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HONG KONG CHAOSHANG GROUP LIMITED

香港潮商集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “Board”) of directors (the “Directors”) of Hong Kong ChaoShang Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2023, together with comparative audited figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Revenue	3	198,924	169,386
Cost of sales		(166,056)	(126,260)
Gross profit		32,868	43,126
Other income	5	9,569	17,466
Impairment loss on finance lease receivables		(3,931)	(2,765)
Impairment loss on trade receivables		(5,747)	(5,700)
Impairment loss on account receivables from margin clients		(7,345)	(5,575)
Reversal of impairment loss/(Impairment loss) on factoring receivables		831	(993)
Impairment loss on loan and interest receivables		(3,569)	(16,403)
Impairment loss on deposits and other receivables		(1,194)	(1,152)
Loss on changes in fair value of investment property		(2,185)	(2,904)
Impairment loss on intangible assets		(4,700)	–
Impairment loss on goodwill		(3,995)	(71,700)
Gain on changes in fair value of other financial assets		11,806	74,089
Loss on changes in fair value of held-for-trading investments		(4,840)	(1,241)
Gain on disposal of held-for-trading investments		5,523	5,662
Gains on bargain purchase of interest in an associate		820	12,636
Administrative expenses		(59,697)	(63,266)
Operating loss		(35,786)	(18,720)
Finance costs		(2,156)	(2,020)
Share of results of an associate		(6,913)	(5,647)
Loss before taxation	6	(44,855)	(26,387)
Taxation	7	3,062	(768)
Loss for the year		(41,793)	(27,155)

	2023	2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Share of other comprehensive income of an associate	37	–
– Exchange differences arising on translation of foreign operations	<u>(49,464)</u>	<u>27,516</u>
	<u>(49,427)</u>	<u>27,516</u>
Total comprehensive (loss)/income for the year	<u>(91,220)</u>	<u>361</u>
Loss for the year attributable to:		
Owners of the Company	(41,749)	(26,842)
Non-controlling interests	<u>(44)</u>	<u>(313)</u>
Loss for the year	<u>(41,793)</u>	<u>(27,155)</u>
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(92,187)	1,227
Non-controlling interests	<u>967</u>	<u>(866)</u>
Total comprehensive (loss)/income for the year	<u>(91,220)</u>	<u>361</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		
Basic and diluted	9	
	<u><u>(1.01) cents</u></u>	<u><u>(0.65) cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		36,904	44,810
Investment property		39,900	45,387
Right-of-use assets		16,727	8,100
Net investment in sublease		1,902	3,717
Interest in an associate		14,146	19,964
Intangible assets		16,800	21,500
Goodwill		1,000	4,995
Other non-current assets		230	230
Other financial assets		–	43,250
Finance lease receivables	<i>10</i>	464	7,827
Loan and interest receivables	<i>13</i>	123,120	18,450
Deferred tax assets		17,498	14,203
		268,691	232,433
Current assets			
Amount due from an associate		3,112	175
Trade and account receivables	<i>11</i>	283,775	288,791
Factoring receivables	<i>12</i>	20,258	51,483
Finance lease receivables	<i>10</i>	33,423	59,518
Loan and interest receivables	<i>13</i>	55,106	77,678
Deposits, prepayments and other receivables		74,272	38,798
Tax recoverable		7,694	7,476
Held-for-trading investments		7,443	7,987
Net investment in sublease		1,815	2,214
Cash held on behalf of clients		22,016	35,081
Cash and bank balances		138,497	217,023
		647,411	786,224
Total assets		916,102	1,018,657
EQUITY			
Capital and reserves			
Share capital		82,412	82,412
Reserves		763,511	855,719
Total equity attributable to owners of the Company		845,923	938,131
Non-controlling interests		(12,828)	(13,795)
Total equity		833,095	924,336

		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Retained consideration payables		–	14,211
Lease liabilities		10,318	8,901
Deferred tax liabilities		3,337	4,748
		<u>13,655</u>	<u>27,860</u>
Current liabilities			
Trade and account payables	<i>14</i>	33,105	34,915
Lease liabilities		10,564	4,308
Accruals, other payables and deposit received		15,800	18,217
Amount due to a Director		1,536	1,214
Amount due to non-controlling interests		244	263
Tax payables		8,103	7,544
		<u>69,352</u>	<u>66,461</u>
Total liabilities		<u>83,007</u>	<u>94,321</u>
Total equity and liabilities		<u>916,102</u>	<u>1,018,657</u>
Net current assets		<u>578,059</u>	<u>719,763</u>
Total assets less current liabilities		<u>846,750</u>	<u>952,196</u>

1 GENERAL INFORMATION

Hong Kong ChaoShang Group Limited is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton II, Bermuda. The principal place of business in Hong Kong is situated at Suite 2202, 22nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in trading, money lending, factoring, finance leasing and financial services businesses.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 June 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, except for investment property, held-for-trading investments and other financial assets that have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements in the annual report.

(a) New and amended standards adopted by the Group:

The following amendments to standards are mandatory for the Group and have been adopted by the Group for the financial year beginning on 1 April 2022:

In the current year, the Group has applied the following new/revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”), amendments and interpretations (“Int(s)”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

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

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

(b) New and amended standards not yet adopted

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2022 and have not been early adopted.

Amendments to HKAS 1	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
HKFRS 17	Insurance Contracts ¹
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ *Effective for annual periods beginning on or after 1 January 2023*

² *Effective for annual periods beginning on or after 1 January 2024*

³ *The effective date to be determined*

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new and amended standards. So far the management is of the opinion that the adoption of the new and amended standards will not have any significant impact on the consolidated financial statements.

3 REVENUE

Revenue represents (i) net invoiced value of goods sold, after allowances for returns and trade discount; (ii) interest income from money lending, factoring, finance leasing and margin financing; (iii) consultancy fee and handling fee income from money lending, factoring and finance leasing; (iv) brokerage commission income from securities dealing; (v) underwriting and placing commission income; and (vi) asset management fee income.

An analysis of the Group's revenue for the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of goods	169,218	125,904
Interest income from money lending, factoring, finance leasing and margin financing	23,284	31,021
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	–	125
Asset management fee income	200	245
Brokerage commission income	2,063	3,695
Underwriting and placing commission income	4,159	8,396
	<u>198,924</u>	<u>169,386</u>
Revenue from contracts with customers within HKFRS 15:		
<i>Recognised at a point of time</i>		
Sales of goods	169,218	125,904
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	–	125
Brokerage commission income	2,063	3,695
Underwriting and placing commission income	4,159	8,396
	<u>175,440</u>	<u>138,120</u>
<i>Recognised over time</i>		
Asset management fee income	200	245
	<u>175,640</u>	<u>138,365</u>
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	23,284	31,021
	<u>198,924</u>	<u>169,386</u>

- * *Contract liabilities primarily relate to the Group's unfulfilled performance obligations to transfer goods or services to customers for which consideration has been received at the reporting date. The contract liability is recognised in revenue in the period when performance obligations are fulfilled.*

During the year ended 31 March 2023, the Group recognised no revenue (2022: approximately HK\$40,000) from consultancy fee income that was included in contract liabilities at the beginning of the year.

As at 31 March 2023 and 2022, there is no amount received for performing future obligations.

4 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segment.

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

- Trading segment engaged in trading of goods in the PRC;
- Money lending and factoring segment engaged in provision of loan financing in Hong Kong, loan and factoring financing in the PRC;
- Finance leasing segment engaged in provision of finance leasing and sale-leaseback in the PRC; and
- Financial services segment engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned by each segment without allocation of incomes or expenses which are not recurring in nature and unrelated to the Group's operating performance, including central administration costs, Directors' emoluments, loss on changes in fair value of investment property, gain on changes in fair value of other financial assets, loss on changes in fair value of held-for-trading investments, gain on disposal of held-for-trading investments, gains on bargain purchase of interest in an associate, share of results of an associate, finance costs, impairment loss on deposits and other receivables (non-trading nature), exchange gain/(loss), rental income, sublease interest income, sundry income from an associate and interest income from cash and bank balances.

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than investment property, held-for-trading investments, other financial assets, net investment in sublease, interest in an associate, cash and bank balances, tax recoverable, deferred tax assets and other corporate assets. All liabilities are allocated to operating segments other than retained consideration payables, amount due to a Director, tax payables, deferred tax liabilities and other corporate liabilities.

The Board assesses the performance of the operating segments based on their underlying operating profit/(loss), which is measured by profit/(loss) before taxation.

(a) Segment revenue and results

Segment revenue and results	Year ended 31 March 2023				Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	
Segment revenue	169,218	15,302	1,879	12,525	198,924
Segment results	(6,336)	9,415	(6,739)	(24,080)	(27,740)
Impairment loss on intangible assets	-	-	-	(4,700)	(4,700)
Impairment loss on goodwill	-	-	-	(3,995)	(3,995)
	<u>(6,336)</u>	<u>9,415</u>	<u>(6,739)</u>	<u>(32,775)</u>	<u>(36,435)</u>
Corporate expenses					<u>(18,923)</u>
Operating loss					(55,358)
Corporate income					7,729
Loss on changes in fair value of investment property					(2,185)
Gain on changes in fair value of other financial assets					11,806
Loss on changes in fair value of held-for-trading investments					(4,840)
Gain on disposal of held-for-trading investments					5,523
Gains on bargain purchase of interest in an associate					820
Share of results of an associate					(6,913)
Finance costs					<u>(1,437)</u>
Loss before taxation					(44,855)
Taxation					<u>3,062</u>
Loss for the year					<u><u>(41,793)</u></u>

Year ended 31 March 2022					
Segment revenue and results	Trading	Money lending and factoring	Finance leasing	Financial services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	125,904	16,354	7,634	19,494	169,386
Segment results	(7,526)	(5,399)	(1,298)	(18,068)	(32,291)
Impairment loss on goodwill	–	–	–	(71,700)	(71,700)
	<u>(7,526)</u>	<u>(5,399)</u>	<u>(1,298)</u>	<u>(89,768)</u>	(103,991)
Corporate expenses					(19,126)
Operating loss					(123,117)
Corporate income					16,155
Loss on changes in fair value of investment property					(2,904)
Gain on changes in fair value of other financial assets					74,089
Loss on changes in fair value of held-for-trading investments					(1,241)
Gain on disposal of held-for-trading investments					5,662
Gains on bargain purchase of interest in an associate					12,636
Share of results of an associate					(5,647)
Finance costs					(2,020)
Loss before taxation					(26,387)
Taxation					(768)
Loss for the year					<u>(27,155)</u>

(b) **Segment assets and liabilities**

	As at 31 March 2023				
Segment assets and liabilities	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Non-current assets					
Property, plant and equipment	808	896	31,993	2,921	36,618
Right-of-use assets	-	-	-	11,326	11,326
Intangible assets	-	-	-	16,800	16,800
Goodwill	-	-	1,000	-	1,000
Other non-current assets	-	-	-	230	230
Loan and interest receivables	-	123,120	-	-	123,120
Finance lease receivables	-	-	464	-	464
	<u>808</u>	<u>124,016</u>	<u>33,457</u>	<u>31,277</u>	<u>189,558</u>
Current assets	<u>255,512</u>	<u>75,419</u>	<u>36,096</u>	<u>64,043</u>	<u>431,070</u>
Segment assets	<u>256,320</u>	<u>199,435</u>	<u>69,553</u>	<u>95,320</u>	620,628
Unallocated:					
Net investment in sublease					3,717
Interest in an associate					14,146
Cash and bank balances					138,497
Others					139,114
Total assets per statement of financial position					<u>916,102</u>
Segment liabilities	<u>15,248</u>	<u>484</u>	<u>7,294</u>	<u>33,640</u>	56,666
Unallocated:					
Amount due to a Director					1,536
Others					24,805
Total liabilities per statement of financial position					<u>83,007</u>

As at 31 March 2022

Segment assets and liabilities	Trading <i>HK\$'000</i>	Money lending and factoring <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Non-current assets					
Property, plant and equipment	1,385	1,471	35,722	5,779	44,357
Intangible assets	–	–	–	21,500	21,500
Goodwill	–	–	1,000	3,995	4,995
Other non-current assets	–	–	–	230	230
Loan and interest receivables	–	18,450	–	–	18,450
Finance lease receivables	–	–	7,827	–	7,827
	1,385	19,921	44,549	31,504	97,359
Current assets	245,627	129,182	62,367	95,830	533,006
Segment assets	247,012	149,103	106,916	127,334	630,365
Unallocated:					
Net investment in sublease					5,931
Interest in an associate					19,964
Cash and bank balances					217,023
Others					145,374
Total assets per statement of financial position					1,018,657
Segment liabilities	3,947	437	9,168	35,841	49,393
Unallocated:					
Amount due to a Director					1,214
Others					43,714
Total liabilities per statement of financial position					94,321

(c) **Other segment information**

Other segment information	As at 31 March 2023					Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	
Depreciation of property, plant and equipment	(486)	(466)	(1,277)	(2,888)	(169)	(5,286)
Depreciation of right-of-use assets	-	-	-	(5,663)	(2,700)	(8,363)
Capital expenditure	-	-	(118)	(17,019)	(1)	(17,138)
Impairment loss on finance lease receivables	-	-	(3,931)	-	-	(3,931)
Impairment loss on trade receivables	(5,747)	-	-	-	-	(5,747)
Impairment loss on account receivables from margin clients	-	-	-	(7,345)	-	(7,345)
Reversal of impairment loss on factoring receivables	-	831	-	-	-	831
Impairment loss on loan and interest receivables	-	(3,569)	-	-	-	(3,569)
Impairment loss on deposits and other receivables	-	-	-	-	(1,194)	(1,194)
Loss on changes in fair value of investment property	-	-	-	-	(2,185)	(2,185)
Impairment loss on intangible assets	-	-	-	(4,700)	-	(4,700)
Impairment loss on goodwill	-	-	-	(3,995)	-	(3,995)
Gain on changes in fair value of other financial assets	-	-	-	-	11,806	11,806
Loss on changes in fair value of held-for-trading investments	-	-	-	-	(4,840)	(4,840)
Gain on disposal of held-for-trading investments	-	-	-	-	5,523	5,523
Gains on bargain purchase of interest in an associate	-	-	-	-	820	820
Share of results of an associate	-	-	-	-	(6,913)	(6,913)
Bank interest income	-	-	-	-	1,499	1,499
Finance costs	-	-	-	(719)	(1,437)	(2,156)
Taxation	-	-	-	-	3,062	3,062

Other segment information	As at 31 March 2022					
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(387)	(493)	(1,435)	(3,432)	(228)	(5,975)
Depreciation of right-of-use assets	–	–	–	(8,391)	(3,246)	(11,637)
Capital expenditure	(632)	(13)	(10)	(277)	(9,012)	(9,944)
Impairment loss on finance lease receivables	–	–	(2,765)	–	–	(2,765)
Impairment loss on trade receivables	(5,700)	–	–	–	–	(5,700)
Impairment loss on account receivables from margin clients	–	–	–	(5,575)	–	(5,575)
Impairment loss on factoring receivables	–	(993)	–	–	–	(993)
Impairment loss on loan and interest receivables	–	(16,403)	–	–	–	(16,403)
Impairment loss on deposits and other receivables	–	–	–	–	(1,152)	(1,152)
Loss on changes in fair value of investment property	–	–	–	–	(2,904)	(2,904)
Impairment loss on goodwill	–	–	–	(71,700)	–	(71,700)
Gain on changes in fair value of other financial assets	–	–	–	–	74,089	74,089
Loss on changes in fair value of held-for-trading investments	–	–	–	–	(1,241)	(1,241)
Gain on disposal of held-for-trading investments	–	–	–	–	5,662	5,662
Gains on bargain purchase of interest in an associate	–	–	–	–	12,636	12,636
Share of results of an associate	–	–	–	–	(5,647)	(5,647)
Bank interest income	–	–	–	–	2,605	2,605
Finance costs	–	–	–	–	(2,020)	(2,020)
Taxation	–	–	–	–	(768)	(768)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5 OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	1,499	2,605
Sublease interest income	223	94
Other interest income	–	61
Rental income	1,285	1,332
Government grants (<i>Note</i>)	710	–
Sundry income from an associate	–	174
Others	<u>5,852</u>	<u>13,200</u>
	<u>9,569</u>	<u>17,466</u>

Note: Government grants were subsidies from the Employment Support Scheme of the Government of HKSAR and other unconditional government subsidies received by the Group from relevant government bodies.

6 LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging/(crediting):

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	165,803	123,488
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	6,083	6,083
Salaries, wages and other benefits (excluding Directors' emoluments)	15,161	18,371
Contribution to defined contribution plans (excluding Directors)	942	1,064
	<u>22,186</u>	<u>25,518</u>
Auditor's remuneration	1,175	1,156
Depreciation of property, plant and equipment	5,286	5,975
Depreciation of right-of-use assets	8,363	11,637
Property rental expenses in respect of short-term lease	298	362
Loss on disposal of property, plant and equipment	6	–
Impairment loss on finance lease receivables	3,931	2,765
Impairment loss on trade receivables	5,747	5,700
Impairment loss on account receivables from margin clients	7,345	5,575
(Reversal of impairment loss)/Impairment loss on factoring receivables	(831)	993
Impairment loss on loan and interest receivables	3,569	16,403
Impairment loss on deposits and other receivables	1,194	1,152
Loss on changes in fair value of investment property	2,185	2,904
Impairment loss on intangible assets	4,700	–
Impairment loss on goodwill	3,995	71,700
Gain on changes in fair value of other financial assets	(11,806)	(74,089)
Loss on changes in fair value of held-for-trading investments	4,840	1,241
Gain on disposal of held-for-trading investments	(5,523)	(5,662)
Gains on bargain purchase of interest in an associate	(820)	(12,636)
Share of results of an associate	<u>6,913</u>	<u>5,647</u>

7 TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	–	(211)
– PRC corporation income tax	<u>2,222</u>	<u>6,612</u>
	2,222	6,401
Deferred tax	<u>(5,284)</u>	<u>(5,633)</u>
Taxation (credit)/expense	<u><u>(3,062)</u></u>	<u><u>768</u></u>

Hong Kong profits tax

Under the two-tiered profits tax rates regime effective from March 2018, Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 of the estimated assessable profits of the qualifying entity of the Group and 16.5% on the estimated assessable profits above HK\$2,000,000. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime are continued to be taxed at a flat rate of 16.5%.

PRC corporate income tax

The PRC corporate income tax in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Withholding tax on distributed/undistributed profits

The PRC tax law imposes a withholding tax at 10%, unless reduced by a tax treaty, for dividends distributed by PRC subsidiaries to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008.

Deferred taxation has not been provided in the consolidated financial statements in respect of the temporary difference attributable to retained profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be realised in the foreseeable future.

8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

9 LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss attributable to shareholders	(41,749)	(26,842)
Weighted average number of ordinary shares, for the purposes of calculating basic loss per share (<i>shares in thousands</i>)	<u>4,120,600</u>	<u>4,120,600</u>
Basic and diluted loss per share	<u>HK(1.01) cents</u>	<u>HK(0.65) cents</u>

As there is no dilutive potential ordinary share outstanding as at 31 March 2023 and 2022, the diluted loss per share is equal to the basic loss per share.

10 FINANCE LEASE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current portion of finance lease receivables	46,681	69,545
Non-current portion of finance lease receivables	<u>468</u>	<u>7,905</u>
	47,149	77,450
Less: Impairment loss	<u>(13,262)</u>	<u>(10,105)</u>
	<u>33,887</u>	<u>67,345</u>

The carrying amounts of the finance lease receivables are denominated in RMB.

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	33,802	61,408	33,423	59,518
In the second to fifth years, inclusive	474	8,250	464	7,827
	34,276	69,658	33,887	67,345
Less: Unearned finance income	(389)	(2,313)	N/A	N/A
Present value of minimum finance lease receivables	33,887	67,345	33,887	67,345
Less: Current portion of finance lease receivables			(33,423)	(59,518)
Non-current portion of finance lease receivables			464	7,827

As at 31 March 2023 and 2022, finance lease receivables were secured over the leased assets mainly by machineries and equipments. The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for finance lease receivables.

11 TRADE AND ACCOUNT RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Receivables arising from securities broking business:		
– Loans to margin clients	60,438	67,411
– Clearing houses	–	327
	<u>60,438</u>	<u>67,738</u>
Less: Impairment loss	<u>(28,431)</u>	<u>(21,086)</u>
	----- 32,007	----- 46,652
Receivables arising from asset management business	–	–
Receivables arising from trading business	<u>295,339</u>	<u>283,002</u>
	<u>295,339</u>	<u>283,002</u>
Less: Impairment loss	<u>(43,571)</u>	<u>(40,863)</u>
	----- 251,768	----- 242,139
Total trade and account receivables	<u><u>283,775</u></u>	<u><u>288,791</u></u>

An aged analysis of receivables arising from trading and asset management, net of allowance for impairment, at the end of the reporting period, based on the date of invoice (or date of revenue recognition, if earlier), is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	26,967	6,831
31 to 60 days	3,526	5,921
61 to 90 days	–	25,263
91 to 180 days	11,702	25,482
More than 180 days	<u>209,573</u>	<u>178,642</u>
	----- <u><u>251,768</u></u>	----- <u><u>242,139</u></u>

No ageing analysis of cash clients account receivables and loans to margin clients is disclosed as in the opinion of the Directors, the ageing analysis is not meaningful in view of the nature of the cash clients account receivables arising from securities broking and the revolving margin loans.

The Group applies the simplified approach to provide lifetime ECL prescribed by HKFRS 9 for all trade and account receivables. The management assessed the expected loss on trade and account receivables individually.

12 FACTORING RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Factoring receivables	20,862	52,152
Interest receivables	22	895
	<u>20,884</u>	<u>53,047</u>
Less: Impairment loss	(626)	(1,564)
	<u><u>20,258</u></u>	<u><u>51,483</u></u>

The carrying amounts of the factoring receivables are denominated in RMB.

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 for factoring receivables, which permits the use of the 12 months ECL provision for these factoring receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL.

13 LOAN AND INTEREST RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables	182,951	105,167
Interest receivables	26,952	20,385
	<u>209,903</u>	<u>125,552</u>
Less: Impairment loss	(31,677)	(29,424)
	<u><u>178,226</u></u>	<u><u>96,128</u></u>
Current portion of loan and interest receivables	55,106	77,678
Non-current portion of loan and interest receivables	123,120	18,450
	<u><u>178,226</u></u>	<u><u>96,128</u></u>
Analysed as:		
Within one year	55,106	77,678
In the second to fifth years, inclusive	123,120	18,450
	<u><u>178,226</u></u>	<u><u>96,128</u></u>

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 for loan and interest receivables, which permits the use of the 12 months ECL provision for these loan and interest receivables, unless there has been a significant increase in credit risk since initial recognition, which the Group then recognises lifetime ECL.

14 TRADE AND ACCOUNT PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Payables arising from trading business	11,401	–
Payables arising from securities broking business:		
– Cash clients account payables	1,903	7,120
– Margin clients account payables	19,746	25,185
– Clearing houses	55	2,610
	<u>33,105</u>	<u>34,915</u>
Total trade and account payables	<u><u>33,105</u></u>	<u><u>34,915</u></u>

The aged analysis of the payables arising from trading business at the end of the reporting period, based on the date of invoice (or date of cost recognition, if earlier), is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 90 days	11,401	–
91 to 180 days	–	–
181 to 365 days	–	–
More than 365 days	–	–
	<u>11,401</u>	<u>–</u>

The normal settlement terms of payables arising from securities broking are two trading days after the trade date.

15 COMMITMENTS

(a) The Group as lessee

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not later than 1 year	23	26
Later than 1 year but not later than 5 years	–	–
	<u>23</u>	<u>26</u>

None of the leases include contingent rentals.

(b) The Group as lessor

As at 31 March 2023 and 2022, the Group did not lease its assets under short-term lease.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of approximately HK\$198.9 million with a gross profit of approximately HK\$32.9 million during the year ended 31 March 2023 as compared to approximately HK\$169.4 million and HK\$43.1 million respectively for the last corresponding year. The loss for the year was approximately HK\$41.8 million as compared to approximately HK\$27.2 million for the last corresponding year. The increase in loss for the year was mainly attributable to the net effect of the followings:

- (i) decreases in gross profit and other income for the year of approximately HK\$10.3 million and HK\$7.9 million respectively;
- (ii) a decrease in administrative expenses of approximately HK\$3.6 million and the recognition of a tax credit of approximately HK\$3.1 million whilst a tax expense of approximately HK\$0.8 million was recorded in the last corresponding year;
- (iii) a decrease in aggregate amount of impairment losses on receivables of approximately HK\$11.6 million;
- (iv) a decrease in gain on disposal/changes in fair value of held-for-trading investments of approximately HK\$3.7 million; and
- (v) a decrease in gains on bargain purchase of approximately HK\$11.8 million arising from the acquisition of additional interest in an associate.

As at 31 March 2023, the total assets and net assets of the Group amounted to approximately HK\$916.1 million (2022: HK\$1,018.7 million) and HK\$833.1 million (2022: HK\$924.3 million) respectively. The decrease in total assets and net assets were mainly caused by the loss for the year as mentioned above and the exchange losses recognised as other comprehensive loss due to the depreciation of Renminbi against Hong Kong Dollars in the current year.

Business Review

Trading Business

The Group is principally engaged in trading of food and electronic products in the PRC. The Group recorded a turnover of approximately HK\$169.2 million with a loss of approximately HK\$6.3 million from its trading business during year ended 31 March 2023 as compared to approximately HK\$125.9 million with a loss of approximately HK\$7.5 million for the same period in 2022. The decrease in the loss recorded for the year ended 31 March 2023 was mainly caused by the increase in gross profit generated as a result of the increase in revenue.

A turnover of approximately HK\$63.2 million was attributed from trading of food products for the year ended 31 March 2023, as compared to approximately HK\$53.6 million for the last corresponding year. In addition, the Group also recorded a turnover of approximately HK\$106.0 million for the year ended 31 March 2023 from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC, as compared to approximately HK\$72.3 million for the last corresponding year. The gross profit attributed by the trading business was approximately HK\$3.2 million for the current year whilst it was approximately HK\$2.3 million for the last corresponding year.

During the last corresponding year, the continued impact of the COVID-19 pandemic and the signs of the down-turning economy in the PRC affected the demand of consumer goods which led to the management of the Group taking a more prudent business strategy to minimise the Group's business risk. However, as the COVID-19 pandemic has persisted for over 2 years since its outbreak, people is becoming more adapted in living with the pandemic around and anti-pandemic measures are finally relaxed in early 2023. The disrupted supply chains are gradually improving, and in light with the introduction of the economic dual circulation strategy by the PRC government with an emphasis on the domestic market, the management has been sourcing new potential customers for our trading business for the expected increase in consumption demand in the retail markets. According to the statistics from the National Bureau of Statistics of the PRC, dispensable income per capita recorded an increase in 2022 as compared to 2021. As the Group's trading business focused on electronic parts and imported seafood which are discretionary goods in nature, such changes in the macro-economic environment contributed to an increase in revenue from the Group's trading business. The Group is prudently optimistic of the prospects of the trading business while remains vigilant in the development and impact of the pandemic and the subsequent normalization.

Money Lending and Factoring Business

The Group offers corporate and personal loans in Hong Kong and the PRC to well-established businesses and affluent individuals of occupations ranging from executives, businessmen and professionals. Clients are generally solicited through (i) the directors and senior management of the subsidiaries whom are in charge of each of the lending businesses; (ii) direct approaches from clients; and (iii) referral from existing clients.

The loan portfolio consists of loans with initial terms generally ranging from 1 to 3 years and outstanding balances of approximately HK\$5 million to HK\$30 million which are principally for the development and expansion of their businesses and their corporate and personal needs.

The Group also offers factoring loans on trade receivables in the PRC with initial terms of not more than 6 months and sizes ranging from approximately RMB10 million to RMB20 million in general. The financing purpose of the Group's clients is principally for their operation requirements.

The Group has outstanding loan portfolios in Hong Kong and the PRC amounted to approximately HK\$209.9 million and factoring receivables of approximately HK\$20.9 million as at 31 March 2023. The Group recognised an aggregate interest income of approximately HK\$15.3 million and a profit of approximately HK\$9.4 million for the year ended 31 March 2023 as compared to approximately HK\$16.4 million and a loss of HK\$5.4 million respectively for the last corresponding year. The turnaround was mainly caused by the decrease in provision for impairment loss on loan and interest receivables which was approximately HK\$3.6 million (2022: 16.4 million) for the current year.

Collaterals and guarantors would be obtained from clients as appropriate on a case-by-case basis by considering the background, repayment ability and credit worthiness of the potential clients a whole. While the Group aims to have securities over the loans granted in accordance with the industry practice and in compliance with the relevant regulations, if applicable, unsecured loans may also be granted which is considered by the Group as a balance of our product-mix and part of our portfolio. Nevertheless, the Group is conservatively prudent in assessing the creditworthiness of the unsecured loans including but not limited to the review and inspection of asset title, asset portfolio, leverage level and liquidity conditions before approval.

In 2022, the lending prime rate of the PRC has been decreasing and new bank lendings in the PRC has been increasing. Amid the introduction of policy-easing measures included policies to stabilise economy by the PRC government, the Group has cautiously adjusted its loan portfolio to take advantage of the market opportunities to generate revenue for the shareholders of the Company under acceptable and controllable levels of risk, and re-balance the mixture of different types of loans according to their various risk profiles. However, as a majority of new loans from this segment were granted in the second half of the current financial year at interest rates as marked to market, the contribution of such loans to the results of the Group was not fully reflected in the current financial year. The Group will assess and closely monitor the credit worthiness of our new and existing clients respectively, in accordance with our internal control measures and, when necessary, formulate the appropriate actions to reduce our credit risk and recovery of the outstanding amounts.

Finance Leasing Business

The Group is engaged in finance leasing business in the PRC and mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from 1 to 5 years and the size of which generally ranges from RMB5 million to RMB30 million. The Group provides both direct leasing and sale-leaseback services to customers and the financing purpose of the Group's customers is principally for the development and expansion of their business.

The finance leasing business maintained a portfolio with outstanding principal amount of approximately HK\$47.1 million as at 31 March 2023. The finance leasing portfolio has attributed a turnover of approximately HK\$1.9 million with a loss of approximately HK\$6.7 million to the Group during the year ended 31 March 2023 as compared to approximately HK\$7.6 million and a loss of approximately HK\$1.3 million respectively for the last corresponding year. As the management considered asset-heavy clients faces more business risks in this turbulent economic environment and hence was more prudent in accepting new businesses, no finance lease was granted during the year, resulting with decrease in interest income generated. As previously reported, there were clients who were severely affected by the down-turning economy and the incidental disruption of supply chains caused by the COVID-19 pandemic, resulting with default in repayments on schedules. While the Group has taken necessary legal proceedings to seize and safeguard the assets secured, a further provision for impairment loss on finance lease receivables of approximately HK\$3.9 million was made which attributed to the loss recorded for the current year. The Group will closely monitor the credit worthiness of the clients and formulate appropriate actions for recovery of the outstanding lease receivables.

Financial Services Business

The Group acquired the financial services business in December 2019 (the “Acquisition”) which is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The market sentiment was generally positive and the market was flourishing since the Acquisition, meanwhile the Hong Kong stock market reached its highest point during the first half of 2021. Thereafter, the stock market was dragged by unfavorable news including government policies reforms in the PRC, the sky-rocketing inflation in the United States and the outbreak of the Russia-Ukraine war etc. Since then, the market sentiment deteriorated and investors’ mentality eroded. The market downturn of Hong Kong persisted and plummeted to a new low point during the year. The management expects the stock market sentiment may not recover soon and will remain volatile and turmoil.

The financial services business has attributed a turnover of approximately HK\$12.5 million with a loss (excluding impairment losses on intangible assets and goodwill) of approximately HK\$24.1 million to the Group during the year ended 31 March 2023, as compared to approximately HK\$19.5 million and a loss (excluding impairment losses on goodwill) of approximately HK\$18.1 million respectively for the last corresponding year. The increase in loss recorded for the current period was mainly caused by the decrease in revenue as detailed below and the increase in provision for impairment loss on account receivables from margin clients and costs for soliciting bond placing clients.

Considering that the stock market was under-performed during the years, in order to increase the Group's exposure within the capital markets, the management has actively explored the probability on the development of the debt financing market and other financial services so as to enlarge the sources of income. However, due to unstable economic conditions, the bond market was also not performing well with many firms have delayed their plans.

During the Company's preparation of the consolidated financial statements, based on the latest financial information available and the deteriorating market conditions as mentioned above, the Group re-assesses its position, with reference to the actual results up to the date of this announcement and the prospects of the financial services business. As such, the profit and cashflow forecast prepared by the Group for the assessment of the recoverable amounts of the financial services business has incorporated the most updated information for the best estimate of the impairment of intangible assets and goodwill, if any, and the corresponding changes in fair value of other financial assets arising from the profit guarantee given by the vendors of this business unit.

Based on the impairment assessment on the assets of this business unit, the Group noted that the carrying amounts of this business unit exceeded their recoverable amounts, and thus, impairment losses on intangible assets and goodwill of approximately HK\$4.7 million and HK\$4.0 million respectively were recognised in the current year. As there is a difference between the actual shortfall of the profit guarantee and the expected shortfall estimated at the end of the previous year, a fair value gain on other financial assets of approximately HK\$11.8 million was recognised in the current year. The net effect in aggregate of the impairments and changes in fair value of other financial assets is not significant to the Company's consolidated net assets or operating results for the year as they were substantially compensated by each other.

In respect of the profit guarantee given by the vendors of the Acquisition, there is a net amount receivable from the vendors of approximately HK\$53.1 million, which comprised the balances due from the vendors under the second and third guaranteed years (i.e. the years ended 31 December 2021 and 2022), after setting off the amounts payable by the Group to the vendors including the relevant retained considerations as at the end of the reporting period. During the year, the Group has actively negotiated with the vendors for the settlement and has instructed our lawyers to issue a writ of summons to initiate legal proceedings against the vendors for recovery of the amount receivable in December 2022. In May 2023, the Company and the vendors agreed on a settlement arrangement, under which the vendors agreed to pay jointly and severally of the amounts due from them under the second guaranteed year in five instalments from May 2023 to August 2023. The legal proceedings in respect of the balances due under the second guaranteed year was stayed pending the full payment of such balances. The Company is in the process of continuing negotiations with the vendors on payment of balances under the third guaranteed year. Further updates regarding this profit guarantee will be announced by the Company as and when appropriate.

The COVID-19 Pandemic and Prospects

The COVID-19 pandemic and subsequent normalization measures has significant impact on and brought uncertainty to the global economy and the Group would review and adjust its business strategies on a regular basis with a prudent and balanced risk management approach so as to cope with the current economic situation. Save as disclosed above, as at the date of this announcement, the Group was not aware of any material adverse impact on the consolidated financial statements as a result of the COVID-19 outbreak.

Potential Business Development

Subsequent to the end of the reporting period, in May 2023, the Company entered into a non-legally binding memorandum of understanding with two potential vendors, pursuant to which the Company intends to acquire an equity interest in a target company which is principally engaged in (a) marketing and sales of medical equipment and nutritional supplements, (b) marketing of medicine, and (c) provision of operation systems and training for clinics in the PRC. As at the date of this announcement, the Group has not yet entered into any formal agreements in respect of this proposed acquisition.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base and may consider restructuring its business segments pursuant to the ever-changing economic environment in the PRC and Hong Kong. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

Securities Investments

The Group invested surplus funds in securities listed in Hong Kong during the year. The fair value of the Group's securities investment amounted to approximately HK\$7.4 million as at 31 March 2023. The Group recorded a loss on changes in fair value of held-for-trading investments of approximately HK\$4.8 million during the year as compared to a loss of approximately HK\$1.2 million for the last corresponding year. The Group disposed certain of the held-for-trading investments with a gain of approximately HK\$5.5 million during the year, as compared to a gain of approximately HK\$5.7 million for the last corresponding year. The management will continue to keep monitoring the stock markets closely and grasping for opportunities to realise gains from its investment portfolio.

Liquidity, Financial Resources and Gearing

As at 31 March 2023, the Group had cash and bank balances of approximately HK\$138.5 million (2022: HK\$217.0 million) and total borrowings of approximately HK\$22.4 million (2022: HK\$14.4 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 2.69% (2022: 1.56%). The liquidity ratio, being the ratio of current assets over current liabilities was 9.33 as at 31 March 2023 (2022: 11.83).

The decrease in the gearing ratio was mainly due the increase in lease liabilities to and the decrease in the liquidity ratio was mainly due to the decrease in cash and bank balances during the year.

Foreign Exchange Exposure

Operations of the Group are mainly conducted in Hong Kong dollar ("HK\$"), Renminbi ("RMB") and US dollar ("US\$") and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$, RMB and US\$. The Group does not enter into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk as appropriate.

Dividend

The Board does not recommend the payment of any dividend for the year ended 31 March 2023.

Capital Structure and Fund Raising Activities

As at 31 March 2023, the total number of issued shares of the Company was 4,120,600,000.

There was no change in the capital structure of the Company during the year.

Charges on Group Assets

As at 31 March 2023, none of the Group's asset was pledged to secure any facilities and borrowings granted to the Group.

Significant Acquisition and Disposal of Assets

Save as the acquisition and disposal of held-for-trading investments in securities as mentioned below, there has been no significant acquisition and disposal of assets by the Group during the year.

Securities Investments Held

As at 31 March 2023, the Group had held-for-trading investments in securities in Hong Kong (the “Securities Investments”) with a market value of approximately HK\$7.4 million. The Group recorded a realised gain of approximately HK\$5.5 million (2022: HK\$5.7 million) in respect of the Securities Investments during the year. The other details of the Securities Investments as at 31 March 2023 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition <i>HK\$'000</i>	Fair value as at 31 March 2023 <i>HK\$'000</i>	% of net assets of the Group as at 31 March 2023	Gain/(Loss) on changes in fair value for the year <i>HK\$'000</i>
1 Vicon Holdings Limited	3878	Foundation works and ancillary services, and general building works in Hong Kong and Macau and leasing of construction machinery	21,886,000	4.56%	3,916	2,714	0.33%	(1,202)
2 Unity Enterprise Holdings Limited	2195	Provision of repair, maintenance, alteration and addition works services in Hong Kong	63,050,000	6.31%	8,367	4,729	0.57%	(3,638)
					<u>12,283</u>	<u>7,443</u>		<u>(4,840)</u>

Contingent Liabilities

The Group did not have significant contingent liabilities as at 31 March 2023.

Commitments

Details of the commitments are set out in Note 15 to this announcement.

Employees And Remuneration Policies

As at 31 March 2023, the Group employed 46 (2022: 58) employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual’s performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group’s performance as well as individual’s performance.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the year ended 31 March 2023.

CORPORATE GOVERNANCE PRACTICE

The Board believes that good governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted practices which meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company has been in compliance with all code provisions set out in the CG Code for the year ended 31 March 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules as its own code regarding securities transactions by Directors of the Company and its subsidiaries and employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company. The Company has received written confirmation from each Director that they have complied with the codes throughout the year.

ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date when the Company's 2023 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company comprising three independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the financial year ended 31 March 2023. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Group's auditor, Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Lau & Au Yeung C.P.A. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Lau & Au Yeung C.P.A. Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk under “Latest Listed Company Information” and on the Company’s website at www.chaoshang.hk under the section “Investor Relations”. The annual report for the year containing all the information required by the Listing Rules will be published on the the Stock Exchange website and the Company’s website and despatched to the Company’s shareholders in due course.

For and on behalf of the Board of
Hong Kong ChaoShang Group Limited
Ms. Zheng Juhua
Chairlady

Hong Kong, 29 June 2023

As at the date of this announcement, the executive directors are Ms. Zheng Juhua and Mr. Chan Chi Yuen; the independent non-executive directors are Mr. Man Kwok Leung, Mr. Yu Pak Yan, Peter and Mr. Chi Chi Hung, Kenneth.