



# LFG Investment Holdings Limited

## LFG 投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 3938



# 2023/24

## Interim Report

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Mui Ho Cheung Gary  
*(Chairman and Chief Executive Officer)*  
Mr. Liu Chi Wai  
Mr. Ng Siu Hin Stanley  
Ms. Ho Sze Man Kristie  
Mr. Tang Chun Fai Billy

### Independent Non-executive Directors

Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUDIT COMMITTEE

Ms. Lim Yan Xin Reina *(Chairlady)*  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## REMUNERATION COMMITTEE

Mr. Poon Lai Yin Michael *(Chairman)*  
Ms. Lim Yan Xin Reina  
Dr. Wong Ho Ki

## NOMINATION COMMITTEE

Mr. Mui Ho Cheung Gary *(Chairman)*  
Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUTHORISED REPRESENTATIVES

Mr. Mui Ho Cheung Gary  
Mr. Ng Siu Hin Stanley

## COMPANY SECRETARY

Mr. Lam Yau Lun

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
25th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICER

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

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited  
33rd Floor, ICBC Tower  
3 Garden Road  
Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

## COMPANY'S WEBSITE

[www.legogroup.hk](http://www.legogroup.hk)

## STOCK CODE

3938

# Management Discussion and Analysis

## OVERVIEW

LFG Investment Holdings Limited (the “Company”) together with its subsidiaries (the “Group”) is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, margin financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the six months ended 30 September 2023 (the “Period”), the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Period, the Group has completed three underwriting and placing projects. Regarding the fund management services, as at 30 September 2023, the asset under management and/or investment advisory amounted to approximately US\$31.4 million (equivalent to approximately HK\$244.7 million) (31 March 2023: approximately US\$32.1 million or equivalent to approximately HK\$250.7 million).

# Management Discussion and Analysis (Continued)

## REVIEW

### Market Review

During the Period, operational environment remained difficult for businesses in Hong Kong in general and the financial market activities and stock market trading volume have been disappointing. The closing price of the Hang Seng Index has suffered a continual downtrend from 20,400.11 as at 31 March 2023 to 17,809.66 as at 29 September 2023, representing a fall of approximately 12.7% during the six-month period. The average daily trading value of the Main Board also shrunk to below HK\$100 billion recently with only approximately HK\$90 billion in September 2023 and HK\$79 billion in October 2023. The overall pace of recovery remained uncertain caused by, among others, the continued Russo-Ukrainian war and the outbreak of Israel-Palestine war, the interest rate hike triggered by high inflation, the credit crisis of certain property developers in the People's Republic of China (the "PRC") and the residual impact of COVID-19, in particular to the PRC.

The Group adopts prudent risk management and cost control under this challenging business environment. The Group maintains a strong reputable team of professionals to provide one-stop services to recurring clients and auxiliary business to tackle their needs. The Group maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations. The Group has adopted conservative credit control approach to monitor the outstanding receivables in order to control potential credit risks and effectively manage liquidity risks. While the demand for corporate finance advisory and underwriting services was impacted by the uncertainties as discussed above, the Group's project pipeline remains solid.

### Business Review

Looking back on the past six months, the Group has been facing a challenging business environment hit by the volatile stock market and deteriorating financial conditions of certain clients. The Group leveraged its reputation and continued to diversify its income source and maintain a prudence cost and capital management strategy.

The Group continued to derive its revenue primarily from its corporate finance advisory services during the Period, which accounted for approximately 77.4% (2022: approximately 108.1%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; (ii) asset management services; and (iii) investment fund, accounted for approximately 20.7%, 4.0% and negative 2.1% (2022: approximately 76.9%, 0% and negative 85.0%) of its total revenue during the Period, respectively.

#### Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services, and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised an increase in revenue of approximately 102.1%, from approximately HK\$24.4 million for the six months ended 30 September 2022 to approximately HK\$49.2 million during the Period.

During the Period, the Group was engaged in a total of 67 corporate finance advisory projects, which included 7 IPO sponsorship projects, 56 financial and independent financial advisory projects and 4 compliance advisory projects, while the Group had engaged in a total of 114 corporate finance advisory projects, which included 8 IPO sponsorship projects, 95 financial and independent financial advisory projects and 11 compliance advisory projects during the six months ended 30 September 2022.

## Management Discussion and Analysis (Continued)

### (i) *IPO sponsorship services*

During the Period, the Group was engaged in 7 IPO sponsorship projects (2022: 8 projects).

Revenue generated from IPO sponsorship services was approximately HK\$5.5 million during the Period (2022: approximately HK\$7.9 million).

### (ii) *Financial and independent financial advisory services*

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK\$43.3 million during the Period (2022: approximately HK\$15.1 million). During the Period, the Group was engaged in 38 financial advisory projects and 18 independent financial advisory projects (2022: 65 and 30, respectively).

### (iii) *Compliance advisory services*

The Group acts as compliance advisers to listed companies in Hong Kong advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK\$0.4 million during the Period (2022: approximately HK\$1.4 million). During the Period, the Group was engaged in 4 compliance advisory projects (2022: 11 projects).

## **Securities and Financing Services**

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Period, the Group recorded revenue from placing and underwriting business of approximately HK\$1.6 million (2022: approximately HK\$5.4 million) which was mainly due to decrease in number of placing and underwriting projects during the Period. The Group completed one transaction as underwriter for IPOs and two transactions as underwriter and/or placing agents for secondary market fund raising exercise (2022: one and three, respectively).

The revenue generated from securities dealing and brokerage was approximately HK\$5.4 million during the Period (2022: approximately HK\$4.4 million) as the securities trading activities by the clients increased during the Period.

As at 30 September 2023, the total outstanding balance of margin loans amounted to approximately HK\$107.2 million (31 March 2023: approximately HK\$127.7 million) and the interest income generated from securities financing services was approximately HK\$6.2 million during the Period (2022: approximately HK\$7.5 million).

# Management Discussion and Analysis (Continued)

## Asset Management Services and Investment Fund Income

The Group provides fund management services to its clients.

As at 30 September 2023, the asset under management and/or investment advisory by the Group was approximately US\$31.4 million (equivalent to approximately HK\$244.7 million) (31 March 2023: US\$32.1 million, or equivalent to approximately HK\$250.7 million). The revenue generated from asset management services was approximately HK\$2.5 million during the Period (2022: nil).

The investment fund generated revenue of approximately negative HK\$1.3 million during the Period (2022: approximately negative HK\$19.1 million) arising from interest income from listed bonds, dividend income from listed securities and net change in financial assets at fair value through profit or loss.

## Financial Review

### Revenue

The total revenue of the Group increased from approximately HK\$22.5 million for the six months ended 30 September 2022 to approximately HK\$63.6 million for the Period, representing an increase of approximately 182.3%, mainly as a result of increase in revenue of the corporate finance advisory services and decrease in losses from investment fund income, which is offset by decrease in revenue from securities and financing services and interest income from margin financing services.

### Other Income and Gains or Losses, Net

Other income and gains or losses, net mainly includes interest income from bank deposits, foreign currency translation differences and share of results of consolidated investment fund attributable to other redeemable participating shareholders. Other income and gains or losses, net decreased from approximately HK\$12.9 million for the six months ended 30 September 2022 to approximately HK\$1.7 million for the Period, representing a decrease of approximately HK\$11.2 million. Such decrease was mainly due to decrease in share of results of consolidated investment fund attributable to other redeemable participating shareholders.

### Other Expenses

The Group's other expenses decreased by approximately 17.5% from approximately HK\$14.7 million for the six months ended 30 September 2022 to approximately HK\$12.1 million for the Period, primarily due to decrease in legal and professional fees during the Period.

### Staff Costs

Staff costs increased by approximately 18.8% from approximately HK\$25.0 million for the six months ended 30 September 2022 to approximately HK\$29.7 million for the Period primarily due to increase in head count and increase in discretionary bonus during the Period.

### Expected Credit Loss on Accounts and Other Receivables and Bad Debt Expenses

During the Period, the Group recorded expected credit loss on accounts receivable of approximately HK\$11.1 million (2022: HK\$2.7 million) and reversal of expected credit loss on other receivable of approximately HK\$0.3 million (2022: recognition of expected credit loss of approximately HK\$2.5 million). The increase in expected credit loss was mainly due to the weakening financial condition of the debts in 2023 after the COVID-19 pandemic which resulted in prolonged ageing of the receivables from certain debtors arising from corporate advisory and other services and the decline in valuation of collateral due to market volatility held by certain debtors arising from securities margin financing services.

## Management Discussion and Analysis (Continued)

The Group applies the simplified approach to providing expected credit loss prescribed by HKFRS 9 for accounts receivable arising from corporate advisory services. The Group performs impairment assessment by applying the HKFRS 9 general approach for all accounts receivable arising from securities margin financing services on the basis of allowance of 12-month expected credit losses ("ECL") for items without significant increase in credit risk and lifetime ECL for items with significant increase in credit risk with reference to ECL valuation prepared by Vincorn Consulting and Appraisal Limited. Certain accounts receivable arising from securities margin financing service were considered as significant increase in credit risk due to the decline in market value of securities collateral during the Period. As a result, the assessment of the expected credit losses of these accounts receivable were based on lifetime ECL. The credit rating of each of these debtors is estimated with reference to the following factors: (1) gross credit exposure; (2) overdue dates; (3) repayment schedule and repayment track record; and (4) capability of settlement. The expected credit loss rates are calculated by assigning the credit rating based on factors above and adjusted with forward-looking economic adjustment, proxied by the real growth domestic product (GDP) percentage change in Hong Kong. The calculation reflects the probability-weighted outcome, the time value of money and the best available forward looking information. Details of the expected credit loss on accounts and other receivables are set out in note 14 to the condensed consolidated interim financial statements of this report.

The Group performed periodic assessment on the recoverability of the accounts and other receivable and the sufficiency of impairment based on information including credit profile of difference customers, historical settlement records, expected timing and amount realisation of outstanding balances. The Group has also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit loss.

### Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for bank borrowings and margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK\$1.0 million during the Period (2022: approximately HK\$2.9 million). The decrease in finance costs was mainly due to reduction in outstanding bank and other borrowings during the Period.

### Profit/(Loss) Attributable to the Owners of the Company

Profit for the Period attributable to the owners of the Company was approximately HK\$11.0 million (2022: loss of approximately HK\$13.0 million) primarily due to increase in revenue from corporate finance advisory services and investment fund, partially offset by increase in expected credit loss on accounts receivable and decrease in other income and gains or losses, net.

### Liquidity, Financial Resources and Capital Structure

During the Period, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations, bank borrowings, margin financing and capital.

As at 30 September 2023, the Group's net current assets amounted to approximately HK\$150.2 million (31 March 2023: approximately HK\$135.8 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.3 times (31 March 2023: approximately 2.2 times). Cash and bank balances and pledged bank deposit in aggregate amounted to approximately HK\$52.9 million (31 March 2023: approximately HK\$31.0 million). As at 30 September 2023, the Group has bank borrowings, amounts due to broker, convertible bonds and lease liabilities of approximately HK\$24.7 million, HK\$7.2 million, HK\$1.2 million and HK\$2.7 million respectively (31 March 2023: approximately HK\$24.8 million, HK\$9.4 million, HK\$1.2 million and HK\$5.3 million respectively). As at 30 September 2023, the Group's total debt incurred (including bank borrowings, amounts due to broker, convertible bonds and lease liabilities) were approximately HK\$35.8 million (31 March 2023: approximately HK\$40.7 million), representing a gearing ratio of approximately 22.4% (31 March 2023: approximately 27.5%).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Period.



# Management Discussion and Analysis (Continued)

## Pledge of Assets

As at 30 September 2023, the Group (i) had pledged bank deposit of HK\$10.0 million (31 March 2023: HK\$10.0 million); and (ii) assigned the life insurance policy valued at HK\$3.6 million to a bank as security for a bank borrowing (31 March 2023: HK\$3.5 million).

## Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and US dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

## Capital Commitments and Contingent Liabilities

As at 30 September 2023, the Group did not have any significant capital commitment and contingent liabilities (31 March 2023: nil).

## Employees and Remuneration Policies

As at 30 September 2023, the Group employed 47 staff (including executive Directors) (31 March 2023: 45). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "Prospectus"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

## Significant Investments Held by the Group

Up to 30 September 2023, the Group has invested US\$3 million (equivalent to approximately HK\$23.4 million) into Lego Vision Fund SP ("LVF"), a fund under management by the Group, as seed money. LVF focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth.

As at 30 September 2023, the Group held 28,807,172 non-voting shares in LVF (which represented approximately 43.4% of total non-voting shares of LVF) with aggregate value of approximately US\$1.6 million (equivalent to approximately HK\$12.6 million), which represented approximately 4.6% of the total assets of the Group. The net asset value per share in respect of LVF decreased from approximately US\$59.9 (equivalent to approximately HK\$467.3) on 31 March 2023 to approximately US\$56.1 (equivalent to approximately HK\$437.9), representing an overall negative return of approximately 6.3%.

LVF suffered during the Period, mainly due to interest rate hike triggered by high inflation and the risk-off continued. The market remains nervous but the management of LVF is cautiously optimistic that further downside will be limited.

# Management Discussion and Analysis (Continued)

## **Material Acquisitions and Disposal of Subsidiaries, Associates, Joint Ventures and Capital Assets**

The Group did not have any material acquisitions and disposals of subsidiaries, associates, joint ventures and capital assets during the Period.

## **Future Plans for Material Investments or Capital Assets**

Save for the investments of LVF, the Group did not have any plan for material investments and capital assets as at 30 September 2023.

## **Risk Management**

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

## **Outlook and Prospect**

Looking ahead, with various stimulus measures to boost economy post-COVID in Hong Kong and the PRC, it is expected that the Hong Kong economy and financial market in general would recover gradually but maybe in a bumpy manner. There are still a number of factors which may cause significant uncertainties to the global financial markets, such as the outcome of the Russo-Ukrainian war and Israel-Palestine war, interest rate hike triggered by high inflation followed by the possible recession in the global economy and impact of market volatility and liquidity will continue to hinder the recovery of the financial markets in Hong Kong. Any adverse market condition or market sentiment may affect the clients' timeline and willingness to kick off the transactions, as well as their decision and outcome on the scale, timing and geographical market to undertake fund raising exercise and merger and acquisition plans.

One of the competitive advantages of the Group is to provide one-stop financial solutions to clients with an aim to fulfill their specific needs in a professional manner. The Group's corporate finance arm is experienced in a full spectrum corporate finance related services such as IPO sponsorship, primary and secondary market fund raising activities, mergers and acquisitions, takeovers, corporate and debt restructuring, financial due diligence and general compliance services. The Group's securities arm covers retail and corporate securities services, including secondary market trading, IPO subscription, margin and takeovers financing, equity fund raising and underwriting and pre-IPO fund raising activities. Last but not least, the Group's asset management arm covers fund management and investment advisory services. The Group believes that with the broad spectrum of financial services offered by the Group, the Group is in a competitive position to capture new mandates and maintain a healthy project pipeline.

While the Group continues to adhere to its strict and prudent risk management and compliance approach in delivering quality services to clients under current regulatory environment, the Group will also enhance its marketing efforts to solicit new opportunities targeting not only Hong Kong and the PRC, but also Southeast Asia, Oceania, Europe and also the Americas. With the Group's international network and strong professional teams, the Group is well positioned to capture market opportunities when the capital market gradually revives. The Group will aim to cement its strong reputation as an integrated platform for providing financial services and leverage its market position and solid experience to diversify income stream and client base.

# Corporate Governance/Other Information

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "Shareholders") and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance.

### Compliance with Corporate Governance Code

As of 30 September 2023, the Company has complied with all applicable code provisions under the CG Code as set out in Part 2 of Appendix 14 to the Listing Rules and adopted most of the best practices set out therein except for the following provision.

Under code provision C.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the members of the board (the "Board") of Directors.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Period.

## INTERIM DIVIDEND

The Board declared the payment of an interim dividend (the "Interim Dividend") of HK\$0.025 per share for the six months ended 30 September 2023 (2022: nil) to Shareholders whose names appear on the Company's register of members on 11 December 2023. The Interim Dividend is expected to be paid on 22 December 2023.

## Corporate Governance/Other Information (Continued)

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on 11 December 2023, in order to qualify for the Interim Dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 8 December 2023.

### **AUDIT COMMITTEE**

The Board has established an audit committee (the "Audit Committee"), which comprises three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina (Chairlady), Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the accounting principles and practices adopted by the Group as well as the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended 30 September 2023 and is of the view that the interim results for the six months ended 30 September 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

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

### **IMPORTANT EVENTS AFTER THE END OF THE PERIOD**

Save for the disclosure made in this report, there is no material subsequent event undertaken by the Group after 30 September 2023 and up to the date of this report.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save for the disclosure as set out under the section headed "Use of Net Proceeds from Listing" below, the Group did not have any specific future plan for material investments or capital assets as at 30 September 2023.

## Corporate Governance/Other Information (Continued)

### USE OF NET PROCEEDS FROM LISTING

The shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer of the Company (the “Share Offer”) amounted to approximately HK\$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of intended application of net proceeds from the Share Offer and actual usage up to 30 September 2023 are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from Share Offer (HK\$ million)	Unutilised as at 31 March 2023 (HK\$ million)	Utilised during the Period (HK\$ million)	Utilised up to 30 September 2023 (HK\$ million)	Unutilised as at 30 September 2023 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	–	–	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	–	–	4.1	–	Fully utilised
Invest seed money for new fund under the asset management business	13.6%	13.5	1.8	–	11.7	1.8	By the end of financial year ending 31 March 2024 (Note)
Increase capital base for the securities financing business	9.1%	9.0	–	–	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	–	–	6.3	–	Fully utilised
Working capital and general corporate purposes	10.0%	9.9	–	–	9.9	–	Fully utilised
<b>Total</b>	<b>100.0%</b>	<b>99.1</b>	<b>1.8</b>	<b>–</b>	<b>97.3</b>	<b>1.8</b>	

Note: The delay of timeline in full utilisation of this item was mainly attributable to the struggling global economy and the deteriorating global investment conditions. The Company will continue to observe the market conditions and critically evaluate whether it is in the interests of the Company and its shareholders to invest the unutilised proceeds as seed money for new fund under the asset management business during the financial year ending 31 March 2024.

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 30 September 2023.

## Corporate Governance/Other Information (Continued)

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

As at 30 September 2023, the interests and short positions of the Directors and the chief executives of the Company 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) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Mui Ho Cheung Gary ("Mr. Mui")	Interest of controlled corporation <sup>(3)</sup>	299,492,188 (L)	73.77%
	Beneficial owner <sup>(4)</sup>	10,858,070 (L)	2.67%
Mr. Liu Chi Wai ("Mr. Liu")	Beneficial owner <sup>(5)</sup>	1,039,298 (L)	0.26%
Mr. Ng Siu Hin Stanley ("Mr. Ng")	Beneficial owner <sup>(6)</sup>	1,039,298 (L)	0.26%
Ms. Ho Sze Man Kristie ("Ms. Ho")	Beneficial owner <sup>(7)</sup>	1,039,298 (L)	0.26%
Mr. Tang Chun Fai Billy ("Mr. Tang")	Beneficial owner <sup>(8)</sup>	389,737 (L)	0.10%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 30 September 2023.
- (3) Mr. Mui legally and beneficially owns approximately 90.38% of the issued shares of Lego Financial Group Limited and is its sole director. Accordingly, Mr. Mui is deemed to be interested in the 299,492,188 Shares held by Lego Financial Group Limited by virtue of the SFO.
- (4) Mr. Mui is interested in the 2,858,070 and 8,000,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the pre-IPO share option scheme approved and adopted by the Company on 6 March 2019 ("Pre-IPO Share Option Scheme") and the share option scheme approved and adopted by the Company on 10 September 2019, respectively.
- (5) Mr. Liu is interested in the 1,039,298 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (6) Mr. Ng is interested in the 1,039,298 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (7) Ms. Ho is interested in the 1,039,298 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Pre-IPO Share Option Scheme.
- (8) Mr. Tang is interested in the 389,737 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.

## Corporate Governance/Other Information (Continued)

### (ii) Interests in shares of the associated corporation

Name of Director	Associated corporation	Capacity/ Nature of Interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding in the associated corporation
Mr. Mui	Lego Financial Group Limited	Beneficial owner	8,450 (L)	90.38%
Mr. Liu	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Mr. Ng	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Ms. Ho	Lego Financial Group Limited	Beneficial owner	200 (L)	2.14%

Note:

(1) The letter "L" denotes the person's long position in the relevant shares of the associated corporation.

Save as disclosed above, as at 30 September 2023, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### CHANGES TO DIRECTORS' INFORMATION

There was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the annual report of the Company for the year ended 31 March 2023.

## Corporate Governance/Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Lego Financial Group Limited	Beneficial owner	299,492,188 (L)	73.77%
Mr. Wong Wing Shing	Beneficial owner	20,820,312 (L)	5.13%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

(2) There were 405,962,965 Shares in issue as at 30 September 2023.

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



# Corporate Governance/Other Information (Continued)

## SHARE OPTION SCHEMES

The Company has adopted two share schemes, namely, (1) the Pre-IPO Share Option Scheme; and (2) the Share Option Scheme.

The number of Shares that may be issued in respect of options granted under all schemes of the Company at the end of the Period divided by the weighted average number of issued Shares for the Period was approximately 4%.

### (a) Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme, which was approved by the written resolution of the then sole shareholder passed on 6 March 2019. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain staff of the Group who have contributed and/or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group. No further share options shall be granted under the Pre-IPO Share Option Scheme.

An option shall vest unto a grantee and may be exercised by the grantee during the option period (the "Option Period"), being a period commencing from the listing date (i.e. 30 September 2019) (the "Listing Date") and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. As at 30 September 2023, the remaining life of the Pre-IPO Share Option Scheme is approximately 3 years and 5 months. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

## Corporate Governance/Other Information (Continued)

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2023	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Number of Shares in relation to outstanding options as at 30 September 2023
<b>Directors</b>									
Mr. Mui	6 March 2019	First Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Second Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
Mr. Liu	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Mr. Ng	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Ms. Ho	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
Mr. Tang	6 March 2019	Second Vesting Period	0.6	389,737	-	-	-	-	389,737
<b>Subtotal</b>				<b>6,365,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,365,701</b>
Senior management and other employees in aggregate	6 March 2019	First Vesting Period	0.6	64,956	-	-	-	-	64,956
		Second Vesting Period	0.6	1,818,768	-	-	-	(64,956)	1,753,812
<b>Total</b>				<b>8,249,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(64,956)</b>	<b>8,184,469</b>

For details of the Pre-IPO Share Option Scheme, please refer to Appendix IV to the Prospectus.

Notes:

1. During the Period, none of the options was exercised.
2. All of the above grants were made without any performance targets.
3. All of the above grants were made prior to the Listing Date and the amendment to Chapter 17 of the Listing Rules taking effect.
4. None of the grants of options to any participant is in excess of the 1% individual limit.
5. Details of the valuation of options under Pre-IPO Share Option Scheme during Period, including the accounting standard and policy adopted for the Pre-IPO Share Option Scheme, are set out in note 25 to the condensed consolidated interim financial statements of this report.

## Corporate Governance/Other Information (Continued)

### (b) Share Option Scheme

The Company has adopted the share option scheme (the “Share Option Scheme”), which was approved by the written resolutions of the then Shareholders passed on 10 September 2019 and became effective on the Listing Date. The purpose of the Share Option Scheme is to enable the Board to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group. As at 30 September 2023, the remaining life of the Share Option Scheme is approximately 5 years and 11 months. For details of the Share Option Scheme, please refer to Appendix IV to the Prospectus.

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2023	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Number of Shares in relation to outstanding options as at 30 September 2023
<b>Director</b>									
Mr. Mui	1 April 2021	1 April 2021 to 31 March 2031	0.285	4,000,000	-	-	-	-	4,000,000
	14 July 2022	14 July 2022 to 13 July 2032	0.170	4,000,000	-	-	-	-	4,000,000

Notes:

1. During the Period, none of the options was exercised.
2. All of the above grants were made without any performance targets and any vesting periods.
3. All of the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
4. None of the grants of options to any participant is in excess of the 1% individual limit.
5. Details of the valuation of options under Share Option Scheme during Period, including the accounting standard and policy adopted for the Share Option Scheme, are set out in note 25 to the condensed consolidated interim financial statements of this report.

The number of share options available for grant under the Share Option Scheme is 32,596,296 as at 30 September 2023 (31 March 2023: 32,596,296). The number of ordinary shares that may be issued in respect of share options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme divided by the weighted average number of ordinary shares for the six months ended 30 September 2023 is approximately 4.2% (2022: approximately 4.2%).

By order of the Board  
**Mui Ho Cheung Gary**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 24 November 2023

# 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)
Revenue	4		
Corporate finance advisory services		49,219	24,358
Securities and underwriting services		6,931	9,873
Interest income from margin financing services		6,233	7,450
Asset management services		2,520	–
Investment fund		(1,296)	(19,148)
<b>Total revenue</b>		<b>63,607</b>	<b>22,533</b>
Other income and gains or losses, net	5	1,693	12,922
Staff costs	7	(29,695)	(24,999)
Other expenses		(12,144)	(14,714)
Expected credit loss on accounts receivable	14	(11,120)	(2,720)
Expected credit loss on other receivables	15	–	(2,474)
Reversal of expected credit loss on other receivables		276	–
Finance costs	6	(957)	(2,909)
<b>Profit/(loss) before income tax expenses</b>	7	<b>11,660</b>	<b>(12,361)</b>
Income tax expenses	8	(722)	(648)
<b>Profit/(loss) for the period</b>		<b>10,938</b>	<b>(13,009)</b>
<b>Other comprehensive expense for the period:</b>			
Item that may not be reclassified subsequently to profit or loss:			
– Net change in financial assets at fair value through other comprehensive income		–	–
<b>Other comprehensive expense for the period</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>10,938</b>	<b>(13,009)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		10,992	(13,035)
Non-controlling interests		(54)	26
		<b>10,938</b>	<b>(13,009)</b>
<b>Total comprehensive income/(expense) for the period attributable to:</b>			
Owners of the Company		10,992	(13,035)
Non-controlling interests		(54)	26
		<b>10,938</b>	<b>(13,009)</b>
<b>Earnings/(loss) per share from profit/(loss) for the period attributable to owners of the Company:</b>	10		
Basic		2.7 HK cents	(3.2 HK cents)
Diluted		2.7 HK cents	(3.2 HK cents)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	1,449	1,888
Intangible asset		500	500
Deposits and prepayments	15	441	1,134
Right-of-use assets		2,901	5,554
Investment in life insurance policy	12	3,560	3,467
		<b>8,851</b>	12,543
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	29,803	40,160
Accounts receivable	14	134,485	137,607
Other receivables, deposits and prepayments	15	3,942	3,591
Tax recoverable		466	–
Pledged bank deposit	16	10,008	10,008
Cash and bank balances – held on behalf of customers	17	41,189	36,636
Cash and bank balances	18	42,915	21,038
		<b>262,808</b>	249,040
<b>Current liabilities</b>			
Accounts payable	19	53,262	57,101
Accruals and other payables	20	13,497	5,105
Other financial liabilities	21	16,420	17,523
Lease liabilities		2,732	5,108
Convertible bonds	22	1,170	1,170
Deferred revenue	4	794	2,021
Bank borrowings	23	24,714	24,788
Tax payable		–	393
		<b>112,589</b>	113,209
<b>Net current assets</b>		<b>150,219</b>	135,831
<b>Total assets less current liabilities</b>		<b>159,070</b>	148,374
<b>Non-current liabilities</b>			
Lease liabilities		–	242
<b>Net assets</b>		<b>159,070</b>	148,132

# Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2023

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
<b>Equity</b>			
Share capital	24	4,060	4,060
Share premium		110,371	110,371
Reserves		43,637	32,645
Equity attributable to owners of the Company		158,068	147,076
Non-controlling interests		1,002	1,056
<b>Total equity</b>		<b>159,070</b>	148,132

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Revaluation reserve	Other reserve	Retained earnings	Total		
	HK\$'000 (Note 24)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000 (Note d)	HK\$'000	HK\$'000		
At 1 April 2023 (Audited)	4,060	110,371	3,317	-	36,311	(6,983)	147,076	1,056	148,132
Profit for the period	-	-	-	-	-	10,992	10,992	(54)	10,938
Total comprehensive income for the period	-	-	-	-	-	10,992	10,992	(54)	10,938
Lapse of share options	-	-	(17)	-	-	17	-	-	-
At 30 September 2023 (Unaudited)	4,060	110,371	3,300	-	36,311	4,026	158,068	1,002	159,070

# Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2023

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Revaluation reserve	Other reserve	Retained earnings	Total		
	HK\$'000 (Note 24)	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000 (Note d)	HK\$'000	HK\$'000		
At 1 April 2022 (Audited)	4,060	110,371	5,234	-	36,311	13,380	169,356	1,156	170,512
Loss for the period	-	-	-	-	-	(13,035)	(13,035)	26	(13,009)
Other comprehensive income:									
Net change in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-	(13,035)	(13,035)	26	(13,009)
Recognition of equity settled share-based compensation (note 25)	-	-	404	-	-	-	404	-	404
Lapse of share options	-	-	(2,091)	-	-	2,091	-	-	-
At 30 September 2022 (Unaudited)	4,060	110,371	3,547	-	36,311	2,436	156,725	1,182	157,907

Notes:

**(a) Share premium**

It represents the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

**(b) Share option reserve**

It represents cumulative expense recognised on the granting of share options to the grantees over the vesting periods.

**(c) Revaluation reserve**

It represents fair value changes of financial assets measured at fair value through other comprehensive income.

**(d) Other reserve**

It represents the aggregate amount of share capital of subsidiaries comprising the Group pursuant to group reorganisation prior to the listing of the Company's shares.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Net cash generated from operating activities</b>	<b>25,419</b>	11,235
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	–	–
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	–
<b>Net cash generated from investing activities</b>	<b>–</b>	–
<b>Cash flows from financing activities</b>		
Interest paid on bank borrowings	(822)	(435)
Interest paid on other borrowings	–	(2,250)
Interest paid on lease liabilities	(28)	(61)
Proceeds from bank borrowings	–	10,000
Repayments of bank borrowings	(74)	(15,028)
Proceeds from other borrowings	–	25,000
Repayments of other borrowings	–	(25,000)
Proceeds from issue of redeemable participating shares	–	696
Payment of principal portion of lease liabilities	(2,618)	(2,585)
<b>Net cash used in financing activities</b>	<b>(3,542)</b>	(9,663)
<b>Net increase in cash and bank balances</b>	<b>21,877</b>	1,572
<b>Cash and bank balances at the beginning of the period</b>	<b>21,038</b>	47,031
<b>Cash and bank balances at the end of the period</b>	<b>42,915</b>	48,603

# Notes to Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2023

## 1. GENERAL INFORMATION

LFG Investment Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. Its issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen’s Road Central, Hong Kong. The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

## 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022/2023 annual report.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its condensed consolidated interim financial statements as in its 2022/2023 annual consolidated financial statements.

### Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

### Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the HKICPA that are effective for periods beginning subsequent to 31 March 2024 (the date on which the Company’s next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

## 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in financial services. Therefore, the management of the Group considers that the Group only has one single operating segment.

As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (a) Nature of services

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(i) Corporate finance advisory services	<p>Acting as a sponsor to companies seeking to list in Hong Kong, advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering (“IPO”) process;</p> <p>Acting as a financial adviser to listed companies in Hong Kong as well as their shareholders and investors advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;</p> <p>Acting as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and</p> <p>Acting as a compliance adviser to listed companies in Hong Kong advising them on post-listing matter. Compliance advisory fee income are recognised over time during the compliance service period.</p>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (a) Nature of services *(Continued)*

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(ii) Securities and underwriting services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed when the service obligation is completed (e.g. when the listing approval is obtained and the shares are listed on the Stock Exchange).
(2) Securities dealing and brokerage services	Providing securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed when the service obligation is completed (e.g. when the trading of securities is executed).
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the period is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>By major service type:</b>		
Corporate finance advisory services		
Sponsor fee income	5,471	7,882
Advisory fee income		
– financial and independent financial advisory	43,339	15,083
– compliance advisory	409	1,393
	<b>49,219</b>	<b>24,358</b>
Securities and underwriting services	6,931	9,873
Interest income from margin financing services	6,233	7,450
Asset management services	2,520	–
Investment fund	(1,296)	(19,148)
Total	<b>63,607</b>	<b>22,533</b>
<b>Revenue from contracts with customers:</b>		
Corporate finance advisory services	49,219	24,358
Securities and underwriting services	6,931	9,873
Asset management services	2,520	–
	<b>58,670</b>	<b>34,231</b>
<b>Revenue from other sources:</b>		
Interest income from margin financing services	6,233	7,450
Interest income from listed bonds	76	123
Dividend income from listed securities	254	207
Net change in financial assets at fair value through profit or loss	(1,626)	(19,478)
	<b>4,937</b>	<b>22,533</b>
<b>Timing of revenue recognition from contracts with customers:</b>		
Services transferred at a point in time	24,179	9,873
Services transferred over time	34,491	24,358
Total	<b>58,670</b>	<b>34,231</b>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (c) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the period/year:

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Accounts receivable (note 14)	<b>134,485</b>	137,607
Deferred revenue	<b>794</b>	2,021
<b>Movements in deferred revenue:</b>		
Balance at the beginning of the period/year	<b>2,021</b>	4,813
Decrease in deferred revenue as a result of recognising revenue during the period/year that was included in deferred revenue at the beginning of the period/year	<b>(1,838)</b>	(3,853)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	<b>611</b>	1,061
Balance at the end of the period/year	<b>794</b>	2,021

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the condensed consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the condensed consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

Deferred revenue mainly relates to advance consideration received from customers. Approximately HK\$1,838,000 and HK\$3,853,000 of deferred revenue as of 1 April 2023 and 2022 had been recognised as revenue for the period/year ended 30 September 2023 and 31 March 2023, respectively.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (d) Transaction price allocated to the remaining performance obligations

As at 30 September 2023 and 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was approximately HK\$36,643,000 and HK\$37,287,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 22 months (30 September 2022: 1 to 22 months).

#### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

#### Information about major customers

During the period, revenue from major customer who contributed over 10% of the total revenue of the Group are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	17,248	N/A*
Customer B	N/A*	7,642
Customer C	N/A*	3,014
Customer D	N/A*	2,929
Customer E	N/A*	3,158

\* The corresponding revenue did not contribute over 10% of total revenue of the Group.

Revenue contributed from the above major customers is derived from corporate finance advisory services and securities and underwriting services.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 5. OTHER INCOME AND GAINS OR LOSSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income	35	8
Exchange gain, net	461	129
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	1,104	12,730
Gain on fair value change of investment in life insurance policy	93	55
	<b>1,693</b>	<b>12,922</b>

## 6. FINANCE COSTS

The Group's finance costs recognised are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank borrowings	822	435
Interest on other borrowings	–	2,250
Interest on margin financing	107	163
Interest on lease liabilities	28	61
	<b>957</b>	<b>2,909</b>



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 7. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSES

The Group's profit/(loss) before income tax expenses is arrived at after charging:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditor's remuneration	526	516
Depreciation of		
– Property, plant and equipment (note 11)	439	462
– Right-of-use assets	2,653	2,653
Low value assets lease expenses	73	36
Staff costs (including directors' remuneration):		
– Salaries, allowances and other benefits	29,342	24,283
– Equity settled share-based payment expenses	–	404
– Contributions to retirement benefits schemes	353	312
<b>Total staff costs</b>	<b>29,695</b>	<b>24,999</b>

## 8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax – Hong Kong profits tax		
– Charge for the period	685	619
– Over-provision in respect of prior period	–	–
	<b>685</b>	<b>619</b>
Withholding tax on dividend income	37	29
<b>Income tax expenses</b>	<b>722</b>	<b>648</b>

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2023 and 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2 million are taxed at 16.5%.

Dividend income received from listed securities in the United States is subject to withholding tax imposed in the country of origin. During the period ended 30 September 2023, the withholding tax rate is 21% to 30% (2022: 21% to 30%).

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 9. DIVIDEND

During the six months ended 30 September 2023, no dividend (2022: nil) was paid to the then shareholders, which was in compliance with the applicable laws.

Subsequent to 30 September 2023, the board of directors of the Company has resolved to declare an interim dividend of HK\$0.025 per share totally not less than HK\$10,149,000 for the six months ended 30 September 2023 (2022: nil).

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company	10,992	(13,035)
Effect of dilutive potential ordinary shares in respect of the Company's convertible bonds issued by a subsidiary (note (ii))	–	(25)
Profit/(loss) for the purpose of diluted earnings/(loss) per share	10,992	(13,060)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	405,962,965	405,962,965
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes (note (iii))	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	405,962,965	405,962,965

Notes:

- (i) Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the period.
- (ii) The effect of convertible bonds issued by a subsidiary is not considered for the calculation of diluted loss per share as it will not increase the earnings per share for the period attributable to owners of the Company (2022: considered for the calculation of diluted earnings per share as it will increase the loss per share for the period attributable to owners of the Company).
- (iii) The calculation of diluted earnings/(loss) per share is based on profit/(loss) for the period attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option scheme and Share Option Scheme, and assuming the exercise is made at no consideration at the beginning of the period.

The Company's share options outstanding for the six months ended 30 September 2023 do not have dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares (2022: had no dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares for the six months ended 30 September 2022).

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer and equipment HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>					
At 1 April 2022	3,998	2,058	387	3,550	9,993
Additions	–	–	–	–	–
Written off	–	–	–	–	–
At 31 March 2023, 1 April 2023 and 30 September 2023 (Unaudited)	3,998	2,058	387	3,550	9,993
<b>Accumulated depreciation:</b>					
At 1 April 2022	3,773	1,946	333	1,133	7,185
Provided for the year	112	64	34	710	920
Written off	–	–	–	–	–
At 31 March 2023 and 1 April 2023 Provided for the period	3,885 56	2,010 18	367 9	1,843 356	8,105 439
At 30 September 2023 (Unaudited)	3,941	2,028	376	2,199	8,544
<b>Net carrying amount:</b>					
At 30 September 2023 (Unaudited)	57	30	11	1,351	1,449
At 31 March 2023 (Audited)	113	48	20	1,707	1,888

## 12. INVESTMENT IN LIFE INSURANCE POLICY

During the year ended 31 March 2022, the Group entered into a life insurance policy with an insurance company to insure one of the directors of the Company. The Group has paid the total insurance premium with an aggregate amount of US\$502,907 (equivalent to approximately HK\$3,923,000) at the inception of the insurance policy. The Group can terminate the policy at any time after one year from the inception date and receive back the money based on the surrender value of the contract at the date of withdrawal, which is determined by the insurance premium of the insurance policy plus the accumulated interest earned and minus the insurance costs ("Surrender Value"). In addition, if the withdrawal is made between the first and eighteenth policy years, there is a special amount of surrender charge by the insurance company. The insurance company will declare a guaranteed fixed interest of 4.25% per annum plus a premium determined by the insurance company on the outstanding Surrender Value of the contract of the first year. Commencing from the second year, the guaranteed interest will be reduced to 2% per annum.

During the six months ended 30 September 2023, approximately HK\$93,000 (2022: HK\$55,000) in respect of the gain on fair value change of investment in life insurance policy was recognised as part of "other income and gains or losses, net".

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 12. INVESTMENT IN LIFE INSURANCE POLICY (Continued)

As at 30 September 2023, the carrying amount of the investment in life insurance policy was approximately HK\$3,560,000 (31 March 2023: HK\$3,467,000) and pledged to a bank for securing bank facilities granted to the Group.

The fair value of the investment in a life insurance policy is under level 2 of the fair value hierarchy, which is determined by reference to the insurance company provided surrender cash value of the life insurance policy at the end of the reporting period, together with the guaranteed interest as mentioned above.

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

Financial assets at fair value through profit or loss as at 30 September 2023 and 31 March 2023 represented securities and bonds listed in Hong Kong, Amsterdam, France, Italy, Germany, Sweden, Japan and the United States. Fair value of the listed securities and bonds has been determined by reference to their quoted bid prices at the reporting date in active markets and inactive markets.

## 14. ACCOUNTS RECEIVABLE

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
	Notes		
Accounts receivable arising from			
– Securities margin financing services	(i)	107,206	127,712
– Securities dealing and brokerage services from the clearing house		579	–
– Corporate advisory and other services	(ii)	19,519	9,470
– Asset management services		420	420
Accounts receivable from brokers		6,761	5
		<b>134,485</b>	137,607

Notes:

- (i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime Rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 30 September 2023 and 31 March 2023 were approximately HK\$355,746,000 and HK\$536,950,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge securities in securities account in the absence of default by margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities margin financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 30 September 2023 and 31 March 2023, the Group had a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 59.1% of total accounts receivable from margin clients at 30 September 2023 (31 March 2023: 54.0%).

The Group has no credit terms for its margin clients.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 14. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(i) (Continued)

Details of margin loan granted to Mr. Mui Ho Cheung Gary ("Mr. Mui"), a director of the Company, are as follows:

Name of the director	Outstanding balance at the beginning of the period/year HK\$'000	Outstanding balance at the end of the period/year HK\$'000	Maximum outstanding balance during the period/year HK\$'000	Margin finance facilities approved HK\$'000
At 30 September 2023 (Unaudited)				
Mr. Mui	1,408	1,471	1,471	3,000
At 31 March 2023 (Audited)				
Mr. Mui	1,297	1,408	1,408	3,000

The margin finance facilities granted to Mr. Mui were secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(ii) In respect of accounts receivable arising from corporate advisory and other services and asset management services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Less than 30 days	16,686	4,186
31–90 days	1,058	242
91–365 days	2,195	5,290
Over 365 days	–	172
	<b>19,939</b>	<b>9,890</b>

Movements in the provision for impairment of accounts receivable are as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Opening balance	10,605	15,308
Impairment loss recognised	11,120	2,583
Written off	(450)	(7,286)
Closing balance	<b>21,275</b>	<b>10,605</b>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Other receivables	2,216	2,514
Deposits	1,767	1,766
Prepayments	400	445
	<b>4,383</b>	<b>4,725</b>
<b>Non-current portion</b>		
Deposits	(230)	(916)
Prepayments	(211)	(218)
	<b>(441)</b>	<b>(1,134)</b>
<b>Current portion</b>	<b>3,942</b>	<b>3,591</b>

## 16. PLEDGED BANK DEPOSIT

As at 30 September 2023 and 31 March 2023, HK\$10,008,000 was pledged to a bank for securing bank facilities granted to the Group. The deposit carried interests at 0.35% per annum for the six months ended 30 September 2023 (31 March 2023: 0.35% per annum).

## 17. CASH AND BANK BALANCES – HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated client accounts with a recognised institution to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances – held on behalf of customers under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable (note 19) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated clients account balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

## 18. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 19. ACCOUNTS PAYABLE

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services	(i)		
– Cash clients		27,582	32,160
– Margin clients		18,439	13,742
– Clearing house		–	1,788
Amounts due to broker	(ii)	7,241	9,411
		<b>53,262</b>	<b>57,101</b>

Notes:

- (i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities dealing and brokerage services.

As at 30 September 2023, included in accounts payable arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$41,189,000 (31 March 2023: HK\$36,636,000) payable to clients in respect of segregated account balances received and held for clients in the course of the conduct of regulated activities.

- (ii) As at 30 September 2023, amounts due to brokers are secured by securities of the Group with amount of approximately HK\$26,860,000 (31 March 2023: HK\$28,902,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK\$17,524,000 from margin financing facilities as at 30 September 2023 (31 March 2023: HK\$9,118,000).

## 20. ACCRUALS AND OTHER PAYABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Accruals	11,730	2,800
Other payables	1,767	2,305
	<b>13,497</b>	<b>5,105</b>

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 21. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES

Lego Funds SPC Limited was incorporated in the Cayman Islands under the Companies Law as a segregated portfolio company with limited liability on 14 February 2019. Lego Vision Fund SP (the "Investment") is a segregated portfolio under Lego Funds SPC Limited with initially subscription date on 28 March 2019 and launched on 1 April 2019.

As at 30 September 2023, approximately 28,807 shares and 37,498 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 43.4% and 56.6% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$4,570,000 (equivalent to approximately HK\$35,616,000), respectively.

As at 31 March 2023, approximately 28,807 shares and 37,498 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 43.4% and 56.6% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$4,570,000 (equivalent to approximately HK\$35,616,000), respectively.

The Group invested in the Investment with primary objectives for capital appreciation, investment gains and selling in the near future for profit. The Investment is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the Investment. Among the Investment held by the Group, where the Group is directly or indirectly involved as an investment manager and also as an investor, the Group regularly assesses and determines whether:

- (i) the Group is acting as an agent or a principal in the Investment;
- (ii) substantive removal rights held by other parties may remove the Group as an investment manager; and
- (iii) the Investment interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns from activities of the assets management products that is of such significance that indicates the Group is a principal.

In the opinion of the directors, the variable returns that the Group is exposed to with respect to the Investment are significant and the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did consolidate the Investment.

As at 30 September 2023, total assets and total liabilities (excluding other parties' interest as stated below) of the Investment, were approximately HK\$16,469,000 and HK\$3,854,000 (31 March 2023: HK\$18,208,000 and HK\$4,746,000), respectively.

As at 30 September 2023, other parties' interests in the Investment consist of other redeemable participating shareholders' interests in the Investment which are reflected as a liability at approximately HK\$16,420,000 (31 March 2023: HK\$17,523,000) because they can be put back to the Group for cash. The realisation of net assets in the Investment attributable to other parties cannot be predicted with accuracy because the realisation is subject to the actions of other parties.

For the six months ended 30 September 2023 and 2022, share of investment returns related to interests in consolidated investment held by other redeemable participating shareholders of approximately HK\$1,104,000 and HK\$12,730,000 loss was included in "other income and gains or losses, net", respectively.



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 22. CONVERTIBLE BONDS

On 12 October 2018, a subsidiary of the Group, Lohas Holdings Limited (“Lohas Holdings”) issued convertible bonds at its face value at US\$250,000 to WS International Limited (a shareholder of Lohas Holdings). WS International Limited is an independent third party to the Group.

The convertible bonds are denominated in US\$, unsecured, bear no interest and was matured on 31 December 2022. The convertible bonds shall be converted into Lohas Holdings’ share at consideration of the latest consolidated net asset value per share of Lohas Holdings upon the conversion request at any time before the maturity date. No redemption is allowed before the maturity date. All of the convertible bonds shall be automatically converted into Lohas Holdings’ shares immediately before the maturity date if such convertible bonds have not been converted.

At the date the Group acquired Lohas Holdings, there were outstanding convertible bonds with principal amount of US\$150,000 (equivalent to approximately HK\$1,170,000).

On 31 December 2022, Lohas Holdings and WS International Limited entered into the 1st Deed of Amendment to further extend the maturity date of the remaining outstanding convertible bonds to 31 December 2024 and amend certain terms, including amendments to maturity date, certain amendments regarding the undertaking given by Lohas Holdings to WS International Limited. Save as amended and supplemented by the 1st Deed of Amendments, all other terms and conditions of the subscription agreement signed on 12 October 2018 shall remain in full force and effect.

Under the 1st Deed of Amendment, the parties thereto agreed to, amongst others, the following principal amendments:

the maturity date of the convertible bonds will be changed from the date falling 24 months from the original maturity date, upon the 1st Deed of Amendment of the convertible bonds. The conversion period will accordingly be extended for 24 months to 31 December 2024.

No convertible bonds was converted during the six months ended 30 September 2023 and 2022. The convertible bonds are classified as derivative financial instruments and stated at fair value.

## 23. BANK BORROWINGS

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Current – Secured		
Bank loans due for repayment within one year	24,714	24,788

Bank loans are secured by the Group’s bank deposits amounted to HK\$10,008,000 (31 March 2023: HK\$10,008,000) (note 16) and investment in life insurance policy amounted to HK\$3,560,000 (31 March 2023: HK\$3,467,000) (note 12), guaranteed by the Company with unlimited amount and a letter of undertaking granted by a director of the Company.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 24. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
At 1 April 2022, 31 March 2023, 1 April 2023 and 30 September 2023	405,962,965	4,060

## 25. SHARE-BASED PAYMENT TRANSACTIONS

### (a) Pre-IPO Share Option Scheme

The Group operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") in order to motivate and retain key staff of the Group for the operation and development of the Group. Eligible participants of the Pre-IPO Share Option Scheme include the Group's directors (excluding independent non-executive directors) and employees. The Pre-IPO Share Option Scheme was conditionally adopted on 6 March 2019 and, unless otherwise cancelled or amended, will remain in force until 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme.

On 6 March 2019, the Group conditionally granted 33,041,054 options to 44 grantees to subscribe for an aggregate of 33,041,054 shares under the Pre-IPO Share Option Scheme for a consideration of HK\$1 per grant.

An option shall vest unto a grantee and may be exercised in whole or in part by the grantee at HK\$0.6 per Share during the option period (the "Option Period"), being a period commencing from the Listing Date and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (a) Pre-IPO Share Option Scheme *(Continued)*

- (c) the remaining shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 shares, representing not more than 40% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

The estimated fair value of the options granted on the grant date is approximately HK\$9,037,000.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 6 March 2019:

Risk-free Rate (Continuous rate)	1.69%
Share Value as at the Appraisal Date	HK\$0.46 per share
Exercise Price	HK\$0.60
Expected Tenor	8 years
Volatility	60.84%
Dividend Yield	0.00%

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Hong Kong Appraisal Advisory Limited, who is independent to the Group.

During the six months ended 30 September 2023, no expense is recognised in relation to share options granted for the Group (2022: nil).

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (a) Pre-IPO Share Option Scheme *(Continued)*

Movements in the number of share options are as follows:

	Outstanding at 1 April 2023	Exercised during the period (note (i))	Lapsed during the period	Outstanding at 30 September 2023 (note (ii))
<b>Directors</b>				
Mr. Mui	2,858,070	–	–	2,858,070
Mr. Liu Chi Wai (“Mr. Liu”)	1,039,298	–	–	1,039,298
Mr. Ng Siu Hin Stanley (“Mr. Ng”)	1,039,298	–	–	1,039,298
Ms. Ho Sze Man Kristie (“Ms. Ho”)	1,039,298	–	–	1,039,298
Mr. Tang Chun Fai Billy (“Mr. Tang”)	389,737	–	–	389,737
	6,365,701	–	–	6,365,701
<b>Employees</b>	1,883,724	–	(64,956)	1,818,768
	8,249,425	–	(64,956)	8,184,469

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (a) Pre-IPO Share Option Scheme (Continued)

	Outstanding at 1 April 2022	Exercised during the period (note (i))	Lapsed during the year	Outstanding at 31 March 2023 (note (ii))
<b>Directors</b>				
Mr. Mui	4,763,452	–	(1,905,382)	2,858,070
Mr. Liu	1,732,165	–	(692,867)	1,039,298
Mr. Ng	1,732,165	–	(692,867)	1,039,298
Ms. Ho	1,732,165	–	(692,867)	1,039,298
Mr. Tang	909,387	–	(519,650)	389,737
	10,869,334	–	(4,503,633)	6,365,701
<b>Employees</b>	5,911,021	–	(4,027,297)	1,883,724
	16,780,355	–	(8,530,930)	8,249,425

Notes:

- (i) No share options were exercised during the six months ended 30 September 2023 (31 March 2023: nil).
- (ii) Exercisable share options and weighted average exercise prices are as follows:

	30 September 2023		31 March 2023	
	Number of exercisable share options	Weighted average exercise price	Number of exercisable share options	Weighted average exercise price
Balance at the beginning of the period/year	8,249,425	HK\$0.6	16,780,355	HK\$0.6
Vested during the period/year	–	N/A	–	N/A
Exercised during the period/year	–	N/A	–	N/A
Lapsed during the period/year	(64,956)	HK\$0.6	(8,530,930)	HK\$0.6
Balance at the end of the period/year	8,184,469	HK\$0.6	8,249,425	HK\$0.6

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (b) Share Option Scheme

On 10 September 2019, pursuant to a written resolution passed by the shareholders of the Company, the Company has adopted a share option scheme (the "Scheme"), which is effective from the Listing Date (i.e. 30 September 2019).

The purpose of the Scheme is to enable to the board of directors to grant option to eligible persons (including employees or other eligible persons) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Subject to the provisions in the Scheme, the directors of the Company may at any time and from time to time within a period of 10 years period commencing from the date of adoption of the Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at a consideration of HK\$1 per option, to grant option to any eligible persons as defined in the Scheme (the "Eligible Person(s)").

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 shares, being 10% of the total number of shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the shareholders. Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the Scheme Limit. Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time (the "Participant Limit"), unless relevant exception conditions were met.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### **(b) Share Option Scheme** *(Continued)*

The offer of a grant of share options may be accepted by an eligible person (in whole or in part) within the date not later than 21 days inclusive of, and from, the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme or after the termination of the Scheme, and no such offer may be accepted by a person who ceases to be an eligible person after the offer has been made. An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the eligible person, together with the payment of nominal consideration of HK\$1 per option by the grantee.

The option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the board of directors to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the board of directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the board of directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the board of directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the board of directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

On 1 April 2021, options to subscribe 4,000,000 ordinary shares were granted to a director of the Company. The share options vest immediately as the grantee is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

The estimated fair value of the options granted on the grant date is approximately HK\$670,000.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (b) Share Option Scheme *(Continued)*

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 1 April 2021:

Risk-free Rate (Continuous rate)	1.46%
Share Value as at the Valuation Date	HK\$0.285 per share
Initial Exercise Price	HK\$0.285
Vesting Period	Nil
Expected Tenor	10 years
Expected Volatility	110.38%
Expected Dividend Yield	0.00%
Early Exercise Multiple	2.47

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Vincorn Consulting and Appraisal Limited, who is independent to the Group.

On 14 July 2022, options to subscribe 4,000,000 ordinary shares were granted to a director of the Company. The share options vest immediately as the grantee is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. The Company recognised the services provided in full at the date of grant.

The estimated fair value of the options granted on the grant date is approximately HK\$404,000.



# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### (b) Share Option Scheme *(Continued)*

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 14 July 2022:

Risk-free Rate (Continuous rate)	3.02%
Share Value as at the Valuation Date	HK\$0.168 per share
Initial Exercise Price	HK\$0.17
Vesting Period	Nil
Expected Tenor	10 years
Expected Volatility	90.29%
Expected Dividend Yield	0.00%
Early Exercise Multiple	2.47

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Vincorn Consulting and Appraisal Limited, who is independent to the Group.

For the six months ended 30 September 2023, no expense is recognised in relation to share options granted for the Group (2022: HK\$404,000).

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 25. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

### (b) Share Option Scheme (Continued)

Movements in the number of share options are as follows:

	Outstanding at 1 April 2023	Exercised during the period (note (i))	Granted during the period	Outstanding at 30 September 2023 (note (ii))
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#### Director

Mr. Mui	8,000,000	–	–	8,000,000
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	Outstanding at 1 April 2022	Exercised during the period (note (i))	Granted during the period	Outstanding at 31 March 2023 (note (ii))
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#### Director

Mr. Mui	4,000,000	–	4,000,000	8,000,000
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Notes:

(i) No share options were exercised during the six months ended 30 September 2023 and year ended 31 March 2023.

(ii) Exercisable share options and weighted average exercise prices are as follows:

	30 September 2023		31 March 2023	
	Number of exercisable share options	Weighted average exercise price	Number of exercisable share options	Weighted average exercise price
Balance at the beginning of the period/year	8,000,000	HK\$0.228	4,000,000	HK\$0.285
Granted during the period/year	–	N/A	4,000,000	HK\$0.170
Exercised during the period/year	–	N/A	–	N/A
Lapsed during the period/year	–	N/A	–	N/A
Balance at the end of the period/year	8,000,000	HK\$0.228	8,000,000	HK\$0.228

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 26. FINANCIAL INSTRUMENTS

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
<b>Financial assets at amortised cost</b>		
Accounts receivable	134,485	137,607
Other receivables and deposits	3,983	4,280
Pledged bank deposit	10,008	10,008
Cash and bank balances – held on behalf of customers	41,189	36,636
Cash and bank balances	42,915	21,038
	<b>232,580</b>	209,569
<b>Financial assets at fair value through profit or loss</b>		
Listed securities	27,951	29,147
Listed bonds	1,852	11,013
	<b>29,803</b>	40,160
	<b>262,383</b>	249,729
<b>Financial liabilities at amortised cost</b>		
Accounts payable	53,262	57,101
Accruals and other payables	13,497	5,105
Other financial liabilities	16,420	17,523
Bank borrowings	24,714	24,788
	<b>107,893</b>	104,517
<b>Financial liabilities at fair value through profit or loss</b>		
Convertible bonds	1,170	1,170
<b>Lease liabilities</b>	<b>2,732</b>	5,350
	<b>111,795</b>	111,037

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 26. FINANCIAL INSTRUMENTS *(Continued)*

### Fair value measurement

A number of assets and liabilities included in these condensed consolidated interim financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

#### (a) Financial instruments not measured at fair value

At 30 September 2023 and 31 March 2023, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of cash and bank balances, pledged bank deposit, accounts receivable, other receivables and deposits, accounts payable, accruals and other payables, other financial liabilities, lease liabilities and bank borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 26. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### (b) Financial instruments measured at fair value

The financial assets and financial liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 30 September 2023 (Unaudited)</b>				
Financial assets at fair value through profit or loss				
– Listed securities	27,951	–	–	27,951
– Listed bonds	–	1,852	–	1,852
	<b>27,951</b>	<b>1,852</b>	–	<b>29,803</b>
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	–	1,170	1,170
<b>At 31 March 2023 (Audited)</b>				
Financial assets at fair value through profit or loss				
– Listed securities	29,147	–	–	29,147
– Listed bonds	–	11,013	–	11,013
	<b>29,147</b>	<b>11,013</b>	–	<b>40,160</b>
Financial liabilities at fair value through profit or loss				
– Convertible bonds	–	–	1,170	1,170

The level in the fair value hierarchy within which the financial assets are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. Transfers of items between levels are recognised in the period they occur. During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (31 March 2023: nil).

The methods and valuation techniques used for the purpose of measuring fair value are unchanged for the reporting period.

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 26. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurement (Continued)

#### (b) Financial instruments measured at fair value (Continued)

##### Information about level 1 fair value measurements

Financial instruments which value are based on quoted market prices in active markets, and are therefore classified within level 1, include listed shares denominated in HK\$, EUR, SEK, JPY and US\$ classified as financial assets at FVTPL as at 30 September 2023 and 31 March 2023.

A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### Information about level 2 fair value measurements

Financial instruments that are not traded in active markets but are valued based on quoted market prices, dealer quotations or alternative pricing sources from brokers supported by observable inputs are classified within level 2. Level 2 instruments include listed bonds denominated in US\$ classified as financial assets at FVTPL as at 30 September 2023 and 31 March 2023. As the securities were trade in markets that are not considered to be active, the valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

##### Information about level 3 fair value measurements

##### Convertible bonds

The fair value of convertible bonds is determined by applying cost approach, based on the unaudited consolidated financial statements of Lohas Holdings. The valuation takes account of the terms and conditions of convertible bonds and the outstanding amount of convertible bonds.

A reconciliation of the opening and closing fair value balance is provided below.

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Opening and closing balance	1,170	1,170

# Notes to Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 September 2023

## 27. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated interim financial statements, the Group also had the following significant related party transactions during the reporting period:

### (a) Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Directors' fees	270	270
Salaries, allowances and other benefits	13,500	12,279
Equity settled share-based payment expenses	–	404
Contributions to retirement benefits schemes	45	45
	<b>13,815</b>	<b>12,998</b>

### (b) Related party transactions

Name of related parties	Nature of transactions	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Mr. Mui	Brokerage and other income	63	53

The above transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

## 28. CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (31 March 2023: nil).

## 29. EVENT AFTER THE REPORTING PERIOD

Save for the disclosure made in this report, there is no material subsequent event undertaken by the Group after 30 September 2023 and up to the date of this report.