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Huasheng International Holding Limited

華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Director(s)**”) of Huasheng International Holding Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Interim Period**”).

BUSINESS AND FINANCIAL REVIEW

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

During the Interim Period, no segment business was disposed of while disposal of digital technology business and coal business were completed during the corresponding period in 2020. For education business, completion of its disposal took place on 31 March 2021 and its performance have been represented as if the operations were discontinued during the six months ended 30 September 2020.

Details of the above mentioned disposals are set out in Notes 11 and 29 to the unaudited condensed consolidated financial statements of this announcement.

For the Interim Period, the Group recorded a net profit attributable to the owners of the Company of approximately HK\$21.3 million (six months ended 30 September 2020: approximately HK\$9.5 million).

CONTINUING OPERATIONS

Revenue

The Group's revenue from continuing operations decreased by approximately HK\$96.6 million or 19.4% from approximately HK\$499.1 million (restated) for the six months ended 30 September 2020 to approximately HK\$402.5 million for the Interim Period.

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the Interim Period, with comparative figures for the corresponding period in 2020:

	Six months ended 30 September			
	2021 HK\$'000 (unaudited)	2021 %	2020 HK\$'000 (unaudited) (restated)	2020 %
By segment:				
Concrete Business	354,516	88.1	456,233	91.4
Household Consumables Business	30,391	7.5	25,286	5.1
Money Lending Business	17,551	4.4	17,547	3.5
Total	<u>402,458</u>	<u>100.0</u>	<u>499,066</u>	<u>100.0</u>
By geographical location:				
The People's Republic of China (the "PRC")	354,516	88.1	456,233	91.4
Hong Kong	17,551	4.4	17,547	3.5
United Kingdom (the "UK")	30,391	7.5	25,286	5.1
Total	<u>402,458</u>	<u>100.0</u>	<u>499,066</u>	<u>100.0</u>

During the Interim Period, revenue from Concrete Business accounts for approximately 88.1% of the Group's total revenue from continuing operations, taking the lead in all businesses of the Group. Revenue from Concrete Business decreased by approximately HK\$101.7 million or 22.3% from approximately HK\$456.2 million for the six months ended 30 September 2020 to approximately HK\$354.5 million for the Interim Period was mainly due to the combined effect of (i) decrease in sales volume due to minor setback of real estate development in Hainan Province; and (ii) increase in average selling price of concrete.

The Group's revenue from Household Consumables Business increased by approximately HK\$5.1 million or 20.2% from approximately HK\$25.3 million for the six months ended 30 September 2020 to approximately HK\$30.4 million for the Interim Period was mainly due to increase in sales volume of household consumables products in the UK. The local epidemic was under controlled and the ease of lockdown restrictions in the UK favoured the local retail business as compared with the stagnated economy due to the lockdown measures were imposed by the government during April to May 2020.

Revenue from Money Lending Business remained constant for both six months ended 30 September 2021 and 2020 resulted in approximately HK\$17.6 million. The average gross loan portfolio to customers for the six months ended 30 September 2021 was approximately HK\$261.0 million.

Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the Interim Period, with comparative figures for the corresponding period in 2020:

	Six months ended 30 September			
	2021 HK\$'000 (unaudited)	2021 GP %	2020 HK\$'000 (unaudited) (restated)	2020 GP %
By segment:				
Concrete Business	68,171	19.2	73,849	16.2
Household Consumables Business	6,282	20.7	4,992	19.7
Money Lending Business	17,551	100.0	17,547	100.0
Overall	<u>92,004</u>	22.9	<u>96,388</u>	19.3

Gross profit from continuing operations decreased by approximately HK\$4.4 million or 4.5% from approximately HK\$96.4 million for the six months ended 30 September 2020 to approximately HK\$92.0 million for the Interim Period. The decrease in gross profit was primarily driven by lower of sales volume from the Concrete Business as the set back on the progress of several on-going construction projects of the Group's customers and the number of available construction projects in the industry.

However, the Group's gross profit margin for Concrete Business increased from approximately 16.2% for the six months ended 30 September 2020 to approximately 19.2% for the Interim Period which was mainly due to the Group continued to strengthen basic management, reduce cost, increase the operating efficiency and increase in the average selling price of ready-mixed concrete.

The Group's gross profit margin for Household Consumables Business slightly increased from approximately 19.7% for the six months ended 30 September 2020 to approximately 20.7% for the Interim Period.

The gross profit margin for Money Lending Business remains 100% for both six months ended 30 September 2021 and 2020 which continue to contribute a positive impact to the Group's gross profit margin.

Other Gains and Losses, Net

Other gains and losses, net from continuing operations for the Interim Period mainly comprise of impairment loss on trade, retention and other receivables approximately HK\$6.5 million; loss on disposal of property, plant and equipment of approximately HK\$1.7 million; and the gain on disposal of subsidiaries of approximately HK\$9.7 million.

The Group resulted in a net other gains amounted to approximately HK\$3.1 million during the Interim Period, turnaround from a net other losses amounted to approximately HK\$4.8 million for the corresponding period in 2020 mainly due to the combined effect of (i) increase in impairment loss on trade, retention and other receivables by approximately HK\$5.7 million; (ii) fair value gains on investments at fair value through profit or loss ("FVTPL") of approximately HK\$2.1 million; and (iii) gain on disposal of subsidiaries amounted to approximately HK\$9.7 million.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, staff cost for distribution and commission paid to sales agents. Selling and distribution expenses decreased by approximately HK\$5.0 million or 11.8% for the Interim Period as compared with the corresponding period in 2020 primarily due to the proactive effort of the Group in cost control and the increase in the operation efficiency.

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fee, consultancy fee and depreciation charge for owned assets and right-of-use assets. Administrative expenses decreased by approximately HK\$3.3 million or 10.5% from approximately HK\$31.1 million for the six months ended 30 September 2020 to approximately HK\$27.8 million for the Interim Period, which was mainly resulted from the decrease in staff cost by approximately HK\$1.5 million.

Finance Costs

Finance costs from continuing operations mainly consist of interest expenses on bonds payable, promissory notes, borrowings and lease liabilities. The finance costs decreased by approximately HK\$10.3 million or 46.9% from approximately HK\$21.9 million for the six months ended 30 September 2020 to approximately HK\$11.6 million for the Interim Period mainly due to nil finance costs incurred for the convertible bonds as all the outstanding convertible bonds had been fully settled in November 2020.

Profit (Loss) before Income Tax

The Group recorded a profit before income tax from continuing operations of approximately HK\$21.3 million for the Interim Period as compared to a loss of approximately HK\$0.7 million during the corresponding period in 2020. The turnaround performance was mainly due to the combined effect of increase in gross profit of approximately HK\$1.3 million from the Household Consumables Business; decrease in finance costs of approximately HK\$10.3 million as the Group had fully settled the convertible bonds during the year ended 31 March 2021; and the gain on disposal of subsidiaries of approximately HK\$9.7 million during the Interim Period.

Income Tax Credit (Expense)

The Group recorded income tax credit from continuing operations of approximately HK\$0.1 million during the Interim Period as compared to an income tax expense approximately HK\$4.5 million during the six months ended 30 September 2020. The turnaround was mainly due to the recognition of over-provision of profit tax for the PRC subsidiary in prior years. There was no significant change in applicable tax rates of the Company's subsidiaries during the Interim Period.

Impairments

The management performs regular review on the carrying values of the Group's business units to determine any potential impairment loss. During the Interim Period, no impairment loss on goodwill and other intangible assets was recognised. The management assessed the recoverable amount of each of the individual business unit based on a value-in-use calculation with reference to professional valuation performed by independent professional appraisal firm. Details of the impairment testing on other intangible assets and goodwill are set out in Note 17 to the unaudited condensed consolidated financial statements of this announcement.

Total Comprehensive Income for the Period Attributable to Owners of the Company

The total comprehensive income for the period attributable to owners of the Company amounted to approximately HK\$26.2 million for the Interim Period as compared to approximately HK\$23.9 million for the six months ended 30 September 2020.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 September 2021, the Group had indebtedness comprising promissory notes, bonds payable and borrowings amounted to approximately HK\$348.9 million (31 March 2021: approximately HK\$343.3 million).

As at 30 September 2021, the Group had cash and cash equivalents of approximately HK\$98.5 million (31 March 2021: approximately HK\$110.1 million) which were mainly denominated in Hong Kong Dollar (“**HK\$**”), Renminbi (“**RMB**”), Great British Pound (“**GBP**”) and United States Dollar (“**US\$**”).

The Group’s current ratio as at 30 September 2021, calculated based on current assets over current liabilities, was 2.3 (31 March 2021: 2.6), reflecting the abundance of financial resources. The gearing ratio as at 30 September 2021 was 37.3% (31 March 2021: 37.4%), calculated based on the total debts of approximately HK\$348.9 million (31 March 2021: approximately HK\$343.3 million) over shareholders’ equity of approximately HK\$934.9 million (31 March 2021: approximately HK\$919.2 million).

CAPITAL STRUCTURE

(A) Share Capital

As at 30 September 2021, the Company has 3,499,098,293 ordinary shares (31 March 2021: 3,499,098,293 ordinary shares) in issue with total shareholders’ equity of the Group amounted to approximately HK\$934.9 million (31 March 2021: HK\$919.2 million). There was no change in the share capital structure of the Company during the Interim Period.

(B) Promissory Notes

Summary of the promissory notes movement during the Interim Period are as follows:

Date of issue	Maturity date	Interest rate per annum	Principal amount (HK\$)		
			As at 31.3.2021	Redeemed during the period	As at 30.9.2021
6 January 2020 ¹	6 January 2023	2%	<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>

Note:

- The promissory notes were issue as part of the consideration for the acquisition of the remaining 80% issued share capital of Alpha Youth Limited.

(C) Bonds Payable

On 10 March 2021, the Company issued a seven-year corporate bonds with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bonds. The corporate bond is unsecured and is denominated in US\$. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears. Further details are set out in Note 25 to the unaudited condensed consolidated financial statements of this announcement.

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

CURRENCY AND INTEREST RATE EXPOSURE

Most of the transactions of the Group are denominated in HK\$, RMB, GBP and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB, GBP and US\$ to HK\$, it adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. As at 30 September 2021, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

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

CHARGE ON ASSETS

As at 30 September 2021 and 31 March 2021, the Group has charged assets as security for borrowings. The details are set out in Note 31 to the unaudited condensed consolidated financial statements of this announcement.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (31 March 2021: Nil).

CAPITAL COMMITMENT

As at 30 September 2021, the Group had the following commitments:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Capital commitment contracted but not provided for:		
Limited partnership interest	<u>35,146</u>	<u>46,163</u>

OPERATING LEASE COMMITMENTS

The Group as Lessor

As at 30 September 2021, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Within one year	242	161
In the second to fifth years, inclusive	138	217
	380	378

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2021, the Group employed a total of 244 employees (30 September 2020: 271). During the Interim Period, staff costs, including directors' emoluments from continuing operations amounted to approximately HK\$22.9 million (30 September 2020: approximately HK\$24.4 million (restated)).

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

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

PROSPECTS

Currently, uncertainties in the global economy remain high, and the threat of mutating viruses is also slowing down the pace of world's economic recovery. In response to the complex and ever-changing business environment, the Group's Concrete Business has demonstrated its financial stability and resilience and continue contributed a strong and stable revenue to the Group. The Group is confident that Concrete Business will continue to act as the main growth driver to sustain profitability of the Group in the long-term. The Group will continue to expand the market share of Concrete Business in Hainan Province to provide quality products to customers, secure better results and increase shareholders' return in forthcoming years.

Concrete Business

Concrete Business has been the main growth driver of the Group since 2020. With the strong demand for concrete in Hainan Province and with the positive supportive local development policy implemented by the local government, together with good relationship between the suppliers and the signed framework agreements with the customers, the Group believes the future demand of concrete is secured with a stable supply of raw materials for production of concrete.

Household Consumables Business

With the rollouts of vaccination programs and coronavirus restrictions are further lifted in the UK, Household Consumables Business recorded a slight increase in both revenue and the gross profit margin compared with last corresponding period. The Group believes that the performance of Household Consumables Business would recover ahead in coming future. The Group is currently identifying appropriate permanent site, to support the future growth of this segment.

Money Lending Business

Money Lending Business continues to contribute a stable and favorable income stream to the Group. Money Lending Business is one of the third-tier licensed money lenders in Hong Kong, with the growing money lender market in Hong Kong, the Group is a small but resilient market player in the industry relying on the stringent and continuous risk assessment procedures. Additional money lenders licensing conditions have been implemented by the Companies Registry. Some of our competitors with fewer resources might leave the market due to the tightened regulatory measures. With the decrease in competition, the Group is optimistic on the continual profitability in this segment. The Group will continue to develop this business under prudent credit control procedures and strategies to balance between business growth and risk management.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

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

Code provision A.2.1

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company had made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Interim Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out as follows:

Long position in the shares of the Company

Name of Directors	Capacity	Total number of shares held	Approximate percentage of shareholding in the Company <i>(Note 2)</i>
Mr. Wong Wai Sing <i>(Note 1)</i>	Beneficial owner and interest of a controlled corporation	487,400,000	13.93%
Mr. Chan Kin Lung	Beneficial owner	10,000,000	0.28%

Notes:

1. Mr. Wong Wai Sing holds 22,694,000 shares in personal capacity. He also beneficially owned the entire issued share capital of Twin Star Global Limited, which is interested in 464,706,000 shares of the Company.
2. As at 30 September 2021, the number of issued shares was 3,499,098,293.

Save as disclosed above, as at 30 September 2021, none of the Directors and chief executive of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company, or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company (Note 2)
Twin Star Global Limited (Note 1)	Beneficial owner	464,706,000	13.28%
Mr. Zhou Feng Tang ("Mr. Zhou")	Beneficial owner	320,000,000	9.14%

Notes:

1. Twin Star Global Limited is wholly owned by Mr. Wong Wai Sing, the chairman of the Board and an executive Director. Accordingly, Mr. Wong Wai Sing is deemed to be interested in the shares held by Twin Star Global Limited.
2. As at 30 September 2021, the number of issued shares was 3,499,098,293.

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 September 2021.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 26 February 2015 for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries. Detailed terms of the share option scheme were disclosed in pages 33 to 35 and 130 of the annual report 2020/21 of the Company.

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividends for the Interim Period (six months ended 30 September 2020: Nil).

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited) (restated)
Continuing operations			
Revenue	5	402,458	499,066
Cost of sales		<u>(310,454)</u>	<u>(402,678)</u>
Gross profit		92,004	96,388
Other income		2,535	2,620
Other gains and losses, net	6	3,140	(4,801)
Selling and distribution expenses		(37,006)	(41,958)
Administrative expenses		(27,798)	(31,063)
Finance costs	7	<u>(11,621)</u>	<u>(21,882)</u>
Profit (Loss) before income tax from continuing operations		21,254	(696)
Income tax credit (expense)	8	<u>89</u>	<u>(4,454)</u>
Profit (Loss) for the period from continuing operations	9	<u><u>21,343</u></u>	<u><u>(5,150)</u></u>
Discontinued operations			
Profit for the period from discontinued operations	11	<u><u>–</u></u>	<u><u>14,606</u></u>
Profit for the period		<u><u>21,343</u></u>	<u><u>9,456</u></u>
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation		<u>4,164</u>	<u>14,558</u>
Items that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		<u>719</u>	<u>(160)</u>

	Six months ended	
	30 September	
	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(restated)
Other comprehensive income (loss) for the period, net of income tax	<u>4,883</u>	<u>14,398</u>
Total comprehensive income for the period, net of income tax	<u>26,226</u>	<u>23,854</u>
Profit (Loss) for the period attributable to:		
Owners of the Company	21,343	9,460
Non-controlling interests	<u>–</u>	<u>(4)</u>
	<u>21,343</u>	<u>9,456</u>
Total comprehensive income (loss) for the period attributable to:		
Owners of the Company	26,226	23,858
Non-controlling interests	<u>–</u>	<u>(4)</u>
	<u>26,226</u>	<u>23,854</u>
Earnings (Loss) per share attributable to owners of the Company		
	<i>12</i>	
From continuing and discontinued operations		
Basic and diluted (HK cents)	<u>0.610</u>	<u>0.288</u>
From continuing operations		
Basic and diluted (HK cents)	0.610	(0.156)
From discontinued operations		
Basic and diluted (HK cents)	<u>NA</u>	<u>0.444</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Investment properties	13	4,883	4,987
Property, plant and equipment	14	62,137	68,561
Right-of-use assets	14	8,559	10,336
Other intangible assets	15	64,624	71,192
Goodwill	16	186,074	186,074
Investments at fair value through profit or loss		32,566	21,496
Retention receivables	19	85,834	73,864
Deferred tax assets		2,661	2,442
		<u>447,338</u>	<u>438,952</u>
CURRENT ASSETS			
Inventories		12,840	15,157
Loan receivables	18	245,123	250,221
Trade, retention and other receivables and prepayments	19	995,149	854,680
Promissory note receivable	20	36,000	36,000
Convertible bonds receivable	21	16,654	16,032
Investments at fair value through profit or loss		1,811	11,408
Tax recoverable		216	1,894
Bank balances and cash		98,508	110,123
		<u>1,406,301</u>	<u>1,295,515</u>
CURRENT LIABILITIES			
Trade and other payables and accruals	22	547,726	448,491
Lease liabilities		6,662	6,528
Borrowings	23	52,908	52,289
Tax payable		1,771	530
		<u>609,067</u>	<u>507,838</u>
NET CURRENT ASSETS		<u>797,234</u>	<u>787,677</u>

		At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,244,572</u>	<u>1,226,629</u>
NON-CURRENT LIABILITIES			
Lease liabilities		5,377	7,474
Borrowings	23	93,259	90,408
Promissory notes	24	46,954	44,750
Bonds payable	25	155,823	155,872
Deferred tax liabilities		<u>8,261</u>	<u>8,956</u>
		<u>309,674</u>	<u>307,460</u>
NET ASSETS		<u>934,898</u>	<u>919,169</u>
CAPITAL AND RESERVES			
Share capital	26	34,991	34,991
Reserves		<u>899,907</u>	<u>884,178</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>934,898</u>	<u>919,169</u>
TOTAL EQUITY		<u>934,898</u>	<u>919,169</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000 (Note i)	Convertible bonds equity reserve HK\$'000	Special reserve HK\$'000 (Note ii)	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note iii)	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2020 (audited)	32,748	1,559,721	49	24	678	(11,254)	(6,000)	(837,695)	738,271	(3,717)	734,554
Profit (loss) for the period	-	-	-	-	-	-	-	9,460	9,460	(4)	9,456
Other comprehensive income (loss), net of income tax:											
- Exchange differences arising on translation	-	-	-	-	-	14,558	-	-	14,558	-	14,558
- Exchange differences reclassified to profit or loss disposal of subsidiaries (Note 29)	-	-	-	-	-	(160)	-	-	(160)	-	(160)
Total comprehensive income (loss) for the period	-	-	-	-	-	14,398	-	9,460	23,858	(4)	23,854
Issue of shares upon conversion of convertible bonds	283	14,716	-	-	-	-	-	-	14,999	-	14,999
Extinguishment of the convertible bonds	-	-	-	(24)	-	-	-	24	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	3,721	3,721
Transactions with owners	283	14,716	-	(24)	-	-	-	24	14,999	3,721	18,720
At 30 September 2020 (unaudited)	<u>33,031</u>	<u>1,574,437</u>	<u>49</u>	<u>-</u>	<u>678</u>	<u>3,144</u>	<u>(6,000)</u>	<u>(828,211)</u>	<u>777,128</u>	<u>-</u>	<u>777,128</u>
At 1 April 2021 (audited)	34,991	1,688,181	49	-	678	(4,950)	(6,000)	(793,780)	919,169	-	919,169
Profit for the period	-	-	-	-	-	-	-	21,343	21,343	-	21,343
Other comprehensive income (loss), net of income tax:											
- Exchange differences arising on translation	-	-	-	-	-	4,164	-	-	4,164	-	4,164
- Exchange differences reclassified to profit or loss disposal of subsidiaries (Note 29)	-	-	-	-	-	719	-	-	719	-	719
Total comprehensive income for the period	-	-	-	-	-	4,883	-	21,343	26,226	-	26,226
Dividends approved in respect of previous year (Note 10)	-	(10,497)	-	-	-	-	-	-	(10,497)	-	(10,497)
Disposal of subsidiaries	-	-	(49)	-	-	-	-	49	-	-	-
Transactions with owners	-	(10,497)	(49)	-	-	-	-	49	(10,497)	-	(10,497)
At 30 September 2021 (unaudited)	<u>34,991</u>	<u>1,677,684</u>	<u>-</u>	<u>-</u>	<u>678</u>	<u>(67)</u>	<u>(6,000)</u>	<u>(772,388)</u>	<u>934,898</u>	<u>-</u>	<u>934,898</u>

Notes:

- (i) In accordance with the provisions of the Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore (“Two-Two-Free”), a subsidiary of the Company, is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders.
- (ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.
- (iii) The other reserves represent the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash (used in) generated from operating activities	(6,327)	72,163
Net cash generated from (used in) investing activities	3,811	(11,929)
Net cash used in financing activities	(18,773)	(41,474)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(21,289)	18,760
Cash and cash equivalents at beginning of the period	110,123	18,238
Effect of foreign exchange rate changes	9,674	5,317
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<u>98,508</u>	<u>42,315</u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u>98,508</u>	<u>42,315</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

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

The Company acts as an investment holding company. The principal activities of the Group are (i) production and sales of ready-mixed commercial concrete (“**Concrete Business**”); (ii) wholesale and retail of household consumables (“**Household Consumables Business**”); and (iii) provision of money lending services (“**Money Lending Business**”). The Group was also engaged in the businesses of (i) design and development of three-dimensional animations, augmented reality technology application and e-learning web application (“**Digital Technology Business**”); and (ii) provision of educational technology solutions through online education programs and provision of English language proficiency tests (“**Education Business**”), which were completed the disposal during the year ended 31 March 2021. Therefore they are classified as discontinued operations during the six months ended 30 September 2020. Details are disclosed in Note 11 to the unaudited condensed consolidated financial statements of this announcement. The Group suspended the operations of its coal trading business due to the uncertainty in the recovery of the trade receivables from its sole customer and it had also been disposed of during the year ended 31 March 2021.

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements (“**Interim Financial Statements**”) of the Group for the Interim Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange and in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements have been prepared on the historical cost basis except for investment properties, investments at fair value through profit or loss (“**FVTPL**”) and convertible bonds receivable which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations), the accounting policies and methods of computation used in the Interim Financial Statements are the same as those followed in the presentation of the Group’s annual financial statements for the year ended 31 March 2021 (“**Annual Report**”).

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

Certain figures in the unaudited condensed consolidated financial statements for six months ended 30 September 2020 related to discontinued operations have been reclassified and restated to conform with the current Interim Period presentation and accounting treatment.

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of new and amendments to HKFRSs

Certain new and amendments to HKFRSs have been issued. The Directors considered that the adoption of those new and amendments to HKFRSs which are effective for the accounting periods beginning on 1 April 2021 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods.

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

4. ESTIMATES

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

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

5. REVENUE AND SEGMENT INFORMATION

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

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

- Concrete Business – Production and sales of ready-mixed commercial concrete
 - Household Consumables Business – Wholesale and retail of household consumables
 - Money Lending Business – Provision of money lending services
 - Digital Technology Business – Design and development of three-dimensional animations, augmented reality technology application and e-learning web application¹ (discontinued operation)
 - Education Business – Provision of educational technology solutions through online education programs and provision of English language proficiency tests² (discontinued operation)
1. The Group completed the disposal of the entire equity interest of Sino Digital Media (Overseas) Limited, together with its subsidiaries, which carried out the whole Group's Digital Technology Business, on 27 July 2020. Accordingly, the Digital Technology Business segment was classified as a discontinued operation for the six months ended 30 September 2020. Details of which are set out in Note 11(a).
 2. The Group completed the disposal of the entire equity interest of DigiSmart (Group) Limited, together with its subsidiaries, which carried out the whole Group's Education Business, on 31 March 2021. Thus the Education Business segment has been re-presented and classified as a discontinued operation for the six months ended 30 September 2020 in order to conform to the Interim Period's presentation. Details of which are set out in Note 11(c).

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

Disaggregation of revenue from contracts with customers from continuing operations:

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Continuing operations		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	354,516	456,233
Sales of goods from Household Consumables Business	30,391	25,286
	<u>384,907</u>	<u>481,519</u>
Revenue from other source:		
Interest income from Money Lending Business	<u>17,551</u>	<u>17,547</u>
Total segment revenue	<u>402,458</u>	<u>499,066</u>
Timing of revenue recognition:		
At point in time	<u>384,907</u>	<u>481,519</u>
Revenue from contracts with customers	<u>384,907</u>	<u>481,519</u>
Geographical market:		
The People's Republic of China (the "PRC")	<u>354,516</u>	<u>456,233</u>
United Kingdom (the "UK")	<u>30,391</u>	<u>25,286</u>
Revenue from contracts with customers	<u>384,907</u>	<u>481,519</u>

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

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

Other services income are recognised when services are provided.

Segment revenues and results

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

	Continuing operations			Total <i>HK\$'000</i> (unaudited)
	Concrete Business <i>HK\$'000</i> (unaudited)	Household Consumables Business <i>HK\$'000</i> (unaudited)	Money Lending Business <i>HK\$'000</i> (unaudited)	
For the six months ended 30 September 2021				
Revenue from external customers	<u>354,516</u>	<u>30,391</u>	<u>17,551</u>	<u>402,458</u>
Segment profit	<u>17,132</u>	<u>2,396</u>	<u>15,242</u>	34,770
Bank interest income				160
Exchange differences				(562)
Amortisation of other intangible assets				(6,564)
Fair value gains on investments at FVTPL				2,102
Gain on disposal of subsidiaries				9,703
Central administration costs				<u>(18,355)</u>
Profit before income tax from continuing operations				<u>21,254</u>
For the six months ended 30 September 2020				
				(restated)
Revenue from external customers	<u>456,233</u>	<u>25,286</u>	<u>17,547</u>	<u>499,066</u>
Segment profit	<u>25,160</u>	<u>2,748</u>	<u>14,202</u>	42,110
Bank interest income				11
Exchange differences				1
Amortisation of other intangible assets				(6,525)
Loss on early redemption of promissory notes				(2,689)
Central administration costs				<u>(33,604)</u>
Loss before income tax from continuing operations				<u>(696)</u>

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

Segment assets and liabilities

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

Segment assets

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Concrete Business	905,804	876,864
Household Consumables Business	22,770	20,486
Money Lending Business	249,099	254,022
Total segment assets	1,177,673	1,151,372
Other intangible assets	64,624	71,192
Goodwill	186,074	186,074
Convertible bonds receivable	16,654	16,032
Promissory note receivable	36,000	36,000
Investments at FVTPL	34,377	32,904
Tax recoverable	216	1,894
Deferred tax assets	2,661	2,442
Bank balances and cash	98,508	110,123
Unallocated corporate assets	236,852	126,434
Consolidated total assets	<u>1,853,639</u>	<u>1,734,467</u>

Segment liabilities

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Concrete Business	497,517	435,695
Household Consumables Business	4,718	4,379
Money Lending Business	2,104	2,865
Total segment liabilities	504,339	442,939
Tax payable	1,771	530
Borrowings	146,167	142,697
Promissory notes	46,954	44,750
Bonds payable	155,823	155,872
Deferred tax liabilities	8,261	8,956
Unallocated corporate liabilities	55,426	19,554
Consolidated total liabilities	<u>918,741</u>	<u>815,298</u>

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

- All assets are allocated to operating segments other than goodwill, other intangible assets, convertible bonds receivable, tax recoverable, promissory note receivable, investments at FVTPL, deferred tax assets, bank balances and cash and unallocated corporate assets.
- All liabilities are allocated to operating segments other than tax payable, borrowings, promissory notes, bonds payable, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

The following is an analysis of other segment information:

	Continuing operations				Total HK\$'000 (unaudited)
	Concrete Business HK\$'000 (unaudited)	Household Consumables Business HK\$'000 (unaudited)	Money Lending Business HK\$'000 (unaudited)	Unallocated Corporate Office HK\$'000 (unaudited)	
For the six months ended 30 September 2021					
Capital additions	1,308	70	–	–	1,378
Depreciation of property, plant and equipment	6,853	266	263	225	7,607
Depreciation of right-of-use assets	469	370	406	532	1,777
Impairment loss on trade, retention and other receivables	6,446	–	–	–	6,446
For the six months ended 30 September 2020					
Capital additions	853	899	–	–	1,752
Depreciation of property, plant and equipment	6,642	134	–	13	6,789
Depreciation of right-of-use assets	457	444	234	4,784	5,919
Impairment loss on trade, retention and other receivables	767	18	–	–	785

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

Revenue from major products and services

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Continuing operations		
Sales of goods from Concrete Business	354,516	456,233
Sales of goods from Household Consumables Business	30,391	25,286
Interest income from Money Lending Business	17,551	17,547
	<u>402,458</u>	<u>499,066</u>

Information about geographical areas

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

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
The PRC	354,516	456,233
Hong Kong	17,551	17,547
UK	30,391	25,286
	<u>402,458</u>	<u>499,066</u>

As at 30 September 2021, approximately HK\$280,159,000, HK\$16,907,000 and HK\$29,211,000 of the non-financial assets classified as non-current assets are located in the PRC, the UK and Hong Kong respectively.

As at 31 March 2021, approximately HK\$292,127,000, HK\$18,096,000, HK\$30,636,000 and HK\$291,000 of the non-financial assets classified as non-current assets are located in the PRC, the UK, Hong Kong and Macau respectively.

Information about major customer

There is no revenue from individual customer for both six months ended 30 September 2021 and 2020 contributing over 10% of the total sales of the Group from continuing operations.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (restated)
Continuing operations		
Exchange differences	(562)	1
Fair value gain on convertible bonds receivable	–	72
Fair value gains on investments at FVTPL	2,102	–
Impairment loss on trade, retention and other receivables	(6,446)	(785)
Loss on early redemption of promissory notes	–	(2,689)
Net loss on sales of loan receivables	–	(1,500)
(Loss) gain on disposal of property, plant and equipment	(1,657)	21
Gain on disposal of subsidiaries	9,703	–
Others	–	79
	<u>3,140</u>	<u>(4,801)</u>

7. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Continuing operations		
Effective interest expenses on convertible bonds	–	13,910
Effective interest expenses on bonds payable	3,255	–
Interest expenses on unsecured bonds	–	687
Interest expenses on borrowings	6,042	4,013
Interest expenses on promissory notes	2,204	2,790
Interest expenses on lease liabilities	120	482
	<u>11,621</u>	<u>21,882</u>

8. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Continuing operations		
Income tax credit (expense) represents:		
Current tax:		
– Hong Kong Profits Tax	(1,838)	(1,413)
– PRC Enterprise Income Tax (“ PRC EIT ”)	(1,714)	(3,801)
– Other jurisdictions	(690)	(517)
	(4,242)	(5,731)
Over-provision in respect of prior years:		
– PRC EIT	3,185	–
Deferred taxation	1,146	1,277
	89	(4,454)

(i) Hong Kong

Hong Kong Profits Tax for both periods ended 30 September 2021 and 2020 is calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. Under the two-tiered Profits Tax rates regime, the first HK\$2 million of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

Accordingly, during the six months ended 30 September 2021, the provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

(ii) PRC

PRC EIT is calculated at 25% (30 September 2020: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for a subsidiary of the Company which was recognised as a high and new technology enterprise (“**HNTE**”) and in accordance with relevant laws and regulations in the PRC, the subsidiary is entitled to the preferential tax rate of 15.0% corporate income tax rate for HNTE for both periods ended 30 September 2021 and 2020.

(iii) United Kingdom

UK Corporate Tax is calculated at 19% of the estimated assessable profits of subsidiaries operating in the UK for both periods ended 30 September 2021 and 2020.

(iv) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “**BVI**”), the Group is not subject to any income tax for both periods ended 30 September 2021 and 2020.

9. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Continuing operations		
The Group's profit (loss) for the period has been arrived at after charging:		
Directors' remuneration (<i>Note</i>)	3,242	6,642
Other staff costs	17,180	16,740
Retirement benefit scheme contributions	2,437	974
Total staff costs	<u>22,859</u>	<u>24,356</u>
Cost of inventories sold	292,707	388,030
Depreciation of property, plant and equipment	7,607	6,789
Depreciation of right-of-use assets (<i>Note</i>)	1,777	5,919
Amortisation of other intangible assets	<u>6,564</u>	<u>6,525</u>

Note:

During the six months ended 30 September 2020, the lease of director's quarter provided to Mr. Wong Wai Sing was classified as the right-of-use assets. The depreciation of the right-of-use of assets related to the director's quarter was approximately HK\$3,143,000, which is included in both the directors' remuneration and depreciation of right-of-use assets. The rental payments for the six months ended 30 September 2020 was HK\$3,480,000. No director's quarter was provided during the Interim Period.

10. DIVIDENDS

Dividend payable to equity shareholders of the Company attributable to the previous financial year approved and paid during the period are as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend in respect of the year ended 31 March 2021, approved and paid during the period, of HK0.3 cents per ordinary share (2020: Nil)	<u>10,497</u>	<u>–</u>

The Directors do not recommend for payment of a dividend for the Interim Period (30 September 2020: nil)

11. DISCONTINUED OPERATIONS

(a) Digital Technology Business

On 15 June 2020, the Group through its indirectly wholly-owned subsidiary, DigiSmart (Group) Limited (“**DigiSmart**”), entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire equity interest in Sino Digital Media (Overseas) Limited, (“**Sino Digital**”, together with its subsidiaries are referred to as the “**Sino Digital Group**”) at a total consideration of HK\$30,000,000 (the “**Sino Digital Disposal**”). The Sino Digital Group, represents the whole Digital Technology Business segment of the Group and upon completion of the Sino Digital Disposal, the Group’s Digital Technology Business would be discontinued.

The Sino Digital Disposal was completed on 27 July 2020. Details of assets and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 29(b).

The disposal of Sino Digital Group enable the Group to free up the resources, eliminate from the Group uncertainty of future performance of the Digital Technology Business and redirect its resources to other business segments which may have higher growth potential to maximise the benefit of the shareholders of the Company. Details of the disposal are set out in the announcement of the Company dated 27 July 2020.

(b) Coal Business

On 1 September 2020, the Group through its indirectly wholly-owned subsidiary, China Indonesia Alliances Coal Investment Company Limited (the “**China Coal**”), entered into a sale and purchase agreement with the minority shareholder in relation to the disposal of 90% of the issued share capital and sales loan in China Coal Alliances Trading Company Limited (the “**CCAT**”) at a nominal consideration of HK\$100 (the “**CCAT Disposal**”). CCAT represents the whole Coal Business of the Group and its performance was classified as discontinued operation.

The CCAT Disposal was completed on 1 September 2020. Details of assets and liabilities disposed of, and the calculation of gain on disposal are disclosed in Note 29(c).

In view of the uncertainty in the recovery of the long outstanding trade receivables from CCAT’s sole customer, the Directors had considered that the CCAT Disposal is expected to allow the Group to realise its investment in CCAT and improve the Group’s gearing level.

(c) Education Business

On 10 March 2021, the Group through its direct wholly-owned subsidiary, Virtual Garden Investments Limited, entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire interest in DigiSmart (Group) Limited, (“**DigiSmart**”, together with its subsidiaries are referred to as the “**DigiSmart Group**”) at a total consideration of HK\$40,000,000 (the “**Digismart Disposal**”). The DigiSmart Group represents the whole Education Business segment of the Group and its performance was classified as discontinued operation. The DigiSmart Disposal was completed on 31 March 2021.

In view of the unsatisfactory financial performance of DigiSmart Group, the Directors had considered that the DigiSmart Disposal is expected to allow the Group focusing on other profit making segments and to reallocate resources to other business segments of the Group. Details of the disposal are set out in the announcements of the Company dated 10 March 2021 and 31 March 2021, respectively.

The results of Digital Technology Business, Coal Business and Education Business for the period from 1 April 2020 up to their respective dates of disposal or the six months ended 30 September 2020 have been presented separately as a single line item in the unaudited condensed consolidated statement of the comprehensive income, details of which are as follows:

	Six months ended 30 September 2020			
	Digital Technology Business HK\$'000 (unaudited)	Coal Business HK\$'000 (unaudited)	Education Business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	428	–	3,996	4,424
Cost of sales	(179)	–	(1,406)	(1,585)
Gross profit	249	–	2,590	2,839
Other income	108	–	634	742
Other gains and losses, net	(3)	–	5	2
Administrative expenses	(566)	(41)	(2,636)	(3,243)
Profit (Loss) before income tax from discontinued operations	(212)	(41)	593	340
Income tax expense	–	–	–	–
Profit (Loss) after income tax from discontinued operations	(212)	(41)	593	340
Gain on disposal of subsidiaries (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	214	14,052	–	14,266
Profit from discontinued operations	<u>2</u>	<u>14,011</u>	<u>593</u>	<u>14,606</u>
Profit from discontinued operations attributable to:				
— Owners of the Company	2	14,015	593	14,610
— Non-controlling interests	–	(4)	–	(4)
	<u>2</u>	<u>14,011</u>	<u>593</u>	<u>14,606</u>
Cash flows from discontinued operations				
Net cash (used in) generated from operating activities	(817)	–	624	(193)
Net (decrease) increase in bank balance and cash	<u>(817)</u>	<u>–</u>	<u>624</u>	<u>(193)</u>

12. EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the following data:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Earnings (Loss)		
Profit (Loss) for the period attributable to owners of the Company		
(i) Continuing and discontinued operations	21,343	9,460
(ii) Continuing operations	21,343	(5,150)
(iii) Discontinued operations	—	14,610
	<u>21,343</u>	<u>14,610</u>

	Six months ended	
	30 September	
	2021	2020
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings (loss) per share	<u>3,499,098,293</u>	<u>3,288,986,943</u>

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as there was no potential ordinary shares in issue during the six months ended 30 September 2021.

As at 30 September 2020, the Company has outstanding convertible bonds. The convertible bonds were assumed to have been converted into ordinary shares, and the net profit (loss) is adjusted to eliminate the interest expense less the tax effect. For the six months ended 30 September 2020, the Company's outstanding convertible bond had an anti-dilutive effect to the basic earnings per share calculation. The conversion of the potential ordinary shares is not assumed in the computation of the diluted earnings per shares.

13. INVESTMENT PROPERTIES

	At	At
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
At the beginning of the period/year	4,987	4,470
Exchange realignment	(104)	517
	<u>4,883</u>	<u>4,987</u>

As at 30 September 2021 and 31 March 2021, the investment properties are located in the UK under long term lease (over 50 years).

The investment properties held under operating lease to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the investment properties as at 30 September 2021 have been arrived based on reference to market evidence of transaction prices for similar properties which is reviewed by management.

As at 30 September 2021, the fair value of the investment properties was measured at level 3 of fair value hierarchy using significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the period.

14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Right-of-use of assets

During the Interim Period, there is neither addition of right-of-use of assets from new lease agreements nor any disposal of right-of-use assets from early termination of lease agreement.

During the six months ended 30 September 2020, the Group has entered into new lease agreements for leasing Hong Kong office, and recognised additions to right-of-use assets amounting to approximately HK\$5,504,000. The Group also early terminated the lease of office premises during the six months ended 30 September 2020, resulting in a gain on disposal of lease of approximately HK\$79,000 from continuing operations.

(b) Additions in property, plant and equipment

During the Interim Period, the Group had addition to property, plant and equipment amounting to approximately HK\$1,378,000 (six months ended 30 September 2020: approximately HK\$1,752,000).

15. OTHER INTANGIBLE ASSETS

	Coal Sales Contract HK\$'000	Customer Network HK\$'000	License Agreements HK\$'000	Total HK\$'000
COST				
At 1 April 2020 (audited)	57,346	93,576	55,006	205,928
Disposal of subsidiaries	(57,346)	–	(55,006)	(112,352)
Exchange realignment	–	901	–	901
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021 (audited)	–	94,477	–	94,477
Exchange realignment	–	(181)	–	(181)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021 (unaudited)	<u>–</u>	<u>94,296</u>	<u>–</u>	<u>94,296</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 April 2020 (audited)	57,346	9,425	22,165	88,936
Charge for the year	–	13,083	–	13,083
Disposal of subsidiaries	(57,346)	–	(22,165)	(79,511)
Exchange realignment	–	777	–	777
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021 (audited)	–	23,285	–	23,285
Charge for the period	–	6,564	–	6,564
Exchange realignment	–	(177)	–	(177)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021 (unaudited)	<u>–</u>	<u>29,672</u>	<u>–</u>	<u>29,672</u>
NET CARRYING VALUES				
At 30 September 2021 (unaudited)	<u>–</u>	<u>64,624</u>	<u>–</u>	<u>64,624</u>
At 31 March 2021 (audited)	<u>–</u>	<u>71,192</u>	<u>–</u>	<u>71,192</u>

The Coal Sales Contract represented a legally binding sales contract of coal products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of China Coal and its 90% owned subsidiary (collectively the "China Coal Group") in prior year. The Coal Sales Contract was fully impaired in prior years and was completed disposal during the year ended 31 March 2021.

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

License Agreements represent the authorisation to be an official representative of (i) TOEIC (the Test of English for International Communication) in Hong Kong and Macau; (ii) TOEFL Junior tests (a general assessment of middle school-level English-language proficiency of the Test of English as a Foreign Language) in Hong Kong and Macau; (iii) TOEFL ITP (the Institutional Testing Program of the Test of English as a Foreign Language) in Hong Kong, Macau and the Southern China; and (iv) TOEIC (the Test of English for International Communication) (the tests of listening and reading only) in 8 provinces of the PRC. The License Agreements were acquired as part of the Group's acquisition of DigiSmart Group in prior year and has been allocated to the Education Business CGU.

The Group also assessed the useful lives of the License Agreements as indefinite because the Group considered the License Agreements are renewable at no additional cost and that the business relationship with the license owner becomes probable to continue indefinitely in the foreseeable future. Based on historical records, the Group is able to renew the License Agreements with the license owner without any additional cost.

The License Agreements were disposed of through the DigiSmart Group Disposal during the year ended 31 March 2021.

Particulars regarding impairment testing on other intangible assets are set out in Note 17.

16. GOODWILL

	Concrete Business CGU HK\$'000	Household Consumables Business CGU HK\$'000	Digital Technology Business CGU HK\$'000	Education Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
COST						
At 1 April 2020 (audited)	154,505	9,774	113,633	61,319	21,795	361,026
Disposal of subsidiaries	-	-	(113,633)	(61,319)	-	(174,952)
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	154,505	9,774	-	-	21,795	186,074
ACCUMULATED IMPAIRMENT LOSSES						
At 1 April 2020 (audited)	-	-	80,991	61,319	-	142,310
Disposal of subsidiaries	-	-	(80,991)	(61,319)	-	(142,310)
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	-	-	-	-	-	-
NET CARRYING VALUES						
At 30 September 2021 (unaudited)	154,505	9,774	-	-	21,795	186,074
At 31 March 2021 (audited)	154,505	9,774	-	-	21,795	186,074

As at 30 September 2021, goodwill arising in prior years related to (i) the acquisition of S&J and has been allocated to the Household Consumables Business CGU; (ii) the acquisition of Chengxin Finance Limited ("Chengxin") and has been allocated to the Money Lending Business CGU; and (iii) the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

Goodwill allocated to the Digital Technology Business and Education Business were disposed on 27 July 2020 and 31 March 2021 respectively. Further details are set on Note 29.

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

Particulars regarding impairment testing on goodwill are set out in Note 17.

17. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing, other intangible assets and goodwill set out in Notes 15 and 16 respectively have been allocated to three individual CGUs, comprising a subsidiary in Household Consumables Business, subsidiaries in Concrete Business and a subsidiary in Money Lending Business.

During the Interim Period, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the above three individual CGUs.

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

Household Consumables Business CGU

The recoverable amount of this unit as at 30 September 2021 has been determined based on a value-in-use (31 March 2021: a value-in-use) calculation with reference to a professional valuation performed by Asset Appraisal Limited (“AAL”), an independent firm of professionally qualified valuers. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 4.5-year period (31 March 2021: a 5-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (31 March 2021: 2%). The pre-tax rate used to discount the forecast cash flows is 23.33% (31 March 2021: 15.64%).

Concrete Business CGU

The recoverable amount of this unit as at 30 September 2021 has been determined based on a value-in-use (31 March 2021: value-in-use) calculation with reference to a professional valuation performed by AAL (31 March 2021: AAL). That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 5.25-year period (31 March 2021: 5-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3% (31 March 2021: 3%). The pre-tax rate used to discount the forecast cash flows is 16.5% (31 March 2021: 17.10%).

Money Lending Business CGU

The recoverable amount of this unit as at 30 September 2021 has been determined based on a value-in-use (31 March 2021: value-in-use) calculation with reference to a professional valuation performed by AAL. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 4.5-year period (31 March 2021: a 5-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (31 March 2021: zero growth rate). The pre-tax rate used to discount the forecast cash flow is 15.93% (31 March 2021: 19.55%).

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

18. LOAN RECEIVABLES

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Loan receivables		
– Collateralised	68,000	74,070
– Non-collateralised	197,870	182,000
	<u>265,870</u>	<u>256,070</u>
Accrued interest receivables	34,467	49,365
	<u>300,337</u>	<u>305,435</u>
Less: Impairment loss recognised	(55,214)	(55,214)
	<u><u>245,123</u></u>	<u><u>250,221</u></u>

The loan receivables of the Group's Money Lending Business are all denominated in HK\$. The initial loan periods granted to customers are mainly within two years.

As at 30 September 2021, the loans provided to customers bore fixed monthly interest rate ranging from 12% to 30% per annum (31 March 2021: 12% to 32% per annum). The effective interest rates of the above loan receivables ranging from 13% to 35% (31 March 2021: 13% to 36%) per annum as at 30 September 2021.

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

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
0–90 days	–	20,000
91–180 days	21,800	–
181–365 days	20,000	8,000
Over 365 days	175,000	179,000
	<u><u>216,800</u></u>	<u><u>207,000</u></u>

The Group's allowance for expected credit losses ("ECLs") on loan to customers take into account the subsequent settlement, forward-looking information and the management's judgement on the marketability of the collateral properties and customers' capability of payment.

The Group has not recognised any additional allowance for ECLs other than those made for the year ended 31 March 2021 against all loans to customers as at 30 September 2021 on loan receivables and accrued interest on an individual assessment basis. As at 30 September 2021, certain loan receivables amounting to approximately HK\$11,359,000 (31 March 2021: HK\$12,641,000) are guaranteed by a related party.

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

19. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade receivables, gross	397,078	350,982
Less: impairment loss recognised	<u>(21,265)</u>	<u>(15,096)</u>
Trade receivables, net	375,813	335,886
Retention receivables, gross	405,637	362,948
Less: impairment loss recognised	<u>(11,187)</u>	<u>(11,180)</u>
Retention receivables, net	394,450	351,768
Bills receivables	27,365	53,343
Prepayments and deposits	271,865	149,457
Other receivables	<u>11,490</u>	<u>38,090</u>
Trade, retention and other receivables and prepayments	<u>1,080,983</u>	<u>928,544</u>
Analysis as		
Current	995,149	854,680
Non-current		
— Retention receivables	<u>85,834</u>	<u>73,864</u>
Total	<u>1,080,983</u>	<u>928,544</u>

Note:

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

Trade and bills receivables

The Group generally allows an average credit period of 30 to 90 days (31 March 2021: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers. All bills receivables were aged within 180 days as at 30 September 2021 (31 March 2021: 180 days).

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

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
0–30 days	74,205	40,692
31–60 days	4,206	52,527
61–90 days	25,340	55,332
Over 90 days	<u>272,062</u>	<u>187,335</u>
	<u><u>375,813</u></u>	<u><u>335,886</u></u>

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

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

	Current <i>HK\$'000</i>	1–30 days past due <i>HK\$'000</i>	31–60 days past due <i>HK\$'000</i>	61–90 days past due <i>HK\$'000</i>	Over 90 days past due <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2021						
(unaudited)						
Weighted average expected loss rate	0.33%	0.16%	0.93%	1.04%	7.72%	
Receivable amount	74,460	4,444	25,623	27,309	265,242	397,078
Loss allowance	<u>(249)</u>	<u>(7)</u>	<u>(238)</u>	<u>(283)</u>	<u>(20,488)</u>	<u>(21,265)</u>
At 31 March 2021						
(audited)						
Weighted average expected loss rate	0.84%	0.61%	0.00%	0.00%	7.15%	
Receivable amount	41,036	52,848	55,332	25	201,741	350,982
Loss allowance	<u>(343)</u>	<u>(321)</u>	<u>–</u>	<u>–</u>	<u>(14,432)</u>	<u>(15,096)</u>

Retention receivables

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

As at 30 September 2021, retention receivables amounting to approximately HK\$394,450,000 (31 March 2021: HK\$351,768,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

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

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
0–30 days	280,334	280,632
31–60 days	13,125	5,792
61–90 days	1,371	525
Over 90 days	99,620	64,819
	<u>394,450</u>	<u>351,768</u>

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

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 30 September 2021 within lifetime ECL (not credit impaired).

	Current	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 September 2021 (unaudited)						
Weighted average expected loss rate	0.29%	1.83%	0.75%	1.30%	8.87%	
Receivable amount	274,706	383	13,415	1,389	115,744	405,637
Loss allowance	(799)	(7)	(100)	(18)	(10,263)	(11,187)
At 31 March 2021 (audited)						
Weighted average expected loss rate	0.29%	0.40%	0.43%	0.76%	13.36%	
Receivable amount	257,688	21,693	5,817	529	77,221	362,948
Loss allowance	(752)	(86)	(25)	(4)	(10,313)	(11,180)

20. PROMISSORY NOTE RECEIVABLE

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Promissory note receivable		
– Current	<u>36,000</u>	<u>36,000</u>

On 10 March 2021, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (“**the Purchaser**”) to dispose of entire equity interest of DigiSmart Group, at a consideration of HK\$40,000,000 in total. In order to settle the purchase price, the Purchaser issued a HK\$ denominated promissory note with principal sum of HK\$36,000,000 on 31 March 2021. The promissory note is guaranteed by the Purchaser, interest free and being matured on 30 March 2022.

The Directors consider that the fair value of promissory note receivable which is expected to be recovered within one year is not materially different from its carrying value amount because the balance has short maturity period on its inception.

21. CONVERTIBLE BONDS RECEIVABLE

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

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

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

As at 30 September 2021, the convertible bonds receivable has been fair valued with reference to the valuation conducted by an independent qualified professional valuer.

Details of movement is set out below:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
At the beginning of the period/year	16,032	–
At date of subscription	–	15,524
Interest income	622	813
Interest received	–	(377)
Change in fair value recognised in profit of loss	–	72
	<u>16,654</u>	<u>16,032</u>

22. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Trade payables	309,224	344,155
Bills payables	135,644	44,369
Contract liabilities	55,695	16,395
Other payables and accruals	45,754	42,163
Amount due to controlling shareholder (<i>Note</i>)	1,409	1,409
	<u>547,726</u>	<u>448,491</u>

Note:

The amount was unsecured, interest free and repayable on demand.

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

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
0–30 days	42,507	83,299
31–60 days	32,249	23
61–90 days	76,967	76,591
Over 90 days	157,501	184,242
	<u>309,224</u>	<u>344,155</u>

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

23. BORROWINGS

	At 30 September 2021		At 31 March 2021	
	Maturity (unaudited)	HK\$'000 (unaudited)	Maturity (audited)	HK\$'000 (audited)
Current				
Unsecured				
— Current portion of Loans (Note (i))	2022	<u>2,908</u>	2022	<u>2,289</u>
Secured				
— Term loan (Note (ii))	2022	<u>50,000</u>	2022	<u>50,000</u>
		<u>52,908</u>		<u>52,289</u>
Non-current				
Unsecured — Loans (Note (i))	2024–2029	<u>93,259</u>	2024–2029	<u>90,408</u>
		<u>93,259</u>		<u>90,408</u>
Total borrowings		<u>146,167</u>		<u>142,697</u>

Notes:

- (i) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured interest-bearing long term loans (the “Loans”)

The Loans are denominated in RMB and are unsecured and being matured between 2 to 10 years from the date of the loan agreements. The Loans bear fixed interest rate of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum (31 March 2020: 6.96%). During the year ended 31 March 2021, the interest rate was revised from 1% per annum to nil and several early redemption on part of the outstanding Loans was carried out by the Group. During the Interim Period, no early repayment of Loans noted (six months ended 30 September 2020: approximately HK\$3,792,000).

- (ii) The Company entered into a loan facility with an independent third party for a term loan facility amounting to HK\$50,000,000. The loan denominated in HK\$ and bearing interest at 12% per annum with term of one year from the date of drawdown (the “Term Loan”). The Term Loan was secured by pledging the entire shares of an indirectly wholly-owned subsidiary, Chengxin as collateral. The Term Loan has been fully drawdown by the Company as at 31 March 2021. During the Interim Period, there is no early repayment of the Term Loan.

24. PROMISSORY NOTES

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
At the beginning of the period/year	44,750	68,365
Redemption during the period/year	–	(30,943)
Loss on early redemption	–	2,827
Effective interest expenses	2,204	4,913
Transfer to accrual	–	(412)
	<u>46,954</u>	<u>44,750</u>
At the end of the period/year	<u>46,954</u>	<u>44,750</u>
Analysed for reporting purposes as:		
Non-current liabilities	<u>46,954</u>	<u>44,750</u>

On 6 January 2020, the Group completed the acquisition of remaining 80% equity interest in Alpha Youth Group, for a nominal consideration of HK\$431,309,000. Part of the consideration was satisfied by the Company's issue of promissory notes in respective principal amounts of HK\$36,000,000 (the "**Promissory Note A**"), HK\$36,000,000 (the "**Promissory Note B**") and HK\$60,942,624 (the "**Promissory Note C**") to the vendor. The Promissory Note A, B and C are unsecured and bear interest at 2% per annum. Promissory Note A, Promissory Note B and Promissory Note C have a maturity period of one year, two years and three years from the date of issuance respectively. The promissory notes can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory notes.

The fair value of the promissory notes at date of issuance is determined with reference to a professional valuation performed by Grant Sherman Appraisal Limited. The effective interest rate of the promissory notes on initial recognition and the subsequent measurement of interest expense on the promissory notes are calculated using effective interest rate of ranged from 7.38% to 9.85% per annum.

Promissory Note A and B were early redeemed by the Company in full; while Promissory Note C was only partially early redeemed by the Company as at the year ended 31 March 2021. During Interim Period, there is no early redemption noted by the Company.

25. BONDS PAYABLE

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
At the beginning of the period/year	155,872	–
Issuance of bonds	–	154,752
Interest expenses incurred	3,255	386
Interest expenses paid	(3,304)	–
Exchange realignment	–	734
	<u>155,823</u>	<u>155,872</u>
At the end of the period/year	<u>155,823</u>	<u>155,872</u>
Analysed for reporting purposes as:		
Current liabilities	–	–
Non-current liabilities	<u>155,823</u>	<u>155,872</u>
	<u>155,823</u>	<u>155,872</u>

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

The Company may at any time after the fifth anniversary of the issue date of the bonds and before the maturity date to early redeem the corporate bonds payable, with the prior written consent from the bond holder.

During the Interim Period, there is no early redemption of corporate bonds payable by the Company and as at 30 September 2021, the carrying amount of the corporate bonds payable comprised of principal amount and accrued interest amounted to US\$20,000,000 (31 March 2021: US\$20,000,000) and approximately US\$48,000 (31 March 2021: approximately US\$52,700) respectively.

26. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020 (audited), 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2020 (audited)	3,274,758,672	32,748
Issue of shares upon conversion of convertible bonds (<i>Note (i)</i>)	94,339,621	943
Issue of shares pursuant to placing agreement (<i>Note (ii)</i>)	<u>130,000,000</u>	<u>1,300</u>
As 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u>3,499,098,293</u>	<u>34,991</u>

Notes:

- (i) The convertible bond holder exercised its conversion right resulted in total of 94,339,621 shares being allotted and issued at market value of HK\$0.53 per share on 30 June 2020 and 9 November 2020. All the shares issued during the year ended 31 March 2021 rank pari passu with the then existing shares in all respects.
- (ii) Pursuant to the placing agreement entered into on 16 October 2020, the Company had issued 130,000,000 new shares at a placing price of HK\$0.64 per share on 3 November 2020.

All the shares issued as at the Interim Period rank pari passu with the then existing shares in all respects.

27. RELATED PARTY DISCLOSURES

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

Compensation of Key Management Personnel

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fees, salaries and other allowances (<i>Note</i>)	4,064	7,458
Retirement benefit scheme contributions	<u>36</u>	<u>36</u>
	<u>4,100</u>	<u>7,494</u>

Note:

The rental payments of HK\$3,480,000 paid for the director's quarter for the six months ended 30 September 2020 are included in the above disclosed amount while no director's quarter was provided during the Interim Period.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair Value Estimation

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

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

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2021 (unaudited)				
Assets				
Investment properties	–	–	4,883	4,883
Investments at FVTPL				
– Listed equity securities	1,811	–	–	1,811
– Limited partnership	–	–	32,566	32,566
Convertible bonds receivable	–	–	16,032	16,032
	<u>1,811</u>	<u>–</u>	<u>53,481</u>	<u>55,292</u>
	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2021 (audited)				
Assets				
Investment properties	–	–	4,987	4,987
Investments at FVTPL				
– Listed equity securities	11,408	–	–	11,408
– Limited partnership	–	–	21,496	21,496
Convertible bonds receivable	–	–	16,032	16,032
	<u>11,408</u>	<u>–</u>	<u>42,515</u>	<u>53,923</u>

Investment properties

The fair value of investment properties is based on market comparable approach.

Convertible bonds receivable

The fair value of the convertible bonds receivable as at 30 September 2021 was estimated by applying binominal option pricing model. Should the credit spread increase or decrease by 1%, the fair value of convertible bonds receivable would be decreased/increased by approximately HK\$489,000 and HK\$545,000 respectively.

Investments at FVTPL — Listed equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Investments at FVTPL — Limited partnership

The fair value of limited partnership as at 30 September 2021 was estimated by applying net asset value. The net assets value is based on the projected financial statement of the investment fund for the six months ended 30 September 2021.

During the Interim Period, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the Interim Period in the balance of Level 3 fair value measurement of (i) investment properties, (ii) convertible bonds receivable; and (iii) investments at FVTPL are disclosed in Note 13, Note 21 and as below respectively.

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Limited partnership		
At the beginning of the period/year	21,496	–
Addition	11,070	19,361
Transferred from other receivables	–	4,410
Fair value losses		
— Included in profit or loss (included in other gains and losses, net)	–	(2,310)
Exchange realignment	–	35
At the end of the period/year	<u>32,566</u>	<u>21,496</u>

Financial assets and liabilities not reported at fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values as at 30 September 2021.

29. DISPOSALS OF SUBSIDIARIES

(a) Disposal of Greenstar Group

On 29 September 2021, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire equity interest and sale loan in Greenstar Enviro-Tech Investments Company Limited (together with its subsidiary are referred to as the “**Greenstar Group**”) at a total consideration of HK\$5,000,000 (the “**Greenstar Disposal**”). The Greenstar Group mainly owns a property located at Macau.

In view of the inactive operation of Greenstar Group, the Directors had considered that the Greenstar Disposal allow the Group to realise its investment in Greenstar Group and improve the Group’s gearing ratio.

The Greenstar Disposal was completed on 29 September 2021. Upon completion, Greenstar Group ceased to be a subsidiary of the Company and the results, assets and liabilities of Greenstar Group were ceased to be consolidated with those of the Group.

The following table summarises the consideration received for the disposal of Greenstar Group and the net liabilities of Greenstar Group as at the date of disposal.

	<i>HK\$’000</i> (unaudited)
Consideration satisfied by:	
Cash	<u>5,000</u>
The net liabilities of Greenstar Group as at the date of disposal were as follows:	
	<i>HK\$’000</i>
Property, plant and equipment	286
Bank and cash balance	25
Trade and other payables and accruals	(4,295)
Shareholders’ loan	<u>(21,048)</u>
Net liabilities disposed of	(25,032)
Assignment of shareholder’s loan	21,048
Reclassification adjustment of exchange reserve on disposal	(719)
Gain on disposal of subsidiaries	<u>9,703</u>
Total cash consideration received	<u>5,000</u>
Net cash inflow arising on the date of disposal:	
Cash consideration	5,000
Bank balances and cash disposed of	<u>(25)</u>
	<u>4,975</u>

The gain on the disposal of Greenstar Group was included in the other gains and losses, net in the unaudited condensed consolidated statement of comprehensive income for the Interim Period.

(b) Disposal of Sino Digital Group

The disposal of Sino Digital Group was completed on 27 July 2020 at consideration of approximately HK\$30 million. Upon completion, Sino Digital Group ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of Sino Digital Group were ceased to be consolidated with those of the Group.

Details of the disposal of Sino Digital Group were set out in the announcement of the Company dated 27 July 2020.

The following table summarises the consideration received for the disposal of Sino Digital Group and the net assets of Sino Digital Group as at the date of disposal:

	<i>HK\$'000</i> (unaudited)
Consideration satisfied by:	
Cash	5,000
Promissory note receivable	<u>25,000</u>
	<u><u>30,000</u></u>
Analysis of assets and liabilities disposed of as at the date of disposal:	
Goodwill	32,642
Trade and other receivables, prepayments and deposits	1,160
Bank and cash balance	1,195
Accruals and other payable	(4,169)
Tax payable	<u>(1,040)</u>
Net assets disposed of	29,788
Reclassification adjustment of exchange reserve on disposal of Sino Digital Group	(2)
Gain on disposal of subsidiaries	<u>214</u>
Total cash consideration received	<u><u>30,000</u></u>
Net cash inflow arising on the date of disposal:	
Cash consideration	5,000
Bank balances and cash disposed of	<u>(1,195)</u>
	<u><u>3,805</u></u>

The gain on the disposal of Sino Digital Group was included in the profit for the period from discontinued operations for the six months ended 30 September 2020 (Note 11) in the unaudited condensed consolidated statement of comprehensive income.

(c) Disposal of China Coal Alliances Trading Company Limited

The disposal of CCAT was completed on 1 September 2020 at consideration of HK\$100. Upon completion, CCAT ceased to be a subsidiary of the Company and its results, assets and liabilities were ceased to be consolidated.

The net liabilities of CCAT as at the date of disposal were as follows:

	<i>HK\$'000</i> (unaudited)
Other intangible assets	–
Trade and other payables and accruals	(17,935)
Shareholders' loan	(19,279)
	<hr/>
Net liabilities disposed of	(37,214)
Less: Non-controlling interest	3,721
Assignment of CCAT shareholder's loan	19,279
Reclassification adjustment of exchange reserve on disposal of CCAT	162
Gain on disposal of subsidiary	14,052
	<hr/>
Total cash consideration received	<u><u>–*</u></u>

* Cash consideration at HK\$100.

The gain on the disposal of CCAT was included in the profit for the period from discontinued operations for the six months ended 30 September 2020 (Note 11) in the unaudited condensed consolidated statement of comprehensive income.

(d) Disposal of Digismart Group

The disposal of DigiSmart Group was completed on 31 March 2021 at consideration of HK\$40 million. Upon completion, DigiSmart Group ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of DigiSmart Group were ceased to be consolidated with those of the Group. Details of the assets and liabilities disposed of, and the gain on disposal as at the date of disposal were set out in Note 44 (c) of the Annual Report for the year ended 31 March 2021.

The performance of DigiSmart Group for the six months ended 30 September 2020 have been re-presented and classified as discontinued operations. Details of which are set out in Note 11.

Details of the disposal of DigiSmart Group were set out in the announcements of the Company dated 10 March 2021 and 31 March 2021.

30. CAPITAL COMMITMENTS

The capital commitments outstanding not provided for are as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Limited partnership interest	<u>35,146</u>	<u>46,163</u>

The purpose of the Limited Partnership is primarily achieving capital appreciation and participation through investments in equity and equity-related securities in Asia-Pacific and Europe and portfolio funds with a similar investment focus. The Group classified the interest as investments at FVTPL under non-current assets.

31. PLEDGE OF ASSETS

As at 30 September 2021 and 31 March 2021, the Group had pledged 100% equity interest in Chengxin to secure a loan of approximately HK\$50 million.

32. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation. In the opinion of the Directors, this presentation would better reflect the financial performance of the Group.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.huashengih.com>). The 2021/2022 interim report will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 November 2021

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chan Kin Lung and Mr. Wong Jeffrey; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Mr. Li Kwok Tai, James.