitate its clients' purchase of securities on a margin basis in the secondary market and subscription to IPOs. Interest income from margin financing provided by the Group for the Reporting Period increased by 0.8% to approximately HK\$9.4 million as compared with that of the six months ended 30 September 2020 (the six months ended 30 September 2020: approximately HK\$9.3 million) and accounted for 43.5% (the six months ended 30 September 2020: 44.5%) of the total revenue. The growth in interest income from margin financing was mainly due to an increase in interest income derived from our margin clients as the demand for our margin financing services increased generally during the Reporting Period. The segment profit from margin financing services increased by 49.4% to approximately HK\$10.3 million as compared with the corresponding period of 2020 (the six months ended 30 September 2020: approximately HK\$6.9 million) as an allowance for impairment loss of approximately HK\$1.1 million was reversed for accounts receivable arising from the business of dealing in securities reversed and less finance costs incurred during the Reporting Period.

Placing and Underwriting Services

The Group provides placing and underwriting services by acting as (i) bookrunner, lead manager or underwriter of listing applicants in IPOs; and (ii) placing agent of listed companies in connection with their issuance or sale of securities, in return for placing and/or underwriting commission income. The commissions from placing and underwriting engagements vary on a case-by-case basis, as they are charged either based on pre-determined fixed fee or a fee calculated as a percentage of the total price of shares underwritten. Commission income from the Group's placing and underwriting services for the Reporting Period increased by 48.1% to approximately HK\$1.9 million as compared with that of the six months ended 30 September 2020 (the six months ended 30 September 2020: approximately HK\$1.3 million) and accounted for 9.0% (the six months ended 30 September 2020: 6.2%) of the total revenue. The Hong Kong's capital market has been volatile since the outbreak of COVID-19 in the first quarter of 2020, which influenced the investors' motivation to subscribe for securities of new issuers. Hence, the Group adopted a more prudent business approach in clients' acceptance for IPOs engagements. On the other hand, the Group adjusted its business strategies to be more active in participating in placing agent and underwriter engagement of listed companies in connection with their issuance of securities. The segment profit from placing and underwriting services increased by 32.7% to approximately HK\$0.5 million as compared with the corresponding period in 2020 (the six months ended 30 September 2020: approximately HK\$0.4 million). The segment profit increased at a lower rate than the segment revenue as more commission expenses was incurred during the Reporting Period.

Management Discussion and Analysis (Continued)

Asset Management Services

During the period ended 30 September 2020, the Group launched the asset management services business to a client as a separate business segment. During the Reporting Period, the revenue of asset management services was HK\$4,000 (the six months ended 30 September 2020: HK\$3,000) and the segment loss was HK\$86,000 (the six months ended 30 September 2020: HK\$57,000).

OUTLOOK

Given the swift pace of controlling the local COVID-19 outbreak, Hong Kong remains as one of the world's strongest financial markets. With the massive vaccination programme in various places around the world, it is anticipated that the impact of COVID-19 pandemic will be moderated gradually and the global economies will rebound.

The Group believes that the Hong Kong financial services industry, with its strengths of long development history, sound reputation, supportive policies and outstanding industry professionals, would remain in a top position worldwide. Many companies, who have listed in the US, are still looking for a secondary listing in Hong Kong to expand their market to Asia.

The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise, especially in the expansion of our margin financing services.

In response to the opportunities in the market, the Group will remain prudent towards external factors arising from the global and local economic situation and enhance its strengths to consolidate the Group's position in the industry.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately HK\$21.6 million (the six months ended 30 September 2020: approximately HK\$21.0 million), representing an increase of 3.0% compared with that of the six months ended 30 September 2020. The overall increase was mainly due to increase in placing and underwriting services income during the Reporting Period.

Other Operating Expenses

For the Reporting Period, the other operating expenses decreased 5.2% to approximately HK\$4.7 million as compared with the six months ended 30 September 2020 (the six months ended 30 September 2020: approximately HK\$4.9 million). The decrease was mainly due to less audit and interim review fee to the auditor during the Reporting Period.

Management Discussion and Analysis (Continued)

Net Profit

For the Reporting Period, the Group's net profit was approximately HK\$8.7 million, which was an increase of 29.0% compared with approximately HK\$6.7 million from the six months ended 30 September 2020. Such change was mainly due to (i) reversal of impairment loss for accounts receivable arising from the business of dealing in securities; (ii) increase in revenue and (iii) decrease in finance costs while offsetting the increase in staff costs as compared with the six months ended 30 September 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong cash position with bank deposits, and financed its operations by cash mainly generated from bank borrowings. As at 30 September 2021, the Group had total bank balances for general accounts and cash of approximately HK\$97.9 million (as at 31 March 2021: approximately HK\$92.4 million). As at 30 September 2021, the Group had net current assets of approximately HK\$330.1 million, representing an increase of approximately HK\$8.0 million as compared with that of approximately HK\$322.1 million as at 31 March 2021. The financial position of the Group remained stable during the Reporting Period.

The Group's gearing ratio was approximately 0.03 as at 30 September 2021 (as at 31 March 2021: Nil).

Gearing ratio is calculated based on total debts which represent bank borrowings only, divided by net assets as at the end of the Reporting Period.

Borrowings

The major source of debt financing of the Group was mainly from bank and short-term advances from brokers. As at 30 September 2021, the Group had bank borrowings of HK\$10.0 million (as at 31 March 2021: Nil). The bank borrowings were with a repayment on demand clause. Bank borrowings of HK\$10.0 million was at a floating rate of 2.5% p.a. over 1-month Hong Kong Inter-bank Offered Rate.

Pledge of Assets

As at 30 September 2021, the Group did not have any pledged assets (as at 31 March 2021: Nil).

Management Discussion and Analysis (Continued)

Foreign Currency Exposure

As the Group only operates in Hong Kong and the majority of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the directors of the Company (the “Directors”) are of the view that the Group’s foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Reporting Period.

Capital Commitments and Contingent Liabilities

As at 30 September 2021, the Group did not have any significant capital commitment and contingent liabilities (as at 31 March 2021: Nil).

Employees and Remuneration Policies

As at 30 September 2021, the Group employed 16 staff (as at 31 March 2021: 17). The employees’ remuneration was determined based on factors such as qualification, duty, contributions and years of experience. Staff costs primarily consist of fees, salaries, discretionary bonus and other benefits as well as contributions to the mandatory provident fund for the Directors and employees of the Group. Staff costs was approximately HK\$5.4 million during the Reporting Period (the six months ended 30 September 2020: HK\$4.1 million), representing an increase of approximately 31.4%.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investments Held by the Group

As at 30 September 2021, the Group did not make any significant investments (as at 31 March 2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 31 January 2020 (the “Prospectus”), the Group did not have other future plans for material investments or capital assets as at the date of this interim report.

Management Discussion and Analysis (Continued)

USE OF PROCEEDS

The net proceeds from the listing of the Company's shares on the main board of the Stock Exchange received by the Group, after deducting related expenses, were approximately HK\$90.6 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Such uses include: (i) expansion of placing and underwriting business; (ii) funding for margin financing business; (iii) establishment and renovation of a new office; (iv) expansion of workforce; (v) enhancement of IT systems; (vi) promotion and marketing and (vii) working capital.

Business strategies	Net proceeds as allocated in	Actual use of	Unutilised use of	Expected timeline of full utilisation of the balance
	accordance with the Prospectus	net proceeds up to 30 September 2021	net proceeds up to 30 September 2021	
	HK\$'000	HK\$'000	HK\$'000	
Expansion of placing and underwriting business	27,000	27,000	-	-
Funding for margin financing business	10,200	10,200	-	-
Establishment and renovation of a new office	15,700	-	15,700	End of 2022
Expansion of workforce	12,900	709	12,191	End of 2022
Enhancement of IT systems	9,000	-	9,000	End of 2022
Promotion and marketing	7,200	-	7,200	End of 2022
Working capital	8,600	8,600	-	-
Total	90,600	46,509	44,091	

As at 30 September 2021, the unutilised net proceeds were placed with a licensed bank in Hong Kong.

In consideration of the stock market volatility arising from the prolonged COVID-19 crisis and uncertain economic outlook, the Group has adopted a conservative but flexible approach for utilising the proceeds effectively and efficiently for the long-term development of the Group. The Group has kept the expansion and development plans on hold during the Reporting Period, and planned to resume when the COVID-19 pandemic is under control or until it subsides.

Management Discussion and Analysis (Continued)

The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Reporting Period, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

INTERIM DIVIDENDS

The board (the "Board") of the Directors does not recommend the declaration of interim dividend for the Reporting Period (the six months ended 30 September 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

The Group had no material subsequent events after the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the Reporting Period.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company of all Directors that they have fully complied with the required standard as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The Company established its audit committee (the "Audit Committee") which consists of three members, namely Mr. Lai Man Sing (chairman), Dr. Yu Sun Say and Ms. Tsang Ngo Yin. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has reviewed with management of the Company the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 including the accounting principles and practices adopted by the Group.

Management Discussion and Analysis (Continued)

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group as set out in this interim report had been reviewed by the Audit Committee and the Company's auditor, Baker Tilly Hong Kong Limited.

DEED OF NON-COMPETITION

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Keng Stephen Lee, Ms. Yeung Lai Lai and Man Chase Holdings Limited (collectively the "Controlling Shareholders"), have entered into the deed of non-competition dated 22 January 2020 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the date of listing of the Company's shares on the Main Board of the Stock Exchange (the "Listing Date"), they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the core business of the Group currently excluded or possibly in the future to be engaged by the Group in Hong Kong or such other countries as the Group may conduct or carry on business from time to time (the "Undertakings").

The Controlling Shareholders have confirmed to the Company that during the Reporting Period and up to the date of this interim report, they and their respective close associates (as defined under the Listing Rules) have complied with the Undertakings contained in the Deed of Non-competition.

Management Discussion and Analysis (Continued)

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

As at 30 September 2021, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interest in shares of the Company

Name of Director	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Keng Stephen Lee ("Mr. Keng")	Interest in controlled corporation <i>(Note 2)</i>	750,000,000 shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the shares.
- (2) Mr. Keng owns 60% of the issued share capital of Man Chase Holdings Limited ("Man Chase"). By virtue of the SFO, Mr. Keng is deemed to be interested in such Shares held by Man Chase.

Management Discussion and Analysis (Continued)

Interest in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note)</i>	Approximate percentage of shareholding in associated Corporation <i>(%)</i>
Mr. Keng	Man Chase	Beneficial owner	60 Shares (L)	60%

Note: The letter "L" denotes a person's long position in the shares.

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Man Chase	Beneficial owner	750,000,000 Shares (L)	75%
Ms. Yeung Lai Lai ("Ms. Yeung")	Interest in controlled corporation <i>(Note 2)</i>	750,000,000 Shares (L)	75%
Ms. Mei Ngar Cindy Sze <i>(Note 3)</i>	Interest of spouse	750,000,000 Shares (L)	75%
Mr. Ng Hoi Shuen <i>(Note 4)</i>	Interest of spouse	750,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) Man Chase is owned as to 60% by Mr. Keng and 40% by Ms. Yeung. Therefore, each of Mr. Keng and Ms. Yeung is deemed to be interested in the Shares held by Man Chase under the SFO.
- (3) Ms. Mei Ngar Cindy Sze is the spouse of Mr. Keng.
- (4) Mr. Ng Hoi Shuen is the spouse of Ms. Yeung.

Save as disclosed above, as at 30 September 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Management Discussion and Analysis (Continued)

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON CONTROLLING SHAREHOLDERS

In accordance with the continuing disclosure requirements under Rule 13.21 of the Listing Rules, below are the details of the Group's facility agreement that contains covenants requiring specific performance obligations of the controlling shareholders of the Company.

As set out in the announcement of the Company dated 12 August 2021, on 12 August 2021, Sinomax Securities Limited ("Sinomax Securities"), an indirect wholly-owned subsidiary of the Company, as borrower, and the Hongkong and Shanghai Banking Corporation Limited (the "Lender"), as lender, entered into a banking facility letter (the "Facility Letter") in relation to a revolving loan facility and an overdraft facility of up to a principal amount of HK\$15,000,000 and HK\$10,000,000 respectively, which are agreed to be made available by the Lender to Sinomax Securities on the terms and conditions contained therein. The facilities under the Facility Letter have no fixed terms and are subject to periodic review of the Lender. The obligations of Sinomax Securities under the Facility Letter are secured by a corporate guarantee provided by the Company in favour of the Lender.

Pursuant to the Facility Letter, specific performance obligations are imposed as follows: (a) Mr. Keng Stephen Lee and Ms. Yeung Lai Lai (collectively, the "Controlling Shareholders"), undertake not to charge or otherwise encumber the shares of the Company without the Lender's prior written consent; (b) the Controlling Shareholders undertake, upon request by the Lender, to provide a written confirmation to the Lender for the compliance with its negative pledge obligation; and (c) the Controlling Shareholders undertake, upon request by the Lender, to transfer their shares in the Company to the Lender's account regularly to evidence free of encumbrance.

The Controlling Shareholders will be required for so long as the facilities under the Facility Letter are available to Sinomax Securities to comply with the above undertaking(s). A breach of the above specific performance obligations by the Controlling Shareholders may result in the Lender to cancel all or any part of the commitments under the Facility Letter and all amounts outstanding under the Facility Letter may immediately become due and payable. Under the Facility Letter, the Lender has the right to suspend, withdraw or make demand for repayment in respect of the whole or any part of the facilities made available to Sinomax Securities at any time.

Management Discussion and Analysis (Continued)

SHARE OPTION SCHEME

The share option scheme (the “Share Option Scheme”) is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was conditionally adopted and effective upon Listing by the written resolutions of its then sole Shareholder passed on 22 January 2020 (the “Adoption Date”). The Company is thus entitled to issue a maximum of 100,000,000 shares upon exercise of the share options to be granted under the Share Option Scheme limit, representing 10% of the shares in issue as at the Listing Date.

The purpose of the Share Option Scheme is to motivate any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries, any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries (collectively, the “Eligible Participants”) to optimize their performance efficiency for benefit of the Group and attract and retain or otherwise maintain on-going business relationship with the Eligible Participants.

During the Reporting Period, no options were granted by the Company under the Share Option Scheme.

The Company did not have any outstanding share options, warrants, derivatives or securities where are convertible or exchangeable into Shares as at 30 September 2021.

By order of the Board
Fu Shek Financial Holdings Limited
Keng Stephen Lee
Chairman

Hong Kong, 30 November 2021

As at the date of this report, the Board comprises Mr. Keng Stephen Lee as chairman and non-executive Director, Mr. Sy Man Chiu and Mr. Ng Sik Chiu as executive Directors, and Dr. Yu Sun Say, Mr. Lai Man Sing and Ms. Tsang Ngo Yin as independent non-executive Directors.

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF FU SHEK FINANCIAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fu Shek Financial Holdings Limited (the "Company") and its subsidiaries set out on pages 18 to 42, which comprise the condensed consolidated statement of financial position as at 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2020 and relevant explanatory notes included in these condensed consolidated financial statements were extracted from the condensed consolidated financial statements of the Group for the six-month period ended 30 September 2020 reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated financial statements on 30 November 2020. The comparative condensed consolidated statement of financial position as at 31 March 2021 and relevant explanatory notes included in these condensed consolidated financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 March 2021 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 30 June 2021.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 30 November 2021

Chan Kwan Ho, Edmond

Practising certificate number P02092

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue			
			11,651
	4	12,219	
		9,402	9,332
		21,621	20,983
		18	(13)
		583	436
	6	(5,351)	(4,071)
	7	(268)	(956)
	8	(268)	(956)
	9	1,109	(1,525)
		(1,526)	(809)
		(942)	(942)
		(4,684)	(4,942)
		10,560	8,161
	10	10,560	8,161
		(1,897)	(1,448)
	11	(1,897)	(1,448)
		8,663	6,713
		8,663	6,713
		0.87	0.67
		0.87	0.67
	12	0.87	0.67
		0.87	0.67

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Non-current assets			
Property and equipment	14	674	1,616
Intangible asset		2,735	2,735
Other assets	15	2,262	697
		5,671	5,048
Current assets			
Accounts receivable	16	270,002	295,770
Deposits, other receivable and prepayments	17	1,191	858
Tax recoverable		2,508	2,706
Bank balances – trust and segregated accounts		201,631	141,537
Bank balances – general accounts and cash		97,871	92,411
		573,203	533,282
Current liabilities			
Accounts payable	18	229,443	206,198
Other payables and accrued charges	19	3,000	3,463
Bank borrowings	20	10,000	–
Lease liabilities	21	614	1,515
		243,057	211,176
Net current assets		330,146	322,106
Net assets		335,817	327,154
Capital and reserves			
Share capital	22	10,000	10,000
Reserves		325,817	317,154
Total capital and reserves		335,817	327,154

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributable to owners of the Group				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserve HK\$'000 (Note)	
At 1 April 2020 (audited)	10,000	104,819	121,647	80,000	316,466
Profit and total comprehensive income for the period	–	–	6,713	–	6,713
At 30 September 2020 (unaudited)	10,000	104,819	128,360	80,000	323,179
At 1 April 2021 (audited)	10,000	104,819	132,335	80,000	327,154
Profit and total comprehensive income for the period	–	–	8,663	–	8,663
At 30 September 2021 (unaudited)	10,000	104,819	140,998	80,000	335,817

Note: Other reserve represents the difference between the nominal amount of the share capital of Sinomax Securities Limited and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation in the year ended 31 March 2020.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	10,456	11,225
Decrease (increase) in accounts receivable	26,877	(131,586)
(Increase) decrease in other assets	(1,565)	337
(Increase) decrease in deposits, other receivable and prepayments	(333)	9,886
Increase in bank balances – trust and segregated accounts	(60,094)	(61,497)
Increase in accounts payable	23,245	67,244
Decrease in other payables and accrued charges	(463)	(63)
CASH USED IN OPERATIONS	(1,877)	(104,454)
Bank interest received	205	359
Income tax paid	(1,699)	(8,876)
NET CASH USED IN OPERATING ACTIVITIES	(3,371)	(112,971)
INVESTING ACTIVITIES		
Purchase of property and equipment	–	(53)
NET CASH USED IN INVESTING ACTIVITIES	–	(53)
FINANCING ACTIVITIES		
Repayments of lease liabilities	(901)	(858)
New bank borrowings raised	10,000	45,000
Interest paid	(268)	(956)
NET CASH FROM FINANCING ACTIVITIES	8,831	43,186
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,460	(69,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	92,411	149,531
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	97,871	79,693

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The registered office of the Company is located at P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at Flat 2705–6, 27/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company’s immediate and ultimate holding company is Man Chase Holdings Limited, a company incorporated in the British Virgin Islands, which is owned by Mr. Keng Stephen Lee and Ms. Yeung Lai Lai, who are independent from each other and who have always been the controlling shareholders of the Company and other entities comprising the Group.

The principal activities of the Group are the provision of securities dealing and brokerage services, placing and underwriting services, securities margin financing services and asset management services in Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The 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”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

4. FEE AND COMMISSION INCOME

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Commission and brokerage income on securities dealing	7,803	9,713
Placing and underwriting services income	1,940	1,310
Handling and other fee income	2,472	625
Asset management fee	4	3
	12,219	11,651

Disaggregation of fee and commission income from contracts with customers

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
A point in time	12,097	11,519
Over time	122	132
	12,219	11,651

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

5. SEGMENT INFORMATION

The Group's operating segment is determined based on information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) the brokerage services segment comprising the provision of brokerage services in securities traded in Hong Kong and overseas markets;
- (b) the margin financing services segment comprising the provision of financing services to margin and cash clients;
- (c) the placing and underwriting services segment comprising the provision of underwriting, sub-underwriting and placing services; and
- (d) the asset management services segment comprising the provision of investment management services.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

5. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4 to the Group's annual financial statements for the year ended 31 March 2021. Segment profit/(loss) represents the profit or loss earned by each segment without allocation of other income, other gains and (losses), certain staff costs, certain impairment loss reversed, certain finance costs, depreciation and certain other operating expenses. No inter-segment revenues are charged among segments.

Period ended 30 September 2021

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	10,275	9,402	1,940	4	21,621
Segment profit/(loss)	7,161	10,271	524	(86)	17,870
Other income and gains, net					601
Certain staff costs					(3,543)
Certain finance costs					(28)
Depreciation					(942)
Certain other operating expenses					(3,398)
Profit before taxation					10,560
Other segment information:					
Interest income from clients	-	9,402	-	-	9,402
Interest on bank and other borrowings	-	(240)	-	-	(240)
Commission expenses	(500)	-	(1,026)	-	(1,526)
Impairment loss reversed	-	1,109	-	-	1,109

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

5. SEGMENT INFORMATION (Continued)

Period ended 30 September 2020

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	10,338	9,332	1,310	3	20,983
Segment profit/(loss)	8,479	6,876	395	(57)	15,693
Other income and (losses), net					423
Certain staff costs					(2,732)
Certain impairment loss reversed					60
Certain finance costs					(72)
Depreciation					(942)
Certain other operating expenses					(4,269)
Profit before taxation					8,161
Other segment information:					
Interest income from clients	–	9,332	–	–	9,332
Interest on bank and other borrowings	–	(884)	–	–	(884)
Commission expenses	(246)	–	(563)	–	(809)
Impairment loss except for certain unallocated impairment loss recognised	–	(1,572)	(13)	–	(1,585)

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

Geographical information

The Group's operations are principally located in the Hong Kong and all of the Group's revenue and non-current assets are derived from Hong Kong.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

6. OTHER INCOME

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	205	359
Government grants	–	50
Sundry income	378	27
	<hr/>	<hr/>
	583	436
	<hr/> <hr/>	<hr/> <hr/>

During the period ended 30 September 2020, the Group recognised government grants of HK\$533,000 in respect of COVID-19-related subsidies, of which HK\$483,000 relates to Employment Support Scheme provided by the Hong Kong Government for compensating the Group's staff costs and HK\$50,000 related to an unconditional subsidy under Subsidy Scheme for the Securities Industry specified in the Hong Kong Government's "Anti-epidemic Fund".

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

7. STAFF COSTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Directors' remuneration		
– fees	360	360
– salaries, discretionary bonus and other benefits	1,775	1,369
– contributions to the retirement benefit scheme	9	18
Salaries, discretionary bonus and other benefits	3,106	2,715
Contributions to the retirement benefit scheme	101	92
	<hr/>	<hr/>
	5,351	4,554
Less: Government grants	–	(483)
	<hr/>	<hr/>
	5,351	4,071
	<hr/> <hr/>	<hr/> <hr/>

8. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on short term advances from brokers	101	782
Interest on bank borrowings	139	102
Interest on lease liabilities	28	72
	<hr/>	<hr/>
	268	956
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

9. IMPAIRMENT LOSS REVERSED (RECOGNISED), NET

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment loss reversed (recognised) on:		
– Accounts receivable arising from the business of dealing in securities	1,109	(1,572)
– Accounts receivable arising from placing and underwriting services	–	(13)
– Other receivables	–	60
	<u>1,109</u>	<u>(1,525)</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2021.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

10. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– Annual audit	475	750
– Interim review	200	500
Legal and professional fees	964	1,291
Information services expenses	858	732
Settlement and brokerage trading expenses	1,286	673
Compliance advisory fee	480	480

11. TAXATION

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	1,897	1,448

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both reporting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

12. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	8,663	6,713
	1,000,000	1,000,000
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation ('000)	1,000,000	1,000,000

No diluted earnings per share is presented for the six-month periods ended 30 September 2021 and 2020 as there were no potential dilutive shares.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the period ended 30 September 2021, nor has any dividend been proposed since the end of the reporting period (period ended 30 September 2020: HK\$nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

14. PROPERTY AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computer <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Sub- total <i>HK\$'000</i>	Right- of-use assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST							
At 1 April 2020	303	69	321	97	790	3,584	4,374
Additions	–	7	56	–	63	–	63
At 31 March 2021 and at 30 September 2021 (unaudited)	<u>303</u>	<u>76</u>	<u>377</u>	<u>97</u>	<u>853</u>	<u>3,584</u>	<u>4,437</u>
ACCUMULATED DEPRECIATION							
At 1 April 2020	206	65	269	97	637	298	935
Provided for the year	<u>51</u>	<u>3</u>	<u>40</u>	<u>–</u>	<u>94</u>	<u>1,792</u>	<u>1,886</u>
At 31 March 2021 (audited)	257	68	309	97	731	2,090	2,821
Provided for the period	<u>25</u>	<u>2</u>	<u>18</u>	<u>–</u>	<u>45</u>	<u>897</u>	<u>942</u>
At 30 September 2021 (unaudited)	<u>282</u>	<u>70</u>	<u>327</u>	<u>97</u>	<u>776</u>	<u>2,987</u>	<u>3,763</u>
CARRYING VALUES							
At 30 September 2021 (unaudited)	<u>21</u>	<u>6</u>	<u>50</u>	<u>–</u>	<u>77</u>	<u>597</u>	<u>674</u>
At 31 March 2021 (audited)	<u>46</u>	<u>8</u>	<u>68</u>	<u>–</u>	<u>122</u>	<u>1,494</u>	<u>1,616</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

15. OTHER ASSETS

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
The SEHK		
– Compensation Fund deposits	50	50
– Fidelity Fund deposits	50	50
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– Admission fees	50	50
– Guarantee Fund contribution	2,112	547
	<hr/> 2,262 <hr/>	<hr/> 697 <hr/>

Balances represent statutory deposits with the SEHK and HKSCC which are non-interest bearing.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

16. ACCOUNTS RECEIVABLE

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities (<i>note a</i>)		
– HKSCC	1,855	34,859
– Cash clients	546	301
– Margin clients	259,681	261,019
– Broker	7,756	–
Accounts receivable arising from placing and underwriting services (<i>note b</i>)	1,392	1,928
	271,230	298,107
Less: allowance for impairment loss		
– accounts receivable arising from the business of dealing in securities	(528)	(1,637)
– accounts receivable arising from placing and underwriting services	(700)	(700)
	270,002	295,770

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

16. ACCOUNTS RECEIVABLE (Continued)

Notes:

- (a) The normal settlement terms of accounts receivable from cash clients, HKSCC and broker are two days after trade date. In respect of accounts receivable from cash clients which are past due at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
0–30 days	57	20
31–60 days	16	–
61–90 days	19	–
Over 90 days	109	16
	201	36

Accounts receivable from HKSCC and broker are related to unsettled trades and not yet past due.

No ageing analysis is disclosed, in respect of accounts receivable from margin clients, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall and provision for impairment loss of HK\$528,000 was made as at 30 September 2021 (31 March 2021: HK\$1,637,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

16. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

- (b) No credit period is granted for accounts receivable arising from placing and underwriting services. The ageing analysis (based on the revenue recognition date) is as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
0–30 days	–	43
31–90 days	162	200
91–120 days	–	530
121–180 days	–	–
181–365 days	530	455
Over 365 days	700	700
	<hr/> 1,392 <hr/>	<hr/> 1,928 <hr/>

Impairment allowance of HK\$700,000 (31 March 2021: HK\$700,000) has been made for accounts receivable from placing and underwriting services.

17. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Deposits	759	746
Other receivables	378	51
Prepayments	54	61
	<hr/> 1,191 <hr/>	<hr/> 858 <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

18. ACCOUNTS PAYABLE

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Cash clients	123,712	98,288
Margin clients	87,270	107,076
HKSCC	18,461	–
Broker	–	834
	229,443	206,198

The normal settlement terms of accounts payable to clients and broker are two days after trade date.

Accounts payable to margin clients, cash clients and HKSCC are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The accounts payable amounting to HK\$201,631,000 (31 March 2021: HK\$141,537,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Other payables	2,262	1,669
Accrued charges	738	1,794
	3,000	3,463

20. BANK BORROWINGS

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Bank overdrafts, unsecured	10,000	–

Bank overdrafts carry interest at 2.5% p.a. over 1-month Hong Kong Inter-bank Offered Rate for the period ended 30 September 2021 and repayable on demand.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

21. LEASE LIABILITIES

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Minimum lease payment due within one year	621	1,550
Less: Future finance charge	(7)	(35)
	<hr/>	<hr/>
Present value of lease liabilities:		
Within one year	614	1,515
	<hr/> <hr/>	<hr/> <hr/>

The Group leases one property to operate its business and these liabilities were measured at the present value of the lease payments that are not yet paid.

22. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Number of shares	Nominal amount HK\$'000
Authorised:		
At 31 March 2020 and 2021 and 30 September 2021	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 31 March 2020 and 2021 and 30 September 2021	<u>1,000,000,000</u>	<u>10,000</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

23. RELATED PARTY TRANSACTIONS

During the period, the Group entered in the following transactions with related parties:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Commission income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	11	7
– Mr. Keng Stephen Lee and his close members of the family	34	88
– Ms. Yeung Lai Lai and her close members of the family	553	370
	598	465
Interest income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Keng Stephen Lee and his close members of the family	2	6
– Ms. Yeung Lai Lai and her close members of the family	20	13
	22	19
Handling fee income from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	4	1
– Mr. Keng Stephen Lee and his close members of the family	2	1
– Ms. Yeung Lai Lai and her close members of the family	22	25
	28	27
Key management personnel remuneration		
– Fees, salaries, commission expenses, discretionary bonus and other benefits	4,208	3,056

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2021

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the unaudited condensed consolidated financial statements approximate their fair values. The fair value of financial assets and financial liabilities are determined in accordance with discounted cash flow analysis.