



**Huasheng International Holding Limited**  
**華盛國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1323)**

**INTERIM**  
**REPORT**

*2023/2024*





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# Corporate Information

## Executive Directors

Mr. Wong Wai Sing (*Chairman and Chief Executive Officer*)  
Mr. Chan Kin Lung  
Mr. Wong Jeffrey

## Independent Non-executive Directors

Mr. Kwok Kam Tim  
Mr. Tso Ping Cheong, Brian  
Mr. Li Kwok Tai, James

## Audit Committee Members

Mr. Kwok Kam Tim (*Chairman*)  
Mr. Tso Ping Cheong, Brian  
Mr. Li Kwok Tai, James

## Remuneration Committee Members

Mr. Kwok Kam Tim (*Chairman*)  
Mr. Tso Ping Cheong, Brian  
Mr. Li Kwok Tai, James

## Nomination Committee Members

Mr. Tso Ping Cheong, Brian (*Chairman*)  
Mr. Kwok Kam Tim  
Mr. Li Kwok Tai, James

## Authorised Representatives

Mr. Wong Jeffrey  
Ms. Kwong Oi Man Patty

## Company Secretary

Ms. Kwong Oi Man Patty

## Listing Information

Main Board of  
The Stock Exchange of Hong Kong Limited  
Stock Code: 1323

## Company's Website

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

## Registered Office

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

## Principal Place of Business in Hong Kong

Suites 2301-03, 23/F.  
Far East Consortium Building  
No. 121 Des Voeux Road Central  
Hong Kong

## Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay, Grand Cayman  
KY1-1100, Cayman Islands

## Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Admiralty  
Hong Kong

## Principal Banker

Bank of East Asia, Limited  
DBS Bank (Hong Kong) Limited

## Auditor

ZHONGHUI ANDA CPA Limited  
23/F, Tower 2, Enterprise Square Five  
38 Wang Chiu Road, Kowloon Bay  
Kowloon, Hong Kong

# Management Discussion and Analysis

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 September 2023 (the “Interim Period”).

## **Business and Financial Review**

During the Interim Period, the Group has been engaged in (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”).

The Group was also engaged in wholesale and retail of household consumables (“Household Consumables Business”) which was disposed of and classified as discontinued operation during the six months ended 30 September 2022.

For the Interim Period, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$3.8 million (six months ended 30 September 2022: approximately HK\$51.4 million).

## **Continuing Operations**

### **Revenue**

The Group’s revenue from continuing operations decreased by approximately HK\$42.8 million or 12.0% from approximately HK\$355.7 million for the six months ended 30 September 2022 to approximately HK\$312.9 million for the Interim Period.

# Management Discussion and Analysis

## Continuing Operations (Continued) Revenue (Continued)

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the Interim Period, with comparative figures for the corresponding period in 2022:

	Six months ended 30 September			
	2023 HK\$'000 (unaudited)	2023 %	2022 HK\$'000 (unaudited)	2022 %
By segment:				
Concrete Business	302,187	96.6	341,786	96.1
Money Lending Business	10,696	3.4	13,877	3.9
<b>Total</b>	<b>312,883</b>	<b>100.0</b>	355,663	100.0
By geographical location:				
The People's Republic of China (the "PRC")				
– Mainland China	302,187	96.6	341,786	96.1
– Hong Kong	10,696	3.4	13,877	3.9
<b>Total</b>	<b>312,883</b>	<b>100.0</b>	355,663	100.0

During the Interim Period, revenue from Concrete Business accounts for approximately 96.6% of the Group's total revenue from continuing operations. Revenue from Concrete Business decreased by approximately HK\$39.6 million or 11.6% from approximately HK\$341.8 million for the six months ended 30 September 2022 to approximately HK\$302.2 million for the Interim Period, which was mainly due to combining effects of (i) decrease in selling price of concrete as to enhance the market share; and (ii) increase in sales volume as compared to corresponding period in year 2022 whereas production disruption was resulted from the lockdown measure implemented by the local authority of Hainan Province.

Revenue from Money Lending Business decreased by approximately HK\$3.2 million or 22.9% from approximately HK\$13.9 million for the six months ended 30 September 2022 to approximately HK\$10.7 million during the Interim Period, which was due to the decrease in average gross loan portfolio to customers from approximately HK\$251.5 million for the six months ended 30 September 2022 to approximately HK\$212.8 million for the Interim Period.

# Management Discussion and Analysis

## Continuing Operations (Continued)

### Cost of Sales

The cost of sales from continuing operations for the Interim Period consists of cost of raw materials, direct labour cost and other manufacturing cost incurred by Concrete Business. The cost of sales decreased by approximately HK\$38.1 million or 14.7% from approximately HK\$258.8 million for the six months ended 30 September 2022 to approximately HK\$220.7 million during the Interim Period, which was mainly attributed by the decrease in price of raw materials.

### Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the Interim Period, with comparative figures for the corresponding period in 2022:

	Six months ended 30 September			
	2023 HK\$'000 (unaudited)	2023 GP %	2022 HK\$'000 (unaudited)	2022 GP %
By segment:				
Concrete Business	81,482	27.0	83,019	24.3
Money Lending Business	10,696	100.0	13,877	100.0
Overall	92,178	29.5	96,896	27.2

Gross profit from continuing operations decreased by approximately HK\$4.7 million or 4.9% from approximately HK\$96.9 million for the six months ended 30 September 2022 to approximately HK\$92.2 million for the Interim Period. The decrease in gross profit was mainly due to the drop in gross profit generated by Money Lending Business as a result of scaling down its business gradually during the Interim Period.

The Group's gross profit margin for Concrete Business increased from approximately 24.3% for the six months ended 30 September 2022 to approximately 27.0% for the Interim Period. The Group continued to improve the gross profit margin for Concrete Business through management's consistent and disciplined approach towards cost control, more efficient use of resources and lowering the raw materials pricing.

The gross profit margin for Money Lending Business remains 100% for both six months ended 30 September 2023 and 2022 which continue to contribute a positive impact to the Group's gross profit margin.

# Management Discussion and Analysis

## Continuing Operations *(Continued)*

### Other Gains and Losses, Net

Other gains and losses, net from continuing operations for the Interim Period mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$13.2 million; impairment loss on loan receivables of approximately HK\$10.0 million; impairment loss on goodwill related to Money Lending Business of approximately HK\$5.6 million; and fair value loss on convertible bonds receivables of approximately HK\$2.6 million.

The Group's net other losses decreased by approximately HK\$36.4 million or 53.4% from approximately HK\$68.3 million for the six months ended 30 September 2022 to approximately HK\$31.9 million for the Interim Period. Such decrease was primarily attributable to the combining effects of (i) decrease in impairment loss on loan receivables by approximately HK\$17.4 million; (ii) decrease in impairment loss on goodwill recognised during the Interim Period by approximately HK\$23.1 million; and (iii) increase in impairment loss on trade, retention, and other receivables by approximately HK\$2.8 million.

### Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, staff cost for distribution unit and commission paid to sales agents. Selling and distribution expenses significantly decreased by approximately HK\$17.3 million or 38.6% for the Interim Period as compared with the corresponding period in 2022 primarily due to the remarkable decrease in transportation costs resulted from the reduction in price charged by transportation services providers after using more eco-friendly electric vehicles.

### Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fee, consultancy fee and depreciation charge for owned assets and right-of-use assets. Administrative expenses slightly increased by approximately HK\$1.3 million or 5.1% from approximately HK\$25.7 million for the six months ended 30 September 2022 to approximately HK\$27.0 million for the Interim Period.

### Finance Costs

Finance costs from continuing operations mainly consist of interest expenses on bonds payable, promissory notes, borrowings and lease liabilities. The finance costs decreased by approximately HK\$1.3 million or 12.8% from approximately HK\$10.3 million for the six months ended 30 September 2022 to approximately HK\$9.0 million for the Interim Period mainly due to the decrease in interest expenses for the Group's promissory notes upon completion of the full redemption of the same in July 2023.

### Loss before Income Tax

The Group recorded a loss before income tax from continuing operations of approximately HK\$2.5 million for the Interim Period as compared to approximately HK\$43.3 million during the corresponding period in 2022, representing a decrease of approximately HK\$40.8 million. Such decrease during the Interim Period was mainly due to the combining effects of (i) a decrease in impairment loss on goodwill recognised by the Group amounted to approximately HK\$23.1 million; (ii) a decrease in impairment loss on loan receivables recognised by approximately HK\$17.4 million; and (iii) a decrease in loss from discontinued operation of Household Consumables Business by approximately HK\$9.7 million.

# Management Discussion and Analysis

## Continuing Operations *(Continued)*

### Income Tax Expense

The Group recorded income tax expense from continuing operations of approximately HK\$1.3 million during the Interim Period as compared to a tax credit of approximately HK\$1.7 million during the six months ended 30 September 2022. There was no significant change in applicable tax rates of the Company's subsidiaries during the Interim Period. The increase in income tax expense primarily due to the increase in estimated assessable profits of operating subsidiaries of the Company during the Interim Period.

### Impairment Loss on Goodwill

The management performs regular review on the carrying values of the Group's business units to determine any potential impairment loss. During the Interim Period, the Group had recognised impairment loss on goodwill of approximately HK\$5.6 million in relation to the Money Lending Business. The management assessed the recoverable amount of the business unit based on a value-in-use calculation with reference to professional valuation performed by independent professional appraisal firm. Details of the impairment testing on goodwill are set out in Note 16 to the unaudited condensed consolidated financial statements of this report.

### Total Comprehensive Loss for the Period Attributable to Owners of the Company

The Group recorded a total comprehensive loss for the period attributable to owners of the Company of approximately HK\$23.0 million for the Interim Period as compared to a total comprehensive loss of approximately HK\$97.8 million for the six months ended 30 September 2022.

### Liquidity, Financial Resources and Gearing

As at 30 September 2023, the Group had indebtedness comprising, bonds payable and borrowings amounted to approximately HK\$356.6 million (31 March 2023: approximately HK\$367.8 million).

As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$45.3 million (31 March 2023: approximately HK\$69.5 million) which were mainly denominated in Hong Kong Dollar ("HK\$"), Renminbi ("RMB") and United States Dollar ("US\$").

The Group's current ratio as at 30 September 2023, calculated based on current assets over current liabilities, was 2.2 (31 March 2023: 2.1), reflecting the adequate of financial resources. The Group's gearing ratio as at 30 September 2023 was 37.9% (31 March 2023: 38.1%), calculated based on the total debts of approximately HK\$356.6 million (31 March 2023: approximately HK\$367.8 million) over shareholders' equity of approximately HK\$941.3 million (31 March 2023: approximately HK\$964.3 million).

## Capital Structure

### (A) Share Capital

As at 30 September 2023, the Company has 4,198,098,293 ordinary shares (31 March 2023: 4,198,098,293 ordinary shares) in issue with total shareholders' equity of the Group amounted to approximately HK\$941.3 million (31 March 2023: HK\$964.3 million). There was no change in the share capital structure of the Company during the Interim Period.

# Management Discussion and Analysis

## Capital Structure (Continued)

### (B) Promissory Notes

Summary of the promissory notes movement during the Interim Period are as follows. Further details are set out in Note 24 to the unaudited condensed consolidated financial statements of this report.

Date of issue	Maturity date	Interest rate per annum	Principal amount		As at 30.9.2023
			As at 1.4.2023	Redeemed during the period	
13 January 2023	13 January 2025	8%	US\$1,000,000	US\$1,000,000	-

### (C) Bonds Payable

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bonds. The corporate bond is denominated in US\$ and is secured by equity interest of certain subsidiaries of the Company. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears.

On 15 November 2021, a direct wholly owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25.0 million to an independent third party at an issue price equal to the face value of the bond. The bond is unsecured and denominated in HK\$. The principal of the unlisted bond bears interest at rates ranged from 8% to 10% per annum and is payable semi-annually in arrears.

Further details of the above bonds payable are set out in Note 25 to the unaudited condensed consolidated financial statements of this report.

Details of other borrowings of the Group are set out in Note 23 to the unaudited condensed consolidated financial statements of this report.

### Currency and Interest Rate Exposure

Most of the transactions of the Group are denominated in HK\$, RMB and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB and US\$ to HK\$, it adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. As at 30 September 2023, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

# Management Discussion and Analysis

## Money Lending Business

Money Lending Business is carried out by Chengxin Finance Limited (“Chengxin Finance”), an indirectly wholly owned subsidiary of the Company, with money lenders license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Money Lending Business offers loan financing services to both corporate and individual clients who are third parties independent of the Group and its connected person(s) (as defined in the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Corporate loans represent loans to corporate clients with business operations in Hong Kong which need loan financing for their corporation needs and individual loans represents loans to individual clients who need loan financing for their purpose. The Group financed Money Lending Business mainly by internal resources. Money Lending Business generates revenue and profit by way of providing loans to earn interest income.

When assessing loan applications, the availability of collateral/guarantee will be a factor to be considered for grant of loans, the interest rate and the term. Where no collateral is available, in order to safeguard the recoverability risk, the management will consider, among others, income/assets proof, financial background, assets or capital base, repayment ability and reputation of the customer in a tight and stringent manner.

The loan cases will be assessed, dealt with and monitored based on Chengxin Finance’s own internal control and work procedure. The risk assessment committee of Chengxin Finance, which comprises of the senior management of the Group and Chengxin Finance, is responsible for overseeing the compliance and governance matters among Money Lending Business.

As at 30 September 2023, before taking into account the impairment loss recognised, the Group had total outstanding loan principal amounts of approximately HK\$206.3 million (31 March 2023: HK\$219.3 million). After taking into account the impairment loss recognised in the amount of approximately HK\$99.9 million (31 March 2023: HK\$89.9 million) (among which approximately HK\$86.0 million (31 March 2023: HK\$76.0 million) is in relation to the outstanding loan principal amounts), the Group had total outstanding loan principal amounts of approximately HK\$120.3 million (31 March 2023: HK\$143.3 million) which is in relation to 13 (31 March 2023: 13) active loan accounts which comprised of 4 corporate loans and 9 individual loans (31 March 2023: 4 corporate loans and 9 individual loans). The corporate loans accounted for approximately 22.9% (31 March 2023: 19.2%) while individual loans accounted for approximately 77.1% (31 March 2023: 80.8%) of the outstanding principal of the loan receivables. The average outstanding principal amount per active loan accounts was approximately HK\$9.3 million (31 March 2023: HK\$11.0 million).

The interest rate of the outstanding principal amounts of the active loan accounts ranged from 8% to 18% per annum (31 March 2023: 8% to 30%). Out of the aggregate outstanding principal amount of approximately HK\$120.3 million of the active loan accounts as at 30 September 2023 (31 March 2023: HK\$143.3 million), collaterals were provided by 3 (31 March 2023: 3) active loan accounts and thus, approximately HK\$36.9 million (31 March 2023: HK\$53.0 million) were collateral-backed by properties in Hong Kong and the Mainland China and the remaining principal amount of approximately HK\$83.4 million (31 March 2023: HK\$90.3 million) were unsecured.

# Management Discussion and Analysis

## Money Lending Business (Continued)

For the concentration of the Group's loan portfolio as at 30 September 2023, the outstanding loan balance and accrued interest receivables net of impairment, amounts of the top borrower and the top five borrowers amounted to approximately HK\$19.6 million (31 March 2023: HK\$26.9 million) and HK\$89.1 million (31 March 2023: HK\$108.6 million) respectively, which represented approximately 13% (31 March 2023: 16%) and 60% (31 March 2023: 66%) of the Group's loan and accrued interest receivables. Out of which, approximately HK\$38.1 million (31 March 2023: HK\$53.6 million) or 43% (31 March 2023: 49%) of the outstanding loan and accrued interest receivables amounts of the top five borrowers were collateral-backed by properties in Mainland China and the interest rate of the top five borrowers ranged from 12% to 18% (31 March 2023: 12% to 18%) for the Interim Period.

Set out below is the summary of the top five borrowers of Money Lending Business as at 30 September 2023 arranged in the descending order of their respective outstanding loan amount:

Ranking	Borrower	Term of loan Months	Interest rate Per annum	Latest market value of the collateral HK\$ million (Approximately)	Book value of	Proportion of
					loan receivables as at 30 September 2023 HK\$ million (Approximately)	the Group's total loan receivables as at 30 September 2023 % (Approximately)
1	Borrower A	12	12%	27	20	13
2	Borrower B	12	17%	N/A	19	13
3	Borrower C	24	18%	50	19	13
4	Borrower D	24	15%	N/A	18	12
5	Borrower E	12	18%	N/A	14	10

All top five borrowers are individual clients and were introduced to the Group by referral from existing clients and/or management of the Group. They are all businessmen and are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

For the loans to Borrower A, C and D, they have matured on 10 August 2023, 30 May 2023 and 2 May 2023 respectively. As at the date of this report, Borrower A has settled all outstanding loan to Chengxin Finance. For the loan to Borrower C, Chengxin Finance is under internal procedures to recover the outstanding loan and has made an impairment provision of approximately HK\$10.0 million during the Interim Period. For the loan to Borrower D, the Borrower has continued to make repayment subsequent to the loan maturity date on 2 May 2023, Chengxin Finance will continue to negotiate with Borrower D for further recovery of the outstanding loan and may take further actions against Borrower D if necessary.

The loans (the "Loans") to Borrower B and Borrower E (the "Borrowers") have yet been matured as at 30 September 2023. Chengxin Finance will continue to monitor the recoverability of the Loans and will issue payment reminder(s) to the Borrowers as and when necessary to recover any outstanding interests under the Loans, failing which Chengxin Finance may take further legal actions against the Borrowers.

# Management Discussion and Analysis

## Charge on Assets

As at 30 September 2023, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year corporate bond due 2028 in the principal amount of US\$20,000,000 issued by the Company. Certain amount of assets is also pledged to secure the Group's bills payable and factoring loans. Further details are set out in Note 30 to the unaudited condensed consolidated financial statements of this report.

## Contingent Liabilities

As at 30 September 2023, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (31 March 2023: Nil).

## Commitments

As at 30 September 2023, the Group did not have any significant capital commitments (31 March 2023: Nil).

## Employee Information and Remuneration Policy

As at 30 September 2023, the Group employed a total of 190 employees (30 September 2022: 200). During the Interim Period, staff costs, including directors' emoluments from continuing operations amounted to approximately HK\$19.9 million (30 September 2022: approximately HK\$19.8 million).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also provides on-the-job training to its employees in addition to the statutory mandatory provident fund scheme, statutory retirement benefit and medical insurance.

The Company adopted a share option scheme on 26 February 2015, where share options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group.

## Fund Raising Activity

The Company had no equity fund-raising activities during the Interim Period.

## Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed elsewhere in this report, there were no other significant investments held nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Interim Period.

# Management Discussion and Analysis

## Significant Events after Reporting Period

### (i) Placing of New Shares under General Mandate

On 6 October 2023, the Company and Grand China Securities Limited (the “Placing Agent”) entered into the placing agreement pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 839,600,000 ordinary share(s) of HK\$0.01 each (the “Placing Shares”) at the placing price of HK\$0.016 per Placing Share (the “Placing”). Completion of the Placing of an aggregate of 839,600,000 Placing Shares took place on 3 November 2023. The net proceeds are approximately HK\$13.12 million (after deduction of commission and other relevant costs and expenses of the Placing, representing a net issue price of approximately HK\$0.016 per Placing Share). The net proceeds would be used for the repayment of outstanding short-term liabilities of the Group. Details of the Placing may refer to the announcements of the Company dated 6 October 2023, 25 October 2023 and 3 November 2023.

### (ii) Proposed Share Consolidation and Change in Board Lot Size

On 15 November 2023, the Board proposed to implement the share consolidation (the “Share Consolidation”) on the basis that every ten issued and unissued existing ordinary shares of the Company at HK\$0.01 each (the “Existing Shares”) will be consolidated into one consolidated share of HK\$0.1 each (the “Consolidated Shares”).

The Existing Shares were traded on the Stock Exchange in board lot size of 2,000 Existing Shares. The Board also proposed to change the board lot size for trading on the Stock Exchange from 2,000 Existing Shares to 20,000 Consolidated Shares (the “Change in Board Lot Size”) subject to and upon the Share Consolidation becoming effective.

Shareholders and potential investors of the Company should note that the above-mentioned Share Consolidation and Change in Board Lot Size have not been completed and shall be conditional upon, among other things, the approval of the shareholders at extraordinary general meeting.

For details, please refer to the Company’s announcement dated 15 November 2023 and circular dated 24 November 2023. The Company will also make further update announcement(s) in due course.

## Future Plans for Material Investments or Capital Assets

Saved as disclosed elsewhere in this report, the Group does not have any firm intention or specific plans for material investments or capital assets as at 30 September 2023.

# Management Discussion and Analysis

## Prospects

Looking forward, it is expected that the global economic environment remains challenging and uncertain due to continued macroeconomic risks like persistent high interest rate environment and ongoing geopolitical tensions. On top of that, the weak macroeconomic conditions and the sluggish real estate market amid the debt crisis of a large numbers of property developers in the PRC also bring uncertainty to the recovery of the economy. The Group will continue to monitor the repayment of the trade receivables and take appropriate action, as and when necessary. Notwithstanding that, the Group will continue to adopt quick and flexible marketing strategies to cautiously maintain the competitiveness of our Concrete Business and explore new business opportunities to broaden and diversify our income streams as well as reduce costs where possible so that our Group could optimize the utilization of resources and improve the overall operating and financial performance to adapt to the fast changing business environment.

## Concrete Business

Concrete Business continue to be the main growth driver of our Group. The performance of Concrete Business has been slowly recovering during the Interim Period. Concrete Business had benefited from the lifting of the PRC's pandemic prevention measures, together with the issuance of the joint notice by People's Bank of China and China Banking and Insurance Regulatory Commission regarding 16 initiatives on enhancing the current financial support for the stable and healthy development of the real estate market. Despite our revenue from Concrete Business during the Interim Period has decreased as compared with that of the corresponding period in last year, sales volume of Concrete Business has been steadily increasing through strategic pricing orientation which also enhance our market share in Hainan Province, the Group is still confident that Concrete Business will continue to contribute a stable revenue and improve the profitability of the Group in the long-term. As and when new opportunities arise, more resources will be allocated to support further exploration of such opportunities, which include but not limited to, potential cooperation with different business partners or market participants in the concrete and construction industries in the PRC so that we could strengthen the Group's capabilities and positions in the concrete market in Hainan Province for the upcoming financial year.

The Group has also been exploring business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area") and Hainan Province. The Group will continue to look for opportunity to cooperate with experienced operator(s) to establish its business presence in the Greater Bay Area and leverage the operational expertise and business network of both parties to expedite the Group's business development in both Hainan Province and the Greater Bay Area.

## Money Lending Business

Coupled with the potential global economic downturn and rising interest rate environment, the risk of loan default in money lending sector in Hong Kong is inevitably growing. The Group will continue to adopt prudent credit control procedures and cautiously monitor the loan portfolio. However, in view of the highly competitive environment in money lending business and the continuous increase in operating costs and default risk, the Group will gradually scale down the loan portfolio in the coming financial years.

## Other Information

### **Compliance with the Code on Corporate Governance Practice**

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Corporate Governance Code (“CG Code”) in Appendix 14 of the Listing Rules. Throughout the Interim Period, the Company has adopted the CG Code as its corporate governance code of practices and in compliance with the mandatory code provisions set out in the CG Code except for the deviations set out as below:

#### **Code provision C.2.1**

The code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separated and should not be performed by the same individual.

During the Interim Period, Mr. Wong Wai Sing (“Mr. Wong”) held the role of chairman and chief executive officer of the Company.

The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

#### **Model Code for Securities Transactions**

The Company had adopted a code of conduct regarding directors’ securities transactions with terms no less exacting than those set out in 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 own code of conduct regarding directors’ securities transactions. The Company had made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Interim Period.

## Other Information

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As of 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out as follows:

#### (i) Long position in the shares of the Company

Name of Director	Capacity	Total number of shares held	Approximate percentage of shareholding in the Company (Note 2)
Mr. Wong (Note 1)	Interest of a controlled corporation	243,890,000	5.80%

#### (ii) Long position in the shares of the associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of Interest	Approximate percentage of shareholding
Mr. Wong	Twin Star Global Limited	Beneficial Owner	100%

Notes:

1. Mr. Wong beneficially owned the entire issued share capital of Twin Star Global Limited, which is interested in 243,890,000 shares of the Company.
2. As of 30 September 2023, the number of issued shares was 4,198,098,293.

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

### Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this report, at no time during the Interim Period and up to the date of this report, no right to acquire benefits by means of acquisition of shares or debentures of the Company were granted to any Director and chief executive or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

# Other Information

## Substantial Shareholders

As of 30 September 2023, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

## Long positions in the shares of the Company

Name	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company (Note 4)
Twin Star Global Limited (Note 1)	Beneficial owner	243,890,000	5.80%
Huatai Securities Co., Ltd. (Note 2)	Interest of corporation controlled	225,034,000	5.36%
KGI Asia Limited (Note 3)	Person having a security interest in shares	936,063,000	22.30%
KGI Securities Co. Ltd. (Note 3)	Interest of corporation controlled	936,063,000	22.30%
China Development Financial Holding Corporation (Note 3)	Interest of corporation controlled	936,063,000	22.30%

### Notes:

1. Twin Star Global Limited is wholly owned by Mr. Wong, the chairman of the Board and an executive Director. Accordingly, Mr. Wong is deemed to be interested in the shares held by Twin Star Global Limited.
2. These security interest in shares were held by Huatai Financial Holdings (Hong Kong) Limited which is a direct wholly owned subsidiary of Huatai International Financial Holdings Company Limited, which is owned as to 100% by Huatai Securities Co., Ltd. By virtue of the SFO, Huatai Securities Co., Ltd is deemed to be interested in security interest in 225,034,000 shares held by Huatai Financial Holdings (Hong Kong) Limited.
3. These security interest in shares were held by KGI Asia Limited, which is an indirect wholly-owned subsidiary of KGI Securities Co. Ltd., which is owned as to 100% by China Development Financial Holding Corporation. By virtue of the SFO, KGI Securities Co. Ltd. and China Development Financial Holding Corporation. are deemed to be interested in security interest in 936,063,000 shares held by KGI Asia Limited.
4. As of 30 September 2023, the number of issued shares was 4,198,098,293.

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as of 30 September 2023.

# Other Information

## Share Option Scheme

The Company has adopted a share option scheme on 26 February 2015 for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries. Detailed terms of the share option scheme were disclosed in pages 38 to 40 and 129 of the annual report 2022/23 of the Company.

No options were granted, exercised, cancelled, lapsed or remained outstanding under the share option scheme during the Interim Period.

## Purchase, Sales or Redemption of Listed Securities

Save as those disclosed in this report, during the Interim Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

## Audit Committee and Review of Interim Financial Statements

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with latest written terms of reference revised on 27 November 2018 in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive Directors, being Mr. Kwok Kam Tim (the chairman of the Audit Committee), Mr. Tso Ping Cheong, Brian and Mr. Li Kwok Tai, James. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, including the review of the unaudited condensed consolidated financial statements of the Group for the Interim Period, with the management of the Group.

## Interim Dividend

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

## Changes to Information in Respect of Directors

During the Interim Period and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information of the Directors and chief executive of the Company.

By the order of the Board  
**Huasheng International Holding Limited**  
**Wong Jeffrey**  
*Executive Director*

Hong Kong, 24 November 2023

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

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>			
Revenue	5	312,883	355,663
Cost of sales		(220,705)	(258,767)
Gross profit		92,178	96,896
Other income		2,110	8,696
Other gains and losses, net	6	(31,862)	(68,336)
Selling and distribution expenses		(27,491)	(44,744)
Administrative expenses		(27,009)	(25,698)
Finance costs	7	(8,976)	(10,299)
Share of results of associates		(1,456)	157
Loss before income tax from continuing operations		(2,506)	(43,328)
Income tax (expense) credit	8	(1,270)	1,678
Loss for the period from continuing operations	9	(3,776)	(41,650)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	11	–	(9,726)
Loss for the period attributable to the owners of the Company		(3,776)	(51,376)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(19,211)	(40,949)
Item that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		–	(5,427)
Other comprehensive loss for the period, net of income tax		(19,211)	(46,376)
Total comprehensive loss for the period attributable to the owners of the Company		(22,987)	(97,752)
<b>Loss per share attributable to owners of the Company</b>			
	12		
From continuing and discontinued operations			
Basic and diluted (HK cents)		(0.09)	(1.257)
From continuing operations			
Basic and diluted (HK cents)		(0.09)	(1.019)
From discontinued operation			
Basic and diluted (HK cents)		N/A	(0.238)

# Unaudited Condensed Consolidated Statement of Financial Position

At 30 September 2023

	Notes	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	36,125	38,320
Right-of-use assets	13	4,179	4,990
Other intangible assets	14	39,830	45,957
Goodwill	15	139,924	145,535
Interests in associates	17	53,810	56,850
Equity investment at fair value through other comprehensive income	18	116,982	116,982
Retention receivables	20	93,907	124,967
Deferred tax assets		10,276	8,015
		<b>495,033</b>	541,616
<b>CURRENT ASSETS</b>			
Inventories		6,868	9,151
Loan receivables	19	147,646	164,828
Trade, retention and other receivables and prepayments	20	996,040	968,751
Promissory note receivable		27,500	27,500
Convertible bonds receivables	21	15,660	17,465
Bank balances and cash		45,287	69,491
		<b>1,239,001</b>	1,257,186
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	22	421,721	450,703
Lease liabilities		4,453	6,532
Borrowings	23	114,519	117,157
Bonds payable	25	25,829	25,826
Tax payable		2,874	1,751
		<b>569,396</b>	601,969
<b>NET CURRENT ASSETS</b>		<b>669,605</b>	655,217
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,164,638</b>	1,196,833
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,888	1,941
Borrowings	23	60,557	61,457
Promissory notes	24	–	7,679
Bonds payable	25	155,649	155,712
Deferred tax liabilities		5,229	5,742
		<b>223,323</b>	232,531
<b>NET ASSETS</b>		<b>941,315</b>	964,302
<b>CAPITAL AND RESERVES</b>			
Share capital	26	41,981	41,981
Reserves		899,334	922,321
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>941,315</b>	964,302

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to owners of the Company	
	Share capital HK\$'000	Share premium HK\$'000
At 1 April 2022 (audited)	34,991	1,677,684
Loss for the period	-	-
Other comprehensive loss, net of income tax:		
– Exchange differences arising on translation of foreign operations	-	-
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries ( <i>Note 29</i> )	-	-
Total comprehensive loss for the period	-	-
Issue shares pursuant to placing agreement	6,990	66,405
Transaction cost attributable to issue of placing shares	-	(2,202)
Transactions with owners	6,990	64,203
At 30 September 2022 (unaudited)	41,981	1,741,887
At 1 April 2023 (audited)	<b>41,981</b>	<b>1,741,887</b>
Loss for the period	-	-
Other comprehensive loss, net of income tax:		
– Exchange differences arising on translation of foreign operations	-	-
Total comprehensive loss for the period	-	-
At 30 September 2023 (unaudited)	<b>41,981</b>	<b>1,741,887</b>

*Notes:*

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on the Stock Exchange.
- (ii) The other reserves represent the difference between the fair value of interest-free advance to an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

## Attributable to owners of the Company

Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserve HK\$'000 (Note (ii))	Fair value through other comprehensive income reserves HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
678	10,560	(6,000)	–	(762,438)	955,475
–	–	–	–	(51,376)	(51,376)
–	(40,949)	–	–	–	(40,949)
–	(5,427)	–	–	–	(5,427)
–	(46,376)	–	–	(51,376)	(97,752)
–	–	–	–	–	73,395
–	–	–	–	–	(2,202)
–	–	–	–	–	71,193
678	(35,816)	(6,000)	–	(813,814)	928,916
<b>678</b>	<b>2,709</b>	<b>(6,000)</b>	<b>259</b>	<b>(817,212)</b>	<b>964,302</b>
–	–	–	–	(3,776)	(3,776)
–	(19,211)	–	–	–	(19,211)
–	(19,211)	–	–	(3,776)	(22,987)
<b>678</b>	<b>(16,502)</b>	<b>(6,000)</b>	<b>259</b>	<b>(820,988)</b>	<b>941,315</b>

# Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash used in operating activities	<b>(8,736)</b>	(26,852)
Net cash generated from investing activities	<b>2,542</b>	15,040
Net cash (used in) generated from financing activities	<b>(21,447)</b>	58,936
Net (decrease) increase in cash and cash equivalents	<b>(27,641)</b>	47,124
Cash and cash equivalents at beginning of the period	<b>69,491</b>	138,545
Effect of foreign exchange rate changes	<b>3,437</b>	(39,979)
Cash and cash equivalents at end of the period	<b>45,287</b>	145,690
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	<b>45,287</b>	145,690

# Notes to the Unaudited Condensed Consolidated Financial Statements

*For the six months ended 30 September 2023*

## 1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Suites 2301-03, 23/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”). The Group was also engaged in the business of wholesale and retail of household consumables (“Household Consumables Business”), which was disposal of and classified as discontinued operation during the six months ended 30 September 2022. Details are disclosed in Notes 11 and 29 to the unaudited condensed consolidated financial statements of this report.

This unaudited condensed consolidated financial information is presented in Hong Kong Dollar (“HK\$”), unless otherwise stated.

## 2. Basis of Preparation

These unaudited condensed consolidated financial statements (“Interim Financial Statements”) of the Group for the Interim Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants. The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the 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.

The Interim Financial Statements have been prepared on the historical cost basis except for convertible bonds receivables and equity investment at fair value through other comprehensive income (“FVTOCI”) which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations), the accounting policies and methods of computation used in the Interim Financial Statements are the same as those followed in the presentation of the Group’s annual financial statements for the year ended 31 March 2023 (“Annual Report”).

The Interim Financial Statements have not been audited or reviewed by the Company’s external auditors, but has been reviewed by the Audit Committee.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 3. Principal Accounting Policies

### Adoption of amendments to HKFRSs

Certain amendments to HKFRSs have been issued. The Directors considered that the adoption of those amendments to HKFRSs which are effective for the accounting periods beginning on 1 April 2023 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted any new and amendments to HKFRSs that have been issued but are not yet effective for the Interim Period. The Directors have already commenced an assessment of the impact of these new and amendments to HKFRSs but are not yet in a position to reasonably estimate whether these new and amendments to HKFRSs would have a significant impact on the Group's results of operations and financial position.

## 4. Estimates

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report.

## 5. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

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

- Concrete Business – Production and sales of ready-mixed commercial concrete
- Money Lending Business – Provision of money lending services
- Household Consumables Business – Wholesale and retail of household consumables<sup>1</sup>

1. The Group completed the disposal of the entire equity interest of S&J Distribution Limited, together with its subsidiary, which carried out the whole Group's Household Consumables Business, on 29 September 2022. Accordingly, the Household Consumables Business segment was classified as a discontinued operation for the six months ended 30 September 2022. Details of which are set out in Note 11.

The segment information reported as below does not include any results for the discontinued operation.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued)

Disaggregation of revenue from contracts with customers from continuing operations:

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	302,187	341,786
Revenue from other source:		
Interest income from Money Lending Business	10,696	13,877
Total segment revenue	312,883	355,663
Timing of revenue recognition:		
At point in time	302,187	341,786
Revenue from contracts with customers	302,187	341,786
Geographical market:		
The People's Republic of China (the "PRC")		
– Mainland China	302,187	341,786
Revenue from contracts with customers	302,187	341,786

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued)

### Segment revenues and results

The following is an analysis of the Group's revenues and results from reportable and operating segments from continuing operations:

	Continuing operations		
	Concrete Business HK\$'000 (unaudited)	Money Lending Business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>For the six months ended 30 September 2023</b>			
Revenue from external customers	302,187	10,696	312,883
Segment profit (loss)	34,256	(1,336)	32,920
Bank interest income			87
Amortisation of other intangible assets			(6,127)
Fair value change of convertible bonds receivables			(2,570)
Loss on early redemption of promissory note			(111)
Impairment loss on goodwill			(5,611)
Share of results of associates			(1,456)
Central administration costs			(19,638)
Loss before income tax from continuing operations			(2,506)
<b>For the six months ended 30 September 2022</b>			
Revenue from external customers	341,786	13,877	355,663
Segment profit (loss)	19,294	(15,470)	3,824
Bank interest income			185
Exchange differences			1,307
Amortisation of other intangible assets			(6,127)
Net gains on disposal of investments at fair value through profit or loss ("FVTPL")			362
Impairment loss on goodwill			(28,684)
Share of results of associates			157
Central administration costs			(14,352)
Loss before income tax from continuing operations			(43,328)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) from continuing operations represents the profit (loss) earned by each segment without allocation of central administration costs, amortisation of other intangible assets, fair value change of convertible bonds receivables, impairment loss on goodwill, share of results of associates, bank interest income, exchange differences, net gains on disposal of investments at FVTPL, loss on early redemption of promissory note and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued)

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

#### Segment assets

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
<b>Continuing operations</b>		
Concrete Business	957,641	948,734
Money Lending Business	149,963	166,824
Total segment assets	<b>1,107,604</b>	1,115,558
Other intangible assets	<b>39,830</b>	45,957
Goodwill	<b>139,924</b>	145,535
Convertible bonds receivables	<b>15,660</b>	17,465
Promissory note receivable	<b>27,500</b>	27,500
Interests in associates	<b>53,810</b>	56,850
Equity investment at FVTOCI	<b>116,982</b>	116,982
Deferred tax assets	<b>10,276</b>	8,015
Bank balances and cash	<b>45,287</b>	69,491
Unallocated corporate assets	<b>177,161</b>	195,449
Consolidated total assets	<b>1,734,034</b>	1,798,802

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued)

### Segment assets and liabilities (Continued)

#### Segment liabilities

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
<b>Continuing operations</b>		
Concrete Business	406,387	428,636
Money Lending Business	1,820	1,111
Total segment liabilities	408,207	429,747
Tax payable	2,874	1,751
Borrowings	175,076	178,614
Promissory notes	–	7,679
Bonds payable	181,478	181,538
Deferred tax liabilities	5,229	5,742
Unallocated corporate liabilities	19,855	29,429
Consolidated total liabilities	792,719	834,500

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, convertible bonds receivables, promissory note receivable, interests in associates, equity investment at FVTOCI, deferred tax assets, bank balances and cash and unallocated corporate assets.
- All liabilities are allocated to operating segments other than tax payable, borrowings, promissory notes, bonds payable, deferred tax liabilities and unallocated corporate liabilities.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued) Other segment information

The following is an analysis of other segment information:

	Continuing operations			Total HK\$'000 (unaudited)
	Concrete Business HK\$'000 (unaudited)	Money Lending Business HK\$'000 (unaudited)	Unallocated Corporate Office HK\$'000 (unaudited)	
<b>For the six months ended 30 September 2023</b>				
Capital additions	2,651	–	–	2,651
Depreciation of property, plant and equipment	3,383	263	224	3,870
Depreciation of right-of-use assets	1,109	405	1,967	3,481
Impairment loss on trade, retention and other receivables	13,243	–	–	13,243
Impairment loss on loan receivables	–	9,973	–	9,973
Impairment loss on goodwill	–	5,611	–	5,611
Written-off of trade receivables	405	–	–	405
<b>For the six months ended 30 September 2022</b>				
Capital additions	591	–	–	591
Depreciation of property, plant and equipment	4,285	263	225	4,773
Depreciation of right-of-use assets	1,189	406	1,969	3,564
Impairment loss on trade, retention and other receivables	10,425	–	–	10,425
Impairment loss on loan receivables	–	27,400	–	27,400
Impairment loss on goodwill	28,684	–	–	28,684

These segment information has been included in the measures of segment results or assets.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued)

### Revenue from major products and services

The following is an analysis of the Group's revenues from its major products and services from continuing operations:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Sales of goods from Concrete Business	302,187	341,786
Interest income from Money Lending Business	10,696	13,877
	<b>312,883</b>	355,663

### Information about geographical areas

In determining the Group's information about geographical areas, revenue from continuing operations is allocated to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue from continuing operations generated from external customers by geographical market, irrespective of the origin of the goods.

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
The PRC		
– Mainland China	302,187	341,786
– Hong Kong	10,696	13,877
	<b>312,883</b>	355,663

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. Revenue and Segment Information (Continued) Information about geographical areas (Continued)

As at 30 September 2023, approximately HK\$255,273,000 and HK\$18,595,000 of the non-financial assets classified as non-current assets are located in Mainland China and Hong Kong respectively.

As at 31 March 2023, approximately HK\$267,362,000 and HK\$24,290,000 of the non-financial assets classified as non-current assets are located in Mainland China and Hong Kong respectively.

### Information about major customer

There is no revenue from customer for the six months ended 30 September 2022 contributing over 10% of the total revenue of the Group from continuing operations. For the Interim Period, revenue from customers contributing over 10% of the total revenue of the Group from continuing operations are as follows:

	<b>Six months ended 30 September</b>	
	<b>2023 HK\$'000 (unaudited)</b>	2022 HK\$'000 (unaudited)
Customer A <sup>1</sup>	<b>34,226</b>	N/A*

<sup>1</sup> Revenue is from Concrete Business.

\* Contributed to less than 10% of the Group's total revenue from continuing operations for the relevant period.

## 6. Other Gains and Losses, Net

	<b>Six months ended 30 September</b>	
	<b>2023 HK\$'000 (unaudited)</b>	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Exchange differences	–	1,307
Fair value change of convertible bonds receivables	<b>(2,570)</b>	–
Impairment loss on trade, retention and other receivables	<b>(13,243)</b>	(10,425)
Impairment loss on loan receivables	<b>(9,973)</b>	(27,400)
Impairment loss on goodwill	<b>(5,611)</b>	(28,684)
Gain/(loss) on disposal of property, plant and equipment	<b>51</b>	(2,203)
Loss on early redemption of promissory note	<b>(111)</b>	–
Written off of trade receivables	<b>(405)</b>	(931)
	<b>(31,862)</b>	(68,336)

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 7. Finance Costs

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Effective interest on bonds payable	4,403	4,266
Interest on borrowings	4,411	3,362
Interest on promissory notes	60	2,426
Interest on lease liabilities	102	245
	<b>8,976</b>	10,299

## 8. Income Tax (Expense) Credit

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
Income tax (expense) credit represents:		
Current tax:		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax (“PRC EIT”)	(5,897)	(597)
	<b>(5,897)</b>	(597)
Over-provision in respect of prior years:		
– PRC EIT	1,217	–
Deferred taxation	3,410	2,275
	<b>(1,270)</b>	1,678

### (i) Hong Kong

Hong Kong Profits Tax for both periods ended 30 September 2023 and 2022 is calculated at 16.5% of the estimated assessable profits for the period, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

Accordingly, during the six months ended 30 September 2023, the provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 8. Income Tax (Expense) Credit (Continued)

### (ii) Mainland China

PRC EIT is calculated at 25% (30 September 2022: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for a subsidiary of the Company which was accredited as “High and New Technology Enterprise” (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiary is entitled to the preferential tax rate of 15% corporate income tax rate for HNTE for both periods ended 30 September 2023 and 2022.

### (iii) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax for both periods ended 30 September 2023 and 2022.

## 9. Loss for the Period

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Continuing operations</b>		
The Group's loss for the period has been arrived at after charging:		
Directors' remuneration ( <i>Note</i> )	4,250	4,472
Other staff costs	13,591	13,304
Retirement benefit scheme contributions	2,074	2,048
Total staff costs	19,915	19,824
Cost of inventories sold	206,802	241,119
Depreciation of property, plant and equipment	3,870	4,773
Depreciation of right-of-use assets ( <i>Note</i> )	3,481	3,564
Amortisation of other intangible assets	6,127	6,127

*Note:*

During the six months ended 30 September 2023, the lease of director's quarter was classified as the right-of-use assets. The depreciation of the right-of-use of assets related to the director's quarter was approximately HK\$1,436,000 (six months ended 30 September 2022: HK\$1,436,000), which is included in both the directors' remuneration and depreciation of right-of-use assets. The rental payments for the six months ended 30 September 2023 was HK\$1,500,000 (six months ended 30 September 2022: HK\$1,500,000).

## 10. Dividends

The Directors do not recommend for payment of a dividend for the Interim Period (30 September 2022: Nil).

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 11. Discontinued Operation

On 28 September 2022, the Group through its direct wholly-owned subsidiary, Star World International Holdings Limited, entered into a share purchase agreement with Spencer Goldsmith Ltd. (a connected person of the Group) in relation to the disposal of entire equity interest in S&J Distribution Limited, (“S&J”, together with its subsidiary are referred to as the “S&J Group”) at a total consideration of British Pound (“GBP”) 1,900,000 (equivalent to approximately HK\$16,509,000) (the “S&J Disposal”). The S&J Group, represents the entire Household Consumables Business segment of the Group and upon completion of the S&J Disposal, the Group’s Household Consumables Business would be discontinued.

The S&J Disposal was completed on 29 September 2022. Details of assets and liabilities disposed of, and the calculation of the loss on disposal are disclosed in Note 29.

The results of Household Consumables Business for the period from 1 April 2022 up to the date of disposal have been presented separately as a single line item in the unaudited condensed consolidated statement of the profit or loss and other comprehensive income, details of which are as follows:

	Six months ended 30 September 2022 HK\$'000 (unaudited)
Revenue	29,711
Cost of sales	(23,298)
Gross profit	6,413
Other income	137
Other gains and losses, net	545
Selling and distribution expenses	(66)
Administrative expenses	(2,920)
Finance costs	(6)
Profit before income tax from discontinued operation	4,103
Income tax expense	(862)
Profit after income tax from discontinued operation	3,241
Loss on disposal of subsidiaries (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	(12,967)
Loss from discontinued operation	(9,726)
Loss from discontinued operation attributable to: – Owners of the Company	(9,726)
<b>Cash flows from discontinued operation</b>	
Net cash generated from operating activities	1,008
Net cash generated from investing activities	4,700
Net cash used in financing activities	(8,508)
Effect of foreign exchange rate changes	(212)
Net decrease in bank balance and cash	(3,012)



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 14. Other Intangible Assets

	<b>Customer Network</b> HK\$'000
<b>COST</b>	
At 1 April 2022 (audited)	94,137
Disposal of subsidiaries ( <i>Note 29</i> )	(7,096)
Exchange realignment	(1,254)
<b>At 31 March 2023 (audited) and 30 September 2023 (unaudited)</b>	<b>85,787</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>	
At 1 April 2022 (audited)	35,924
Charge for the year	12,255
Disposal of subsidiaries ( <i>Note 29</i> )	(7,096)
Exchange realignment	(1,253)
At 31 March 2023 (audited)	39,830
Charge for the period	6,127
<b>At 30 September 2023 (unaudited)</b>	<b>45,957</b>
<b>NET CARRYING VALUES</b>	
<b>At 30 September 2023 (unaudited)</b>	<b>39,830</b>
At 31 March 2023 (audited)	45,957

The Customer Network represents a long and close business relationship with customers of S&J and Alpha Youth Limited and its subsidiaries (collectively "Alpha Youth Group"), which was acquired as part of the Group's acquisition of S&J and Alpha Youth Group in prior years; and has been allocated to the Household Consumables Business cash generating unit ("CGU") and Concrete Business CGU respectively. The Customer Network of S&J and Alpha Youth Group are amortised on a straight-line basis over 10 years and 7 years respectively. The Customer Network allocated to the Household Consumables Business was disposed through the S&J Disposal which was completed during the year ended 31 March 2023.

Particulars regarding impairment testing on other intangible assets are set out in Note 16.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 15. Goodwill

	<b>Concrete Business CGU</b>	<b>Household Consumables Business CGU</b>	<b>Money Lending Business CGU</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1 April 2022 (audited)	154,505	9,774	21,795	186,074
Disposal of subsidiaries ( <i>Note 29</i> )	–	(9,774)	–	(9,774)
<b>At 31 March 2023 (audited) and 30 September 2023 (unaudited)</b>	<b>154,505</b>	<b>–</b>	<b>21,795</b>	<b>176,300</b>
<b>ACCUMULATED IMPAIRMENT LOSSES</b>				
At 1 April 2022 (audited)	–	–	–	–
Impairment	28,684	–	2,081	30,765
At 31 March 2023 (audited)	28,684	–	2,081	30,765
Impairment ( <i>Note 6</i> )	–	–	5,611	5,611
<b>At 30 September 2023 (unaudited)</b>	<b>28,684</b>	<b>–</b>	<b>7,692</b>	<b>36,376</b>
<b>NET CARRYING VALUES</b>				
<b>At 30 September 2023 (unaudited)</b>	<b>125,821</b>	<b>–</b>	<b>14,103</b>	<b>139,924</b>
At 31 March 2023 (audited)	125,821	–	19,714	145,535

As at 30 September 2023, goodwill arising in prior years related to (i) the acquisition of Chengxin Finance Limited (“Chengxin Finance”) and has been allocated to the Money Lending Business CGU; and (ii) the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

Goodwill allocated to the Household Consumables Business CGU was disposed on 29 September 2022. Further details are set out in Note 29.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 16.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 16. Impairment Testing on Other Intangible Assets and Goodwill

For the purpose of impairment testing as at 30 September 2023 and 31 March 2023, other intangible assets and goodwill set out in Notes 14 and 15 respectively have been allocated to two individual CGUs, comprising subsidiaries in Concrete Business and a subsidiary in Money Lending Business.

During the Interim Period, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the Concrete Business CGU.

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margin is the management's expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

### Concrete Business CGU

The recoverable amount of this unit as at 30 September 2023 had been determined based on value-in-use (31 March 2023: value-in-use) calculation with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers (31 March 2023: Kroll (HK) Limited). That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (31 March 2023: a 5-year period). Cash flows beyond the projection period are extrapolated using an estimated zero growth rate (31 March 2023: 2.5%). The pre-tax rate used to discount the forecast cash flows is 25.3% (31 March 2023: 18.2%).

For Concrete Business CGU, no impairment loss was recognised during the Interim Period, reasonably possible changes in key assumptions on which the management had based its determination of its recoverable amount would not cause its carrying amount to exceed the respective recoverable amount.

### Money Lending Business CGU

The recoverable amount of this unit as at 30 September 2023 has been determined to approximately HK\$59,000,000 based on a value-in-use (31 March 2023: value-in-use) calculation with reference to a professional valuation performed by AAL, an independent firm of professionally qualified valuers (31 March 2023: AAL). That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 4.5-year period (31 March 2023: a 5-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (31 March 2023: zero growth rate). The pre-tax rate used to discount the forecast cash flow is 20.61% (31 March 2023: 20.44%).

Based on the impairment assessment of the Money Lending Business CGU, the goodwill allocated to Money Lending Business was determined to be impaired. An impairment loss of approximately HK\$5,611,000 was recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income under other gains and losses, net during the Interim Period. The impairment loss recognised during the Interim Period was mainly attributable to fall in annual growth rate due to the scale down of the loan portfolio under unfavourable market performance and increase in operating cost over the 4.5-year forecast period due to the increase in competition amongst other market participants.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 17. Interest in Associates

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Cost of investments		
– unlisted	58,233	58,233
Share of post-acquisition loss and other comprehensive loss, net of dividend received	(4,423)	(1,383)
	<b>53,810</b>	56,850

Particulars of the associates as at 30 September 2023 and 31 March 2023 are set out below, of which are unlisted corporate entities whose quoted market price is not available.

Name of associate	Place of incorporation and business	Particular of registered capital	Attributable equity interest held by the Group as at		Principal activity
			30 September 2023 (%)	31 March 2023 (%)	
海南叁豐小額貸款有限公司 Hainan San Fong Micro-Credit Company Limited* ("Hainan San Fong")	The PRC	Renminbi ("RMB") 100,000,000	30%	30%	Provision of loans to small and medium enterprises in the PRC
凱沃國際貿易(海南)有限公司 Kaiwo International Trade (Hainan) Co., Limited* ("Kaiwo International")	The PRC	RMB100,000,000	20%	20%	Trading of imported motor vehicles in Hainan Province

\* the English names represent management's best effort at translating the Chinese names of the companies as no English names have been registered. English translated name is for identification purpose only.

All of the above associates are accounted for using the equity method in the unaudited condensed consolidated financial statements.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 18. Equity Investment at Fair Value Through Other Comprehensive Income

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Unlisted equity investment	116,982	116,982

The above unlisted equity investment represents that the 13.4% Class A shares equity interest of Wisdom Moon (BVI) Limited (“Wisdom Moon”), a private entity incorporated in the BVI, which is principal engaged in investment holding which was acquired on 13 January 2023 at total consideration of United State Dollar (“US\$”) 15,000,000 (equivalent to approximately HK\$117,000,000). The Group designated its investments in Wisdom Moon at FVTOCI (non-recycling) upon adoption of HKFRS 9, as the investment is held for long-term strategic purposes. No dividends were received on this investment during the Interim Period (six months ended 30 September 2022: not applicable).

At 30 September 2023, the Group engaged independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach (31 March 2022: income-based approach) valuation technique using discounted cash flow method. Cashflows beyond the projection period are extrapolated using estimate growth rate of 2.22% (31 March 2022: 2%). The pre-tax rate used to discount the forecast cash flow is 23.06% (31 March 2022: 24.04%)

There is no change in fair value of the equity investment recognised during the Interim Period. Any changes in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the FVTOCI reserve within equity. The Group transfers amount from FVTOCI reserve to accumulated losses when the relevant equity investment is derecognised.

## 19. Loan Receivables

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Loan receivables		
– Collateralised	46,865	53,000
– Non-collateralised	159,401	166,346
	206,266	219,346
Accrued interest receivables	41,293	35,422
	247,559	254,768
Less: impairment loss recognised	(99,913)	(89,940)
	147,646	164,828

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 19. Loan Receivables (Continued)

The loan receivables of the Group's Money Lending Business are all denominated in HK\$. The initial loan periods granted to customers are mainly within two years. Certain loan receivables are collateral-backed with properties in Hong Kong and the Mainland China.

As at 30 September 2023, the loans provided to customers bore fixed interest rate ranging from 8% to 18% per annum (31 March 2023: 8% to 30% per annum). The effective interest rates of the above loan receivables ranging from 8% to 20% (31 March 2023: 8% to 35%) per annum as at 30 September 2023.

The ageing analysis of loan receivables (net of allowance of doubtful debt) prepared based on initial loan commencement as set out in the relevant contracts is as follows:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
0 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	–	3,700
Over 365 days (Note)	<b>120,290</b>	139,643
	<b>120,290</b>	143,343

Note:

As at 30 September 2023, the loan receivables that were past due but not impaired and were related to customers that have made regular payments to the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. The Group has recognised additional provision on impairment loss of approximately HK\$9,973,000 during the Interim Period, other than those made for the year ended 31 March 2023 against all loans to customers as at 30 September 2023, on loan receivables and accrued interest on an individual assessment basis.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 20. Trade, Retention and Other Receivables and Prepayments

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Trade receivables, gross	416,725	373,560
Less: impairment loss recognised	(29,420)	(21,233)
Trade receivables, net	387,305	352,327
Retention receivables, gross	443,421	437,899
Less: impairment loss recognised	(23,265)	(20,377)
Retention receivables, net	420,156	417,522
Bills receivables	22,081	15,678
Prepayments and deposits	253,531	301,325
Other receivables	6,874	6,866
Trade, retention and other receivables and prepayments	<b>1,089,947</b>	1,093,718
Analysed for reporting purposes as:		
Current	<b>996,040</b>	968,751
Non-current		
– Retention receivables	<b>93,907</b>	124,967
	<b>1,089,947</b>	1,093,718

Note:

The trade and other receivables are denominated in the functional currencies of the relevant group entities.

### Trade and bills receivables

The Group generally allows an average credit period of 30 to 90 days (31 March 2023: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers. All bills receivables were aged within 180 days as at 30 September 2023 (31 March 2023: 180 days).

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 20. Trade, Retention and Other Receivables and Prepayments (Continued)

### Trade and bills receivables (Continued)

The ageing analysis of the Group's trade receivables (net of retention portion and impairment losses) based on the invoice date at the end of the reporting period is as follows:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
0 – 30 days	56,749	52,463
31 – 60 days	25,065	15,431
61 – 90 days	24,917	27,362
Over 90 days	280,574	257,071
	<b>387,305</b>	352,327

The Group applies the simplified approach under HKFRS 9 (2014) to provide for Expected Credit Loss (“ECL”) using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	<b>Current HK\$'000</b>	<b>1-30 days past due HK\$'000</b>	<b>31-60 days past due HK\$'000</b>	<b>61-90 days past due HK\$'000</b>	<b>Over 90 days past due HK\$'000</b>	<b>Total HK\$'000</b>
<b>At 30 September 2023 (unaudited)</b>						
Weighted average expected loss rate	2.23%	2.42%	2.55%	3.12%	8.66%	
Receivable amount	31,689	26,405	25,720	25,719	307,192	416,725
Loss allowance	(707)	(638)	(655)	(802)	(26,618)	(29,420)
<b>At 31 March 2023 (audited)</b>						
Weighted average expected loss rate	1.22%	1.95%	2.12%	2.13%	7.58%	
Receivable amount	53,425	16,021	27,852	23,053	253,209	373,560
Loss allowance	(650)	(312)	(590)	(490)	(19,191)	(21,233)

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 20. Trade, Retention and Other Receivables and Prepayments (Continued)

### Retention receivables

The Group's retention receivables represent certified contract payments in respect of good delivered for which 20% to 30% of the contract value are withheld by customers for retention purpose, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. In the opinion of the management, the retention receivables to be received after 1 year are classified as non-current assets in the unaudited consolidated statements of financial position since it is not expected to realise the retention receivables in the Group's normal operating cycle.

As at 30 September 2023, retention receivables amounting to approximately HK\$420,156,000 (31 March 2023: HK\$417,522,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

The ageing analysis of the Group's retention receivables (net of impairment losses) based on the revenue recognition date at the end of the reporting period is as follows:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
0 – 30 days	<b>311,972</b>	297,899
31 – 60 days	–	1,246
61 – 90 days	<b>3,663</b>	5,932
Over 90 days	<b>104,521</b>	112,445
	<b>420,156</b>	417,522

The Group applies the simplified approach under HKFRS 9 (2014) to provide for ECL using the lifetime expected loss provision for all retention receivables. To measure the ECL, retention receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward-looking information.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 20. Trade, Retention and Other Receivables and Prepayments (Continued)

### Retention receivables (Continued)

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 30 September 2023 within lifetime ECL (not credit impaired).

	Current	1-30 days	31-60 days	61-90 days	Over	Total
	HK\$'000	past due	past due	past due	90 days	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	past due	HK\$'000
<b>At 30 September 2023 (unaudited)</b>						
Weighted average expected loss rate	2.48%	0.81%	4.29%	-	12.48%	
Receivable amount	316,312	3,681	70	-	123,358	443,421
Loss allowance	(7,834)	(30)	(3)	-	(15,398)	(23,265)
<b>At 31 March 2023 (audited)</b>						
Weighted average expected loss rate	1.42%	2.01%	1.80%	2.18%	11.95%	
Receivable amount	290,556	2,142	9,803	1,421	133,977	437,899
Loss allowance	(4,119)	(43)	(176)	(31)	(16,008)	(20,377)

## 21. Convertible Bonds Receivables

On 28 July 2020, a directly wholly-owned subsidiary of the Company, Golden Star Group Holdings Limited, entered into a subscription agreement with a private company which incorporated in the BVI (the "Issuer"), to subscribe an unlisted 8% coupon convertible bonds (the "8% Convertible Bonds") issued by the Issuer, at the principal amount of US\$2,000,000 maturing on the fifth anniversary of the date of issuance (the "Maturity Date"). The subscription of the 8% Convertible Bonds was subsequently completed on 31 July 2020.

The 8% Convertible Bonds entitle the holder to convert the whole or part of the principal amount at any time preceding the Maturity Date to the Conversion Shares to be issued by the Issuer.

The 8% Convertible Bonds carry interest of 8% per annum. The first half of the interest amount (i.e. 4% per annum) shall be payable in arrears every twelve months and the remaining half of the interest amount (i.e. another 4% per annum) shall be accumulated and payable in a lump sum upon (i) the fourth anniversary of the date of issue (the "First Redemption Date") or (ii) the Maturity Date or (iii) the date of early redemption or conversion, whichever is earlier. No interest will be payable upon the exercise of the Conversion Rights. The outstanding 8% Convertible Bonds will be redeemed at 100% of the principal amount and the interest amount accumulated on or before the fifth business day after (i) the First Redemption Date at the discretion of the bondholder; or (ii) the Maturity Date. The 8% Convertible Bonds are denominated in US\$.

As at 30 September 2023 and 31 March 2023, the convertible bonds receivables has been fair valued with reference to the valuation conducted by an independent qualified professional valuer.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 21. Convertible Bonds Receivables (Continued)

Details of movement is set out below:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
At the beginning of the period/year	17,465	15,897
Interest income	629	1,256
Change in fair value recognised in profit of loss	(2,570)	312
Exchange realignment	136	–
At the end of the period/year	<b>15,660</b>	17,465

## 22. Trade and Other Payables and Accruals

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
Trade payables	214,341	239,016
Bills payable	82,986	100,524
Contract liabilities	3,136	5,936
Other payables and accruals	121,258	105,227
	<b>421,721</b>	450,703

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	At 31 March 2023 HK\$'000 (audited)
0 – 30 days	78,932	80,163
31 – 60 days	3,414	26,810
61 – 90 days	4,047	29,329
Over 90 days	127,948	102,714
	<b>214,341</b>	239,016

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 23. Borrowings

	At 30 September 2023		At 31 March 2023	
	Maturity (unaudited)	HK\$'000 (unaudited)	Maturity (audited)	HK\$'000 (audited)
<b>Current</b>				
Secured				
– Factoring loans (Note (i))	2024	83,385	2023	85,560
Unsecured				
– Current portion of Loans (Note (ii))	2023	31,134	2024	31,597
		<b>114,519</b>		<b>117,157</b>
<b>Non-current</b>				
Unsecured – Loans (Note (ii))	2025-2029	60,557	2025-2029	61,457
<b>Total borrowings</b>		<b>175,076</b>		<b>178,614</b>

Notes:

- (i) During the Interim Period, an indirectly wholly owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB76,517,000 (equivalent to approximately HK\$83,385,000). The factoring loans are denominated in RMB and bear interest at rates ranged from 2.48% to 6.00% per annum. As at 30 September 2023, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$94,147,000 (31 March 2023: HK\$107,455,000).
- (ii) Alpha Youth Group entered into several loan agreements with its subsidiary's ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured interest-bearing long term loans (the "Loans").

The Loans are denominated in RMB and are unsecured and being matured between 2 to 10 years from the date of the loan agreements. The Loans bear fixed interest rate of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum. During the year ended 31 March 2021, the interest rate was revised from 1% per annum to nil and several early redemption on part of the outstanding Loans was carried out by the Group. During the Interim Period, there is no early repayment of Loans (six months ended 30 September 2022: Nil).

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 24. Promissory Notes

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
At the beginning of the period/year	7,679	49,254
Fair value of promissory note issue for acquisition of equity investment	–	7,524
Redemption during the period/year	(7,850)	(31,800)
Loss on early redemption	111	–
Effective interest expenses	60	3,901
Transfer to other payable	–	(21,200)
At the end of the period/year	–	7,679
Analysed for reporting purposes as:		
Current liabilities	–	–
Non-current liabilities	–	7,679
	–	7,679

The unsecured promissory note which bears interest at 2% per annum issued by the Company in related to the acquisition of remaining 80% equity interest in Alpha Youth Group was matured during the year ended 31 March 2023. The Company had repaid principal together with accrued interest amounted to HK\$31,800,000 to one of the promissory note holders at maturity. However, at maturity date and up to year ended 31 March 2023, the Company is unable to contact one of the promissory note holders based on the contact information registered in the register of promissory note of the Company and the outstanding principal and accrued interest are then classified as other payable under the current liabilities as at 31 March 2023.

On 13 January 2023, Star World International Holdings Limited, a wholly owned subsidiary of the Company (the "Issuer") issued promissory note with principal amount of US\$1,000,000 (equivalent to approximately HK\$7,800,000) to an independent third-party vendor as part of the consideration for acquisition of 13.4% of Class A shares equity interest of Wisdom Moon.

The promissory note with terms of 24 months from the date of issuance which is redeemable at 100% on maturity date and bear interest at 8% per annum payable annually in arrears. The share certificate in respect of 0.089 shares in the name of the Issuer has been retained by the vendor until redemption of the promissory note.

The Issuer has the discretion to repay all or part of the principal balance at any time prior to the maturity date by giving 7 days' prior written notice to holders of the promissory note; while holder of the promissory note has no right to require the Issuer to early redeem the promissory note. The fair value effect of the early redemption options is insignificant.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 24. Promissory Notes (Continued)

The promissory note is initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. The effective interest rate of the promissory note is 9.595% per annum.

During the Interim Period, the promissory note was early redeemed in full by the Company resulting in loss on early redemption of approximately HK\$111,000. As at 30 September 2023, there is no outstanding promissory notes and the retained share certificate in respect of 0.089 Class A shares of Wisdom Moon was released by the vendor.

## 25. Bonds Payable

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
At the beginning of the period/year	181,538	181,529
Interest expenses incurred	4,403	8,611
Interest paid	(4,463)	(8,602)
At the end of the period/year	181,478	181,538
Analysed for reporting purposes as:		
Current liabilities	25,829	25,826
Non-current liabilities	155,649	155,712
	181,478	181,538

### 7-year Bond 2028

On 10 March 2021, the Company issued seven-year corporate bond with a principal amount of US\$20,000,000 (equivalent to approximately HK\$154,752,000) to an independent third party at an issue price equal to the face value of the bonds (the "7-year Bond 2028"). The 7-year Bond 2028 is unsecured and is denominated in US\$. The principal of the 7-year Bond 2028 bears interest at rate of 4.2% per annum and interest is payable semi-annually in arrears.

The Company may at any time after the fifth anniversary of the issue date of the 7-year Bond 2028 and before the maturity date to early redeem the 7-year Bond 2028 payable, with the prior written consent from the bond holder. The redemption should be in integral multiples of US\$5,000,000 and where the outstanding principal amount of the 7-year Bond 2028 to be redeemed is less than US\$10,000,000, any early redemption shall be made in whole, at 100% of the principal amount and the interest accrued up to the day of such early redemption. On 6 May 2022, the Group entered into share charge agreements with the 7-year Bond 2028 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited, both are indirect wholly-owned subsidiary of the Company, were secured against the 7-year Bond 2028 until its maturity.

As at 30 September 2023, the carrying amount of the 7-year Bond 2028 payable comprised of principal amount and accrued interest amounted to US\$20,000,000 (31 March 2023: US\$20,000,000) and approximately US\$41,400 (31 March 2023: approximately US\$50,630) respectively.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 25. Bonds Payable (Continued)

### 3-year Bond 2024

On 15 November 2021, the direct wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “3-year Bond 2024”). The 3-year Bond 2024 is unsecured and is denominated in HK\$. The principal of the 3-year Bond 2024 bears interest and interest is payable semi-annually in arrears. Interest rate are set out as below:

- 8% per annum for the first anniversary of the issue date;
- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

The Company may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the bond holder provided that not less than one-month advance notice of such redemption intention shall have been given to the bond holders.

The bond holder may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the Company provided that not less than three-month advance notice of such redemption intention shall have been given to the Company.

During the Interim Period and the year ended 31 March 2023, there is no early redemption of the 7-year Bond 2028 and 3-year Bond 2024 by the Group.

## 26. Share Capital

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2022 (audited), 31 March 2023 (audited) and 30 September 2023 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2022 (audited)	3,499,098,293	34,991
Issue of shares pursuant to placing agreement (Note)	699,000,000	6,990
At 31 March 2023 (audited) and 30 September 2023 (unaudited)	4,198,098,293	41,981

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 26. Share Capital (Continued)

Note:

Pursuant to the placing agreement entered into on 19 April 2022, the Company had issued 699,000,000 new shares at a placing price of HK\$0.105 per share on 29 April 2022.

All the shares issued during the year ended 31 March 2023 rank pari passu with the then existing shares in all respects.

## 27. Related Party Disclosures

Saved as disclosed elsewhere in this report, details of material transactions between the Group and other related parties are disclosed below:

### Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the Interim Period was as follows:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Fees, salaries and other allowances (Note)	5,035	5,282
Retirement benefit scheme contributions	32	36
	<b>5,067</b>	5,318

Note:

The rental payments of HK\$1,500,000 (six months ended 30 September 2022: HK\$1,500,000) paid for the director's quarter for the Interim Period are included in the above amount disclosed.

## 28. Fair Value Measurement of Financial Instruments

### Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 28. Fair Value Measurement of Financial Instruments (Continued) Fair Value Estimation (Continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2023 (unaudited)</b>				
Assets				
Convertible bonds receivables	-	-	15,660	15,660
Equity investment at FVTOCI	-	-	116,982	116,982
	-	-	132,642	132,642
<b>At 31 March 2023 (audited)</b>				
Assets				
Convertible bonds receivables	-	-	17,465	17,465
Equity investment at FVTOCI	-	-	116,982	116,982
	-	-	134,447	134,447

### Convertible bonds receivables

The fair value of the convertible bonds receivables as at 30 September 2023 was estimated by applying binominal option pricing model. The discount rate applied to estimate the fair value is 18.91%. Should the discount rate increased, the fair value of convertible bonds receivable would be decreased, vice versa.

### Equity investment at FVTOCI

The fair value of equity investment at FVTOCI as at 30 September 2023 was estimated by applying income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2.22%. The pre-tax discount rate used to discount the forecast cash flow is 23.06%. Should the estimated growth rate increase or decrease by 1%, the fair value of the equity investment at FVTOCI would be increased by approximately HK\$3,350,000 or decreased by approximately HK\$1,876,000. Should the discount rate increase or decrease by 1%, the fair value of the equity investment at FVTOCI would be decreased by approximately HK\$5,762,000 or increased by approximately HK\$7,638,000.

During the Interim Period, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the Interim Period in the balance of Level 3 fair value measurement of equity investment at FVTOCI and convertible bonds receivables, details are set out in Notes 18 and 21.

### Financial assets and liabilities not reported at fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values as at 30 September 2023.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 29. Disposals of Subsidiaries

### Disposal of S&J Group

The disposal of S&J Group was completed on 29 September 2022 at consideration of GBP1,900,000 (equivalent to HK\$16,509,000). Upon completion, S&J Group ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of S&J Group were ceased to be consolidated with those of the Group.

Details of the disposal of S&J Group were set out in the announcement of the Company dated 28 September 2022.

The following table summarises the consideration received for the disposal of S&J Group and the net assets of S&J Group as at the date of disposal:

	HK\$'000
Consideration satisfied by:	
Cash	14,765
Deferred receivables	1,744
	16,509

The net assets of S&J Group at the date of disposal were as follows:

Property, plant and equipment	892
Right-of-use assets	420
Goodwill (Note 15)	9,774
Inventories	6,191
Trade and other receivables, prepayments and deposits	16,606
Bank and cash balance	1,198
Trade and other payables and accruals	(9,646)
Lease liabilities	(350)
Tax payable	(793)
Deferred tax liabilities	(242)
Net assets disposed of	24,050
Reclassification adjustment of exchange reserve on disposal of S&J Group	5,427
Loss on disposal of subsidiaries	(12,968)
Total consideration received	16,509
Net cash inflow arising on disposal:	
Cash consideration	14,765
Bank balances and cash disposed of	(1,198)
	13,567

The loss on disposal of S&J Group was included in the loss from discontinued operation for the six months ended 30 September 2022 (Note 11) in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 30. Pledge of Assets

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028's payable amounted to approximately HK\$155,649,000 (31 March 2023: HK\$155,712,000) issued by the Company. Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	<b>At 30 September 2023 HK\$'000 (unaudited)</b>	<b>At 31 March 2023 HK\$'000 (audited)</b>
Equity investment at FVTOCI	–	7,770
Pledged bank balances	<b>41,511</b>	54,399
Trade receivables	<b>94,147</b>	107,455
	<b>135,658</b>	169,624

## 31. Significant Events After Reporting Period

The Group had the following events subsequent to 30 September 2023:

- (i) Placing of new shares under general mandate; and
- (ii) Proposed share consolidation and change in board lot size

Please refer to the paragraph headed “Significant events after reporting period” under the section headed “Management Discussion and Analysis” of this report for details of the events.