

# 金石資本集團有限公司 GOLDSTONE CAPITAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 1160

## 2023 Interim Report



# Contents

Corporate Information	2
Unaudited Condensed Interim Financial Statements	4
Condensed Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Statement of Financial Position	6
Condensed Statement of Changes in Equity	7
Condensed Statement of Cash Flows	8
Notes to the Unaudited Condensed Interim Financial Statements	9
Management Discussion and Analysis	20

# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Ms. Chan Mei Yan

*(resigned with effect from 31 May 2023)*

### Non-Executive Directors

Mr. Huang Bin (*Chairman*)

Mr. Chen Huaiyuan

Mr. Lam King

Mr. Xu Lin

### Independent Non-Executive Directors

Mr. Hung Hoi Ming Raymond

Mr. Ning Fong

Ms. Wan Yuk Ling

## COMPANY SECRETARY

Mr. Leung Chung Man

## AUDIT COMMITTEE

Ms. Wan Yuk Ling (*Chairman*)

Mr. Hung Hoi Ming Raymond

Mr. Ning Fong

## REMUNERATION COMMITTEE

Mr. Ning Fong (*Chairman*)

Mr. Huang Bin

Mr. Hung Hoi Ming Raymond

## NOMINATION COMMITTEE

Mr. Huang Bin (*Chairman*)

Mr. Hung Hoi Ming Raymond

Mr. Ning Fong

## INVESTMENT MANAGER

INV Advisory Limited

Room 1710A, Convention Plaza Office Tower

No. 1 Harbour Road, Wanchai, Hong Kong

*(ceased to provide service from 31 May 2023)*

## CUSTODIAN

DBS Bank Ltd., Hong Kong Branch

18/F, The Center

99 Queen's Road Central

Hong Kong

## AUDITORS

Crowe (HK) CPA Limited

9/F., Leighton Centre

77 Leighton Road

Causeway Bay, Hong Kong

## PRINCIPAL BANKER

OCBC Bank (Hong Kong) Limited

161 Queen's Road Central

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1801A, 18/F

Bank of America Tower

12 Harcourt Road, Admiralty

Hong Kong



# Corporate Information

## **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

## **LEGAL ADVISERS TO THE COMPANY**

### **As to Hong Kong law:**

Chiu & Partners  
40/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

### **As to Bermuda law:**

Conyers Dill & Pearnan  
29/F, One Exchange Square  
8 Connaught Place  
Central, Hong Kong

## **WEBSITE**

<https://www.irasia.com/listco/hk/goldstone>

# Unaudited Condensed Interim Financial Statements

## RESULTS

The board (the “Board”) of directors (the “Directors”) of Goldstone Capital Group Limited (the “Company”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 September 2023 (the “Period”) together with the comparative figures for the corresponding period in 2022. These condensed interim financial statements have not been audited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

On behalf of the Board

**Goldstone Capital Group Limited**

**Huang Bin**

*Chairman*



# Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

		<b>For the six months ended 30 September</b>	
	<i>NOTE</i>	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
NET INVESTMENT GAIN/(LOSS)	4	<b>32</b>	(7)
OTHER INCOME	5	<b>24</b>	107
GENERAL AND ADMINISTRATIVE EXPENSES		<b>(4,799)</b>	(5,200)
LOSS FROM OPERATIONS		<b>(4,743)</b>	(5,100)
FINANCE COSTS		<b>(6)</b>	(6)
LOSS BEFORE TAXATION	6	<b>(4,749)</b>	(5,106)
INCOME TAX	7	–	–
LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		<b>(4,749)</b>	(5,106)
LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO:			
Equity shareholders of the Company		<b>(4,749)</b>	(5,106)
LOSS PER SHARE (HK Cents)			
– Basic	8	<b>(2.00)</b>	(2.15)
– Diluted	8	<b>(2.00)</b>	(2.15)

The notes on pages 9 to 19 form an integral part of these unaudited condensed interim financial statements.

# Condensed Statement of Financial Position

As at 30 September 2023

	NOTE	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
<b>NON-CURRENT ASSET</b>			
Plant and equipment		<b>168</b>	668
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	10	–	6,610
Deposits and prepayments	11	<b>674</b>	741
Cash and cash equivalents	12	<b>21,687</b>	21,566
<b>TOTAL CURRENT ASSETS</b>		<b>22,361</b>	28,917
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		<b>997</b>	3,308
Loans from a shareholder		<b>4,025</b>	4,021
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,022</b>	7,329
<b>NET CURRENT ASSETS</b>		<b>17,339</b>	21,588
<b>NET ASSETS</b>		<b>17,507</b>	22,256
<b>CAPITAL AND RESERVES</b>			
Share capital	13	<b>23,727</b>	23,727
Reserves		<b>(6,220)</b>	(1,471)
<b>TOTAL EQUITY</b>		<b>17,507</b>	22,256
<b>NET ASSET VALUE PER SHARE</b>		<b>HK\$0.07</b>	HK\$0.09

The notes on pages 9 to 19 form an integral part of these unaudited condensed interim financial statements.



# Condensed Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2022 (Audited)	23,727	73,025	(64,324)	32,428
Loss and total comprehensive expense for the period	-	-	(5,106)	(5,106)
Balance at 30 September 2022 (Unaudited)	23,727	73,025	(69,430)	27,322
Balance at 1 April 2023 (Audited)	<b>23,727</b>	<b>73,025</b>	<b>(74,496)</b>	<b>22,256</b>
Loss and total comprehensive expense for the period	-	-	<b>(4,749)</b>	<b>(4,749)</b>
Balance at 30 September 2023 (Unaudited)	<b>23,727</b>	<b>73,025</b>	<b>(79,245)</b>	<b>17,507</b>

The notes on pages 9 to 19 form an integral part of these unaudited condensed interim financial statements.

# Condensed Statement of Cash Flows

For the six months ended 30 September 2023

	<b>For the six months ended 30 September</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<b>99</b>	(6,875)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	<b>24</b>	(4,930)
NET CASH USED IN FINANCING ACTIVITIES	<b>(2)</b>	–
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<b>121</b>	(11,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>21,566</b>	40,091
Effect of foreign exchange rate changes	–	21
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>21,687</b>	28,307
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>21,687</b>	28,307

The notes on pages 9 to 19 form an integral part of these unaudited condensed interim financial statements.



# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 1. BASIS OF PREPARATION

These unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 November 2023.

The unaudited condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2022/23 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023/24 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of unaudited condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These unaudited condensed interim financial statements contain condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2022/23 annual financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The condensed interim financial statements are unaudited, but have been reviewed by the Company’s audit committee.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Company:

- HKFRS 17 and Amendments to HKFRS 17, *Insurance contracts*
- Amendments to HKAS 1, *Presentation of financial statements*, and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

None of these developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented in these condensed interim financial statements. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. SEGMENT REPORTING

The Company is principally engaged in investments in listed and unlisted enterprises.

No segment information is presented in respect of the Company's business and geographical segments as all of the income, contribution to operating results, assets and liabilities of the Company are attributable to investment activities, which are carried out or originated principally in Hong Kong.



# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 4. NET INVESTMENT GAIN/(LOSS)

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Fair value change of financial assets at fair value through profit or loss	32	–
Net unrealised fair value change of financial assets at fair value through profit or loss	–	(7)
	<b>32</b>	<b>(7)</b>

## 5. OTHER INCOME

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	24	4
Government subsidies (see Note below)	–	65
Net exchange gain	–	38
	<b>24</b>	<b>107</b>

Note: Being the subsidies received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Investment management fee	270	810
Legal and professional fees	373	720
Depreciation charge		
– owned plant and equipment	500	4
Expenses relating to short-term leases	600	223
Directors' emoluments	1,172	740
Staff costs (excluding Directors' emoluments)		
– salaries, bonuses and other benefits	1,245	1,484
– mandatory provident fund contributions (see <i>Note below</i> )	21	35
Interest on loans from a shareholder	6	6

*Note:* The Company operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Company to reduce the existing level of contribution.

## 7. INCOME TAX

No Hong Kong Profits Tax has been provided for in the unaudited condensed financial statements for the six months ended 30 September 2023 and 2022 as the Company has no estimated assessable profits for both periods.



# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 8. LOSS PER SHARE

The calculation of basic loss per ordinary share is based on the unaudited loss attributable to ordinary equity shareholders of the Company of approximately HK\$4,749,000 for the Period (six months ended 30 September 2022: loss of approximately HK\$5,106,000) and the weighted average of 237,271,250 ordinary shares (six months ended 30 September 2022: 237,271,250 ordinary shares) in issue during the Period.

There were no dilutive potential ordinary shares during the six months ended 30 September 2023 and 2022, and therefore diluted loss per share is the same as the basic loss per share.

## 9. INTERIM DIVIDEND

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

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
<b>Investments (trading and investment securities) – at fair value</b>		
Treasury Bills of the United States of America (the “U.S.”) (“U.S. Treasury Bills”)	–	6,610

At 30 September 2023, the Company did not have any investment.

During the Period, the U.S. Treasury Bills were matured. The Directors are closely tracking the development of the worldwide economy and continue to keep seeking investment opportunities with a prudent approach.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

At 31 March 2023, the Company held the U.S. Treasury Bills amounted to approximately HK\$6,610,000.

Particulars of the investments as at 31 March 2023 were as follows:

Type of investment	Name of issuer	Place of incorporation	Cost HK\$'000	Market value HK\$'000	Change in fair value of financial assets at fair value through profit or loss HK\$'000	Yield per annum %	Maturity date	Interest received/accrued during the Period HK\$'000	Approximate percentage of gross assets of the Company %
U. S. Treasury Bill	The Department of the Treasury of the U.S. ("U.S. Department of the Treasury")	U.S.	1,563	1,596	33	2.5	31 March 2023	-	5.4
U. S. Treasury Bill	U.S. Department of the Treasury	U.S.	1,573	1,572	(1)	0.125	30 April 2023	-	5.3
U. S. Treasury Bill	U.S. Department of the Treasury	U.S.	3,446	3,442	(4)	0.125	31 May 2023	-	11.6

Prospects: The Directors are of the view that with the very strong financial position of the U.S. government, U.S. Treasury Bills could provide a steady interest income to investors.

Investment strategy: The Directors considered U.S. Treasury Bills as a lower-risk security. Treasury bills are debt obligations issued by the U.S. Department of the Treasury. Treasury securities are considered one of the safest investments because they are backed by the full faith and credit of the U.S. government. The Company would increase or reduce the holdings on the U.S. Treasury Bills, depending on a number of factors including the investment environment.



# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 11. DEPOSITS AND PREPAYMENTS

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Deposits	200	207
Prepayments	474	534
	<b>674</b>	741

## 12. CASH AND CASH EQUIVALENTS

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Cash at bank and on hand	<b>21,687</b>	21,566

## 13. SHARE CAPITAL

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<b>100,000</b>	100,000
Issued and fully paid:		
237,271,250 ordinary shares of HK\$0.10 each	<b>23,727</b>	23,727

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

### (a) Financial assets and liabilities measured at fair value

#### Fair value hierarchy

The following table presents the fair value of the Company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "*Fair Value Measurement*". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

At 30 September 2023, the Company did not have any financial assets at fair value through profit or loss. At 31 March 2023, the financial instruments of the Company carried at fair value were U.S. Treasury Bills of approximately HK\$6,610,000. The financial instruments were measured at fair value on a recurring basis and their fair value measurement fell into Level 2 of the fair value hierarchy described above. The fair values of U.S. Treasury Bills were determined by using broker quotes.

During the six months ended 30 September 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 2022: Nil). The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### (b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 September 2023 and 31 March 2023.



# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 15. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these unaudited condensed interim financial statements, particulars of significant transactions between the Company and its related parties during the six months ended 30 September 2023 are as follows:

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Directors during the six months ended 30 September 2023 is as follows:

	For the six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	1,770	1,335
Retirement scheme contributions	2	5
	<b>1,772</b>	1,340

### (b) Financing arrangements

At 30 September 2023, the Company had the following balances with related parties:

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Investment management fee			
payable to INV Advisory Limited	(i)	–	540
Loans from a shareholder	(ii)	4,025	4,021
Rental deposit	(iii)	200	200

Notes:

- (i) Details of an investment management agreement with INV Advisory Limited is set out in note 15(c) below.

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 15. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (b) Financing arrangements *(continued)*

Notes: *(continued)*

- (ii) The loans from a shareholder are unsecured and repayable on 31 December 2023. As at 30 September 2023, included in loans from a shareholder, a principal amount of HK\$2,500,000 (31 March 2023: HK\$2,500,000) carries interest at Hong Kong Interbank Offered Rate for an interest period of 12 months, and the remaining balance is interest-free.
- (iii) Rental deposit was paid to China State Ventures Group Limited ("China State") in respect of lease agreement entered in December 2022. The amount is included in "Deposits and prepayments" (see Note 11). Further details of the lease agreement with China State is set out in note 15(c) below.

### (c) Other transactions with related parties

		For the six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expenses charged by a shareholder		6	6
Investment management fee charged by INV Advisory Limited	(i)	270	810
Rental expense	(ii)	600	–

# Notes to the Unaudited Condensed Interim Financial Statements

For the six months ended 30 September 2023

## 15. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (c) Other transactions with related parties *(continued)*

Notes:

- (i) On 29 May 2020, the Company entered into an investment management agreement with INV Advisory Limited, of which Ms. Chan Mei Yan, a former director of the Company, is also its director. Pursuant to the investment management agreement, INV Advisory Limited has agreed to provide non-discretionary investment management services to the Company at an investment management fee of HK\$1,620,000 per annum for a period of three years commencing from 1 June 2020. With effect from 31 May 2023, the investment management agreement expired. Following the expiration of the investment management agreement, with effect from 31 May 2023, Ms. Chan Mei Yan resigned as an executive Director.
  
- (ii) On 1 December 2022, the Company entered into a lease agreement with China State, of which Mr. Huang Bin, a non-executive director of the Company, is also its director. The Company has obtained the right to use properties as its offices through the lease agreement for a term of one year commencing from 1 December 2022 at a monthly rent of HK\$100,000.

## 16. APPROVAL OF THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim financial statements were approved by the Board on 29 November 2023.

# Management Discussion and Analysis

## INTERIM RESULTS

During the Period, the Company recorded a loss of approximately HK\$4,749,000 (six months ended 30 September 2022: loss of approximately HK\$5,106,000), representing a decrease in loss for the Period of approximately HK\$357,000 as compared with the six months ended 30 September 2022 (the “Corresponding Period”) mainly due to the recognition of net investment gain during the Period and a decrease in general and administrative expenses for the Period.

Net investment gain of approximately HK\$32,000 was recognised for the Period while net investment loss of approximately HK\$7,000 was recognised for the Corresponding Period. The general and administrative expenses for the Period amounted to approximately HK\$4,799,000, representing a decrease by approximately HK\$400,000 as compared with that for the Corresponding Period, which was mainly due to lower legal and professional fees and investment management fee.

## BUSINESS REVIEW AND PROSPECTS

The global economy continued to face uncertainties in 2023. Although most countries lift COVID-19 prevention measures and strived to resume business activities, the road to economy recovery was not as smooth as expected.

The United States Federal Reserve Board raised interest rates numerous times in the first three quarters of 2023. Following the trend of interest rate hikes in the U.S., capital and business markets faced massive challenges. Although analysts considered the interest rate hike cycle is nearing the peak, it is anticipated that high interest rate will persist for certain period of time.

China-U.S. relations remained tense, attributed to various sanctions and restrictive measures imposed by the U.S. Government on a variety of Chinese companies.

In addition, geopolitical conflicts persisted. The ongoing conflict between Russia and Ukraine continuously affected the supply chain problems, also Israel-Palestinian conflict adding uncertainty to the investors.

In China, real estate sector was still relatively weak. The challenges from property developers continued to affect market confidence. But central government has implemented stimulus measures to restore the industry confidence and it is anticipated the economy will have a turnaround.



# Management Discussion and Analysis

The worsened external environment and interest rate hikes continued to pose immense pressure on Hong Kong's stock market. The Hang Seng Index has declined by approximately 10.0% in the first three quarters of 2023.

Looking ahead, the Hong Kong economy is expected to show a continuation of vulnerabilities in 2023. According to the statistics published by the Government of Hong Kong, the Hong Kong economy continued to improve in the third quarter of 2023, led by the recovery of inbound tourism and domestic demand. Real GDP resumed year-on-year growth of 4.1%, but on a seasonally adjusted quarter-to-quarter comparison, real GDP increased only by 0.1%. Going forward, we shall examine vigilantly on the market situation of Hong Kong and make necessary adjustment and alternation to the investment strategies as and when appropriate.

## **SIGNIFICANT INVESTMENTS HELD**

At 30 September 2023, the Company did not have any investment.

At 31 March 2023, the Company held the U.S. Treasury Bills amounted to approximately HK\$6,610,000. During the Period, the U.S. Treasury Bills were matured. The Directors are closely tracking the development of the worldwide economy and continue to keep seeking investment opportunities with a prudent approach.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Company did not have any acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

## **LOANS FROM A CONTROLLING SHAREHOLDER**

In October and November 2020, the Company entered into two loan agreements with Everbright Goldstone International Group Limited (formerly known as Renown Future Limited) ("Everbright Goldstone"), a controlling shareholder of the Company (the "Shareholder"), pursuant to which Everbright Goldstone agreed to provide two loans to the Company in the principal amount of up to HK\$2,500,000 and HK\$10,000,000 respectively. The loans did not bear interest and were repayable within one year. As at 31 March 2021, HK\$3,500,000 has been drawn and used as working capital of the Company and the Company has unutilised loan amount of HK\$9,000,000 under the loan agreements with Everbright Goldstone.

# Management Discussion and Analysis

In April and June 2021, the Company entered into loan extension agreements with Everbright Goldstone to extend the maturity dates of these loans to 31 December 2022. The drawdown period of the HK\$9,000,000 unutilised amount of the second loan has also been extended to 31 December 2022. In December 2022, the Company entered into loan extension agreements with Everbright Goldstone to extend the maturity dates of these loans to 31 December 2023. The drawdown period of the HK\$8,500,000 unutilised amount of the second loan has also been extended to 31 December 2023. The first loan of principal amount of HK\$2,500,000 shall carry interest at Hong Kong Interbank Offered Rate for an interest period of 12 months after the extension of the loan maturity with effect from 29 April 2021. As at 30 September 2023, loans from Everbright Goldstone amounted to approximately HK\$4,025,000, which comprised principal amount of loans drawn of HK\$4,000,000 and accrued interest of approximately HK\$25,000. Save as disclosed above, the other terms and conditions of the loan agreements remained unchanged.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2023, the Company had cash and bank balances of approximately HK\$21,687,000 (31 March 2023: approximately HK\$21,566,000). The Company had loans from a controlling Shareholder of approximately HK\$4,025,000 (31 March 2023: approximately HK\$4,021,000) (comprised the principal amount of loans drawn of HK\$4,000,000 (31 March 2023: HK\$4,000,000) and accrued interest of approximately HK\$25,000 (31 March 2023: approximately HK\$21,000)) as at 30 September 2023 which were repayable on 31 December 2023. Details of the loans from a controlling Shareholder are disclosed in the section headed “Loans from a Controlling Shareholder” above. The gearing ratio of the Company as at 30 September 2023 was approximately 0.2 (31 March 2023: approximately 0.1), which was calculated based on the Company’s total borrowings to total assets.

## Completion of a rights issue of a total of 64,471,250 rights shares with net proceeds of approximately HK\$41.7 million

On 6 January 2022, the Board proposed a rights issue (the “Rights Issue”) on the basis of one rights share of the Company for every two existing ordinary shares of the Company (the “Shares”, each a “Share”) held on 26 January 2022 at the subscription price (the “Subscription Price”) of HK\$0.68 each, by way of Rights Issue which was completed on 28 March 2022. The closing price of the Share was HK\$1.70 per Share on 6 January 2022, being the date on which the Rights Issue was announced.



# Management Discussion and Analysis

The Company was of the view that the Rights Issue would enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs in contrary to other fund-raising alternatives available to the Company.

On 6 January 2022, the Company also entered into a placing agreement with Gransing Securities Co., Limited (the “Placing Agent”), pursuant to which the Placing Agent has conditionally agreed to procure placee(s) (the “Placee(s)”), on a best effort basis, to subscribe for the rights Shares that are not subscribed by the qualifying Shareholders of the Company (the “Qualifying Shareholders”) under the Rights Issue (the “Unsubscribed Rights Shares”) and the rights Share(s) which would otherwise has/have been provisionally allotted to the excluded Shareholder(s) (the Shareholder(s) with registered address(es) outside Hong Kong which was/were not offered the rights Shares) in nil-paid form that has/have not been sold by the Company (the “ES Unsold Rights Shares”).

As disclosed in the announcement of the Company dated 28 March 2022, the Company received a total of 14 valid acceptances and applications under the provisional allotment letters in respect of a total of 1,971,250 rights Shares, representing approximately 2.28% of the total number of rights Shares available for subscription under the Rights Issue. As at 5:00 p.m. on Friday, 25 March 2022, being the latest time of placing of the Unsubscribed Rights Shares by the Placing Agent, 62,500,000 Unsubscribed Rights Shares, representing approximately 26.34% of the issued Shares immediately upon completion of the Rights Issue, were successfully placed at the placing price of HK\$0.68 per Share, representing nil premium over the Subscription Price, to independent Placees.

Accordingly, the gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue (including the Placing) are approximately HK\$43.8 million and approximately HK\$41.7 million, respectively. On this basis, the net price per rights Share is approximately HK\$0.647 per Share.

On 29 March 2022, 64,471,250 Shares with an aggregate nominal value of HK\$6,447,125 were issued pursuant to the Rights Issue.

Please refer to the prospectus of the Company dated 24 February 2022 (the “Prospectus”) and the announcements of the Company dated 6 January 2022, 17 March 2022 and 28 March 2022 for the details of the Rights Issue.

# Management Discussion and Analysis

The intended and actual use of proceeds from the Rights Issue up to 30 September 2023 is set out as follows:

Business objectives as stated in the Prospectus	Intended		Remaining		Remaining	Expected
	use of net proceeds from the Rights Issue	Actual amount utilised up to 31 March 2023	unutilised balance as at 31 March 2023	Actual amount utilised during the Period	unutilised balance as at 30 September 2023	timeline for the unutilised net proceeds
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Repayment in full of a loan and related interests from a licensed money lender	5.1	5.1	-	-	-	N/A
Future investments and business development pursuant to the investment objectives of the Company	27.2	10.0	17.2	-	17.2	by 31 March 2024
General working capital of the Company	9.4	9.4	-	-	-	N/A
	41.7	24.5	17.2	-	17.2	

The unutilised net proceeds from the Rights Issue as at 30 September 2023, being approximately HK\$17.2 million, were deposited with the licensed banks in Hong Kong.

As at the date of this unaudited condensed interim report, the Board has no intention to change the planned use of the net proceeds as disclosed in the Prospectus and above. The expected timeline for using the unutilised net proceeds is based on the best estimation of the business market situations made by the Board. It might be subject to changes based on the market conditions. Further announcement(s) and/or disclosure in the Company's annual report(s) in respect of change in timeline, if any, will be made by the Company in accordance with the requirements of the Listing Rules as and when appropriate to update its Shareholders and potential investors.

## CHARGE ON COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2023, there was no charge on the Company's assets or any significant contingent liabilities (31 March 2023: Nil).



# Management Discussion and Analysis

## CAPITAL EXPENDITURES

The Company did not make any significant capital expenditure during the Period (six months ended 30 September 2022: Nil).

## COMMITMENTS

The Company had no capital commitment as at 30 September 2023 (31 March 2023: Nil).

## CAPITAL STRUCTURE

The capital structure of the Company is comprised of equity and debt. As at 30 September 2023, the total number of ordinary shares of HK\$0.10 each in the Company in issue was 237,271,250 (31 March 2023: 237,271,250).

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 September 2022: Nil).

## PURCHASE, SALE OR REDEMPTION OF OWN SHARES

During the Period, the Company did not purchase, sell or redeem any of its shares (six months ended 30 September 2022: Nil).

## FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Company had not executed any agreement in respect of material investment or capital asset during the Period and did not have any other plans relating to material investment or capital asset as at 30 September 2023. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the Shareholders as a whole. The potential investment opportunities will be funded by internal resources, including the proceeds from the Rights Issue.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company held assets and liabilities denominated in Hong Kong Dollars (“HKD”) and US Dollars (“USD”). The Company’s cash and cash equivalents were denominated in HKD and USD. Accordingly, it is subjected to limited exposure of foreign exchange fluctuation. As it is the Company’s policy to maintain relatively minimal exposure to foreign exchange risks, the Company had not used any derivatives and other instruments for currency exchange hedging purposes.

# Management Discussion and Analysis

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Company had 4 employees (31 March 2023: 5), including the executive Director who resigned with effect from 31 May 2023. The remuneration paid to the employees of the Company, including the executive Director, during the Period amounted to approximately HK\$1,297,000 (six months ended 30 September 2022: approximately HK\$1,614,000).

The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of the individual employees.

The Company operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for those Hong Kong employees who are eligible to participate in the MPF Scheme. The contributions made by the Company for the MPF Scheme are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the MPF Scheme.

The Company's contributions to the MPF Scheme vest fully and immediately with the employees. Accordingly, (i) during the Period, there was no forfeiture of contributions under the MPF Scheme (six months ended 30 September 2022: Nil); and (ii) there were no forfeited contributions available for the Company to reduce its existing level of contributions to the MPF Scheme as at 30 September 2023 (31 March 2023: Nil).

During the Period, the Company did not have any other defined benefit plan for its employees (six months ended 30 September 2022: Nil).

## DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or its associated companies a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or benefits by means of acquisition of shares, underlying shares in or debentures of the Company.



# Management Discussion and Analysis

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, as far as the Directors are aware, the Directors, chief executive and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, ("SFO")) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules:

### Directors' and/or chief executives' interests in the shares of associated corporations

Name of associated corporation	Name of chief executive	Capacity	Long/short position	Number of ordinary shares in the associated corporation	Approximate percentage of the issued share capital in the associated corporation
Everbright Goldstone International Group Limited	Wang Biao	Interest of a controlled corporation	Long position	1	20%

Other than as disclosed above, none of the Directors, chief executive nor their associates 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 the SFO as at 30 September 2023.

# Management Discussion and Analysis

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

As at 30 September 2023, as far as the Directors are aware, the Company had been notified of the following substantial Shareholders' interests or short positions in the shares and underlying shares in the Company (representing 5% or more of the Company's issued share capital) which were recorded in the register maintained by the Company under Section 336 of the SFO:

Name of substantial Shareholder	Capacity	Long/short position	Number of shares	Approximate percentage of existing shareholding (Note 3)
Everbright Goldstone International Group Limited	Beneficial owner	Long position	88,129,080	37.14%
Treasure Isle Global Limited	Beneficial owner	Long position	25,954,878 (Note 1)	10.94%
Li Bohan ("Mr. Li")	Interest of a controlled corporation	Long position	25,954,878 (Note 1)	10.94%
Zhang Jianming ("Mr. Zhang")	Interest of a controlled corporation	Long position	25,954,878 (Note 1)	10.94%
Gold Pond International Limited ("GPIL")	Beneficial owner	Long position	23,600,000 (Note 2)	9.95%
Sunwah Tongfang Limited (formerly known as Radiant Goldstone Holdings Limited)	Interest of a controlled corporation	Long position	23,600,000 (Note 2)	9.95%
Luo Yan ("Ms. Luo")	Interest of a controlled corporation	Long position	23,600,000 (Note 2)	9.95%
DT Capital Limited	Beneficial owner	Long position	21,500,000	9.06%

### Notes:

- Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li and 50% by Mr. Zhang. Each of Mr. Li and Mr. Zhang is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited under Part XV of the SFO.
- GPIL is beneficially owned as to 100% by Sunwah Tongfang Limited. Sunwah Tongfang Limited is beneficially owned as to 100% by Ms. Luo.
- The percentage of shareholding is calculated on the basis of 237,271,250 shares in the Company in issue as at 30 September 2023.



# Management Discussion and Analysis

Save as disclosed above, as far as the Directors are aware, the Company had not been notified by any other persons, and none of the other Directors or chief executive (if any) of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 September 2023.

## **CORPORATE GOVERNANCE**

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and the Shareholders. The Company has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the Period, the Company has complied with the code provisions under the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, the Directors confirmed that they had complied with the required standards laid down in the Model Code throughout the Period.

## **EXPIRATION OF INVESTMENT MANAGEMENT AGREEMENT AND CHANGE IN DIRECTOR OR OF IMPORTANT EXECUTIVE FUNCTIONS OR RESPONSIBILITIES**

With effect from 31 May 2023: (i) the investment management agreement expired; (ii) Ms. Chan Mei Yan resigned as an executive Director, the chairman of the investment committee of the Board, and an authorised representative of the Company (“Authorised Representative”) as required under Rule 3.05(2) of the Listing Rules; and (iii) Mr. Lam King, a non-executive Director, has been appointed as an Authorised Representative. For details, please refer to the announcement of the Company dated 1 June 2023.

# Management Discussion and Analysis

## EVENTS AFTER THE PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2023 and up to the date of this unaudited condensed interim report.

## AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, namely Ms. Wan Yuk Ling (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. Hung Hoi Ming Raymond and Mr. Ning Fong, had reviewed with the management of the Company the accounting principles and practices adopted by the Company and discussed the auditing, internal control, risk management and financial reporting matters, including a review of the Company's unaudited condensed interim financial statements for the Period.

## SHARE OPTION SCHEME

The Company did not maintain any share option scheme during the Period. There are no options outstanding, granted, exercised, cancelled and lapsed for the six months ended 30 September 2023.

As at 1 April 2023 and 30 September 2023, there is no option available for grant under the share option scheme mandate; and the number of shares that may be issued in respect of options granted under the share option scheme during the six months ended 30 September 2023 is nil, representing nil% of the weighted average number of shares of the relevant class in issue of the Company for the six months ended 30 September 2023.

By order of the Board

**Huang Bin**

*Chairman*

Hong Kong, 29 November 2023

