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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 2022**

The board of directors (the “Board”) 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 2022, 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 2022

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	3	169,386	337,853
Cost of sales		(126,260)	(246,426)
Gross profit		43,126	91,427
Other income	5	17,466	6,688
Impairment loss on finance lease receivables		(2,765)	(5,870)
Impairment loss on trade receivables		(5,700)	(8,157)
Impairment loss on account receivables from margin clients		(5,575)	(15,348)
Impairment loss on factoring receivables		(993)	(234)
Impairment loss on loan and interest receivables		(16,403)	(13,174)
Impairment loss on deposits and other receivables		(1,152)	(442)
Loss on changes in fair value of investment property		(2,904)	(115)
Impairment loss on goodwill		(71,700)	–
Gain on changes in fair value of other financial assets		74,089	4,365
(Loss)/Gain on changes in fair value of held-for-trading investments		(1,241)	279
Gain/(Loss) on disposal of held-for-trading investments		5,662	(5,764)
Gains on bargain purchase of interest in associate		12,636	–
Administrative expenses		(63,266)	(74,822)
Operating loss		(18,720)	(21,167)
Finance costs		(2,020)	(3,242)
Share of results of associate		(5,647)	–
Loss before taxation	6	(26,387)	(24,409)
Taxation	7	(768)	960
Loss for the year		(27,155)	(23,449)

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		<u>27,516</u>	<u>52,199</u>
Total comprehensive income for the year		<u>361</u>	<u>28,750</u>
Loss for the year attributable to:			
Owners of the Company		(26,842)	(23,168)
Non-controlling interests		<u>(313)</u>	<u>(281)</u>
Loss for the year		<u>(27,155)</u>	<u>(23,449)</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		1,227	30,002
Non-controlling interests		<u>(866)</u>	<u>(1,252)</u>
Total comprehensive income for the year		<u>361</u>	<u>28,750</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	<i>9</i>	<u><u>(0.65) cents</u></u>	<u><u>(0.56) cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		44,810	48,280
Investment property		45,387	46,374
Right-of-use assets		8,100	10,737
Net investment in sublease		3,717	–
Interest in associate		19,964	–
Intangible assets		21,500	21,500
Goodwill		4,995	76,695
Other non-current assets		230	230
Other financial assets		43,250	8,168
Finance lease receivables	10	7,827	29,901
Loan and interest receivables	13	18,450	–
Deferred tax assets		14,203	9,009
		<u>232,433</u>	<u>250,894</u>
Current assets			
Amount due from associate		175	–
Trade and account receivables	11	288,791	284,818
Factoring receivables	12	51,483	52,580
Finance lease receivables	10	59,518	83,401
Loan and interest receivables	13	77,678	70,670
Deposits, prepayments and other receivables		38,798	20,231
Tax recoverable		7,476	–
Held-for-trading investments		7,987	16,843
Net investment in sublease		2,214	–
Cash held on behalf of clients		35,081	41,521
Cash and bank balances		217,023	246,791
		<u>786,224</u>	<u>816,855</u>
Total assets		<u><u>1,018,657</u></u>	<u><u>1,067,749</u></u>
EQUITY			
Capital and reserves			
Share capital		82,412	82,412
Reserves		855,719	854,492
Total equity attributable to owners of the Company		938,131	936,904
Non-controlling interests		(13,795)	(12,929)
Total equity		<u>924,336</u>	<u>923,975</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Retained consideration payable		14,211	26,593
Lease liabilities		8,901	–
Deferred tax liabilities		4,748	5,405
		<u>27,860</u>	<u>31,998</u>
Current liabilities			
Account payables	<i>14</i>	34,915	44,994
Bond and interest payable		–	7,877
Retained consideration payable		–	8,557
Contract liabilities		–	40
Lease liabilities		4,308	11,058
Accruals, other payables and deposit received		18,217	28,622
Amount due to a Director		1,214	764
Amount due to non-controlling interests		263	252
Tax payables		7,544	9,612
		<u>66,461</u>	<u>111,776</u>
Total liabilities		<u>94,321</u>	<u>143,774</u>
Total equity and liabilities		<u>1,018,657</u>	<u>1,067,749</u>
Net current assets		<u>719,763</u>	<u>705,079</u>
Total assets less current liabilities		<u>952,196</u>	<u>955,973</u>

1 GENERAL INFORMATION

Hong Kong ChaoShang Group Limited (the “Company”) 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 Company and its subsidiaries (together, the “Group”) are 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 28 June 2022.

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 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9, and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021

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 or prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The Group has adopted the amendments on 1 April 2021 and applied retrospectively, but is not required to restate the comparative information.

Amendments to HKFRS 16

Amendments to HKFRS 16 “Covid-19-Related Rent Concessions” issued in May 2020 provide a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

Amendments to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” issued in April 2021 extend the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group adopted the amendments on 1 April 2021.

The Group has not received any Covid-19-related rent concessions during the year and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

(b) *Accounting policy newly applied by the Group*

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current year.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(c) 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 2021 and have not been early adopted.

AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations ¹
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use ¹
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts and the related Amendments ²
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 ¹

¹ *Effective for annual periods beginning on or after 1 January 2022*

² *Effective for annual periods beginning on or after 1 January 2023*

³ *Effective for annual periods beginning on or after a date to be determined*

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sales of goods	125,904	250,605
Interest income from money lending, factoring, finance leasing and margin financing	31,021	44,419
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	125	3,713
Asset management fee income	245	113
Brokerage commission income	3,695	4,539
Underwriting and placing commission income	8,396	34,464
	<u>169,386</u>	<u>337,853</u>
Revenue from contracts with customers within HKFRS 15:		
<i>Recognised at a point of time</i>		
Sales of goods	125,904	250,605
Consultancy fee and handling fee income from money lending, factoring and finance leasing*	125	3,713
Brokerage commission income	3,695	4,539
Underwriting and placing commission income	8,396	34,464
	<u>138,120</u>	<u>293,321</u>
<i>Recognised over time</i>		
Asset management fee income	245	113
	<u>138,365</u>	<u>293,434</u>
Revenue from other sources:		
Interest income from money lending, factoring, finance leasing and margin financing calculated using effective interest method	31,021	44,419
	<u>169,386</u>	<u>337,853</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, the Group recognised revenue of approximately HK\$40,000 (2021: approximately HK\$889,000) from consultancy fee income that was included in contract liabilities at the beginning of the year.

As at 31 March 2022, there is no amount received for performing future obligation (2021: approximately HK\$40,000). This amount represents revenue expected to be recognised in the future from the consultancy contracts entered into with the Group's customers.

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, gain/(loss) on changes in fair value of investment property, gain/(loss) on changes in fair value of other financial asset, gain/(loss) on changes in fair value of held-for-trading investments, gain/(loss) on disposal of held-for-trading investments, gains on bargain purchase of interest in associate, share of results of associate, finance costs, impairment loss on deposits and other receivables (non-trading nature), exchange gain/(loss), rental income, lease interest income, sundry income from 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 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 payable, bond and interest payable, 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

	Year ended 31 March 2022				Total HK\$'000
	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	
Segment revenue and results					
Segment revenue	<u>125,904</u>	<u>16,354</u>	<u>7,634</u>	<u>19,494</u>	<u>169,386</u>
Segment results	(7,526)	(5,399)	(1,298)	(18,068)	(32,291)
Impairment loss on goodwill	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,700)</u>	<u>(71,700)</u>
	<u>(7,526)</u>	<u>(5,399)</u>	<u>(1,298)</u>	<u>(89,768)</u>	<u>(103,991)</u>
Corporate expenses					<u>(19,126)</u>
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 associate					12,636
Share of results of associate					(5,647)
Finance costs					<u>(2,020)</u>
Loss before taxation					(26,387)
Taxation					<u>(768)</u>
Loss for the year					<u><u>(27,155)</u></u>

Year ended 31 March 2021					
	Trading	Money lending and factoring	Finance leasing	Financial services	Total
Segment revenue and results	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	250,605	19,101	17,095	51,052	337,853
Segment results	(6,116)	2,540	3,497	740	661
Corporate expenses					(25,624)
Operating loss					(24,963)
Corporate income					5,031
Loss on changes in fair value of investment property					(115)
Gain on changes in fair value of other financial assets					4,365
Gain on changes in fair value of held-for-trading investments					279
Loss on disposal of held-for-trading investments					(5,764)
Finance costs					(3,242)
Loss before taxation					(24,409)
Taxation					960
Loss for the year					(23,449)

(b) Segment assets and liabilities

	As at 31 March 2022				
Segment assets and liabilities	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Total HK\$'000
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
	<u>1,385</u>	<u>19,921</u>	<u>44,549</u>	<u>31,504</u>	<u>97,359</u>
Current assets	<u>245,627</u>	<u>129,182</u>	<u>62,367</u>	<u>95,830</u>	<u>533,006</u>
Segment assets	<u>247,012</u>	<u>149,103</u>	<u>106,916</u>	<u>127,334</u>	630,365
Unallocated:					
Net investment in sublease					5,931
Interest in associate					19,964
Cash and bank balances					217,023
Others					145,374
Total assets per statement of financial position					<u>1,018,657</u>
Segment liabilities	<u>3,947</u>	<u>437</u>	<u>9,168</u>	<u>35,841</u>	49,393
Unallocated:					
Amount due to a Director					1,214
Others					43,714
Total liabilities per statement of financial position					<u>94,321</u>
Other segment information					
Capital expenditure	632	13	10	277	932
Unallocated capital expenditure					12
					<u>944</u>
Depreciation					
- Right-of-use assets	-	-	-	8,391	8,391
- Property, plant and equipment	387	493	1,435	3,432	5,747
Unallocated depreciation					3,474
					<u>17,612</u>

As at 31 March 2021

Segment assets and liabilities	Trading HK\$'000	Money lending and factoring HK\$'000	Finance leasing HK\$'000	Financial services HK\$'000	Total HK\$'000
Non-current assets					
Property, plant and equipment	1,105	1,679	35,892	8,935	47,611
Right-of-use assets	–	–	–	8,390	8,390
Intangible assets	–	–	–	21,500	21,500
Goodwill	–	–	1,000	75,695	76,695
Other non-current assets	–	–	–	230	230
Finance lease receivables	–	–	29,901	–	29,901
	<u>1,105</u>	<u>1,679</u>	<u>66,793</u>	<u>114,750</u>	<u>184,327</u>
Current assets	<u>234,399</u>	<u>123,763</u>	<u>85,336</u>	<u>104,733</u>	<u>548,231</u>
Segment assets	<u><u>235,504</u></u>	<u><u>125,442</u></u>	<u><u>152,129</u></u>	<u><u>219,483</u></u>	<u>732,558</u>
Unallocated:					
Cash and bank balances					246,791
Others					<u>88,400</u>
Total assets per statement of financial position					<u><u>1,067,749</u></u>
Segment liabilities	<u><u>3,820</u></u>	<u><u>1,529</u></u>	<u><u>16,236</u></u>	<u><u>54,652</u></u>	<u>76,237</u>
Unallocated:					
Amount due to a Director					764
Others					<u>66,773</u>
Total liabilities per statement of financial position					<u><u>143,774</u></u>
Other segment information					
Capital expenditure	–	1,565	219	1,278	3,062
Unallocated capital expenditure					<u>34</u>
					<u><u>3,096</u></u>
Depreciation					
– Right-of-use assets	–	–	–	8,723	8,723
– Property, plant and equipment	386	150	1,561	3,048	5,145
Unallocated depreciation					<u>3,906</u>
					<u><u>17,774</u></u>

5 OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	2,605	1,210
Lease interest income	94	–
Other interest income	61	270
Rental income	1,332	3,280
Government grants (<i>Note 1</i>)	–	1,225
Sundry income from associate	174	–
Others	13,200	703
	<u>17,466</u>	<u>6,688</u>

Note:

- (1) Government grants were mainly 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):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold	123,488	244,764
Salaries and wages included in administrative expenses:		
Directors' emoluments (including contribution to defined contribution plans)	6,083	6,383
Salaries, wages and other benefits (excluding Directors' emoluments)	18,371	20,917
Contribution to defined contribution plans (excluding Directors)	1,064	805
	<u>25,518</u>	<u>28,105</u>
Auditor's remuneration	1,156	968
Depreciation of property, plant and equipment	5,975	5,531
Depreciation of right-of-use assets	11,637	12,243
Property rental expenses in respect of short-term lease	362	340
Loss on disposal of property, plant and equipment	–	55
Impairment loss on finance lease receivables	2,765	5,870
Impairment loss on trade receivables	5,700	8,157
Impairment loss on account receivables from margin clients	5,575	15,348
Impairment loss on factoring receivables	993	234
Impairment loss on loan and interest receivables	16,403	13,174
Impairment loss on deposits and other receivables	1,152	442
Loss on changes in fair value of investment property	2,904	115
Impairment loss on goodwill	71,700	–
Gain on changes in fair value of other financial asset	(74,089)	(4,365)
Loss/(Gain) on changes in fair value of held-for-trading investments	1,241	(279)
(Gain)/Loss on disposal of held-for-trading investments	(5,662)	5,764
Gains on bargain purchase of interest in associate	(12,636)	–
Share of results of associate	5,647	–

7 TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	(211)	2,397
– PRC corporation income tax	<u>6,612</u>	<u>5,536</u>
	6,401	7,933
Deferred tax	<u>(5,633)</u>	<u>(8,893)</u>
Taxation charge/(credit)	<u><u>768</u></u>	<u><u>(960)</u></u>

Hong Kong profits tax

Under the two-tier 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 release in the foreseeable future.

8 DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

9 LOSS PER SHARE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to shareholders	(26,842)	(23,168)
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(0.65) cents</u>	<u>HK(0.56) cents</u>

As there is no dilutive potential ordinary share outstanding as at 31 March 2022 and 2021, the diluted loss per share is equal to the basic loss per share.

10 FINANCE LEASE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current portion of finance lease receivables	69,545	90,218
Non-current portion of finance lease receivables	<u>7,905</u>	<u>30,082</u>
	77,450	120,300
Less: Impairment loss	<u>(10,105)</u>	<u>(6,998)</u>
	<u>67,345</u>	<u>113,302</u>

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

	Minimum finance lease receivables		Present value of minimum finance lease receivables	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	61,408	90,149	59,518	83,401
In the second to fifth years, inclusive	8,250	32,289	7,827	29,901
	69,658	122,438	67,345	113,302
Less: Unearned finance income	(2,313)	(9,136)	N/A	N/A
Present value of minimum finance lease receivables	67,345	113,302	67,345	113,302
Less: Current portion of finance lease receivables			(59,518)	(83,401)
Non-current portion of finance lease receivables			7,827	29,901

As at 31 March 2022 and 2021, 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivables arising from securities broking business:		
– Loans to margin clients	67,411	61,978
– Clearing houses	327	5,924
	<u>67,738</u>	<u>67,902</u>
Less: Impairment loss	<u>(21,086)</u>	<u>(15,511)</u>
	----- 46,652	----- 52,391
Receivables arising from asset management business	–	81
Receivables arising from trading business	<u>283,002</u>	<u>265,990</u>
	<u>283,002</u>	<u>266,071</u>
Less: Impairment loss	<u>(40,863)</u>	<u>(33,644)</u>
	----- 242,139	----- 232,427
Total trade and account receivables	<u><u>288,791</u></u>	<u><u>284,818</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	6,831	38,743
31 to 60 days	5,921	28,317
61 to 90 days	25,263	22,678
91 to 180 days	25,482	36,740
More than 180 days	<u>178,642</u>	<u>105,949</u>
	----- <u><u>242,139</u></u>	----- <u><u>232,427</u></u>

No ageing analysis of cash clients account receivables and loans to margin clients is disclosed as in the opinion of the Directors of the Company, 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Factoring receivables	52,152	53,032
Interest receivables	895	79
	<u>53,047</u>	<u>53,111</u>
Less: Impairment loss	(1,564)	(531)
	<u><u>51,483</u></u>	<u><u>52,580</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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables	105,167	71,235
Interest receivables	20,385	14,195
	<u>125,552</u>	<u>85,430</u>
Less: Impairment loss	(29,424)	(14,760)
	<u><u>96,128</u></u>	<u><u>70,670</u></u>
Current portion of loan and interest receivables	77,678	70,670
Non-current portion of loan and interest receivables	18,450	–
	<u><u>96,128</u></u>	<u><u>70,670</u></u>
Analysed as:		
Within one year	77,678	70,670
In the second to fifth years, inclusive	18,450	–
	<u><u>96,128</u></u>	<u><u>70,670</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 ACCOUNT PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Payables arising from securities broking business:		
– Cash clients account payables	7,120	7,388
– Margin clients account payables	25,185	37,606
– Clearing houses	<u>2,610</u>	<u>–</u>
Total account payables	<u><u>34,915</u></u>	<u><u>44,994</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not later than 1 year	26	26
Later than 1 year but not later than 5 years	<u>–</u>	<u>–</u>
	<u><u>26</u></u>	<u><u>26</u></u>

None of the leases include contingent rentals.

(b) The Group as lessor

As at 31 March 2022 and 2021, 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\$169.4 million with a gross profit of approximately HK\$43.1 million during the year ended 31 March 2022 as compared to approximately HK\$337.9 million and HK\$91.4 million respectively for the last corresponding year. The loss for the year was approximately HK\$27.2 million as compared to approximately HK\$23.4 million for the last corresponding year. The increase in loss for the year was mainly attributable to the recognition of the followings:

- (i) a decrease in gross profit for the year of approximately HK\$48.3 million, which was mainly attributed by the financial services and finance leasing businesses. The gross profit of the financial services business for the year ended 31 March 2022 was approximately HK\$16.9 million whilst it was approximately HK\$49.8 million for the last corresponding year, the decrease in gross profit of the financial services business was partially offset by the decrease in the provision for impairment loss on account receivables from margin clients from approximately HK\$15.3 million in the last corresponding year to approximately HK\$5.6 million in the current year. As for that of the finance leasing business, the gross profit in the current year was approximately HK\$7.6 million as compared to approximately HK\$17.0 million for the last corresponding year, the decrease in gross profit of the finance leasing business was also partially offset by the decrease in the provision for impairment loss on finance lease receivables from approximately HK\$5.9 million in the last corresponding year to approximately HK\$2.8 million in the current year;
- (ii) the recognition of an impairment loss on goodwill of approximately HK\$71.7 million, which was offset by the increase in gain on changes in fair value of other financial assets (which represents the fair value of the profit guarantee) of approximately HK\$74.1 million, please refer to “Financial Services Business” section under “Business Review” below for further details;
- (iii) an increase in other income of approximately HK\$10.8 million which mainly represents compensation received from the property developer in respect of the delay in obtaining the premises permit of the land and buildings/investment property acquired by the Group in prior year;
- (iv) the recognition of a gain on disposal of held-for-trading investments of approximately HK\$5.7 million during the current year whilst a loss of approximately HK\$5.8 million was recorded in the last corresponding year;
- (v) the recognition of gains on bargain purchase of approximately HK\$12.6 million arising from the acquisition of interest and additional interest in an associate during the current year; and
- (vi) a decrease in administrative expenses of approximately HK\$11.6 million.

As at 31 March 2022, the total assets and net assets of the Group amounted to approximately HK\$1,018.7 million (2021: HK\$1,067.7 million) and HK\$924.3 million (2021: HK\$924.0 million) respectively. There were no material changes in the financial position of the Group during the 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\$125.9 million with a loss of approximately HK\$7.5 million from its trading business during year ended 31 March 2022 as compared to approximately HK\$250.6 million with a loss of approximately HK\$6.1 million for the same period in 2021. The increase in the loss recorded for the year ended 31 March 2022 was mainly caused by the decrease in gross profit generated due to decreased revenue from the trading business.

A turnover of approximately HK\$53.6 million was attributed from trading of food products for the year ended 31 March 2022, as compared to approximately HK\$133.2 million for the last corresponding period. In addition, the Group also recorded a turnover of approximately HK\$72.3 million for the year ended 31 March 2022 from trading of electronic parts for production of electronic equipment mainly for local consumption in the PRC, as compared to approximately HK\$117.4 million for the last corresponding period. The gross profit attributed by the trading business was approximately HK\$2.3 million for the current year whilst it was approximately HK\$5.6 million for the last corresponding year.

Revenue from seafood trading comprised around 53% of the Group's trading business revenue in the last corresponding year. During the current year, the continued impact of COVID-19 and the signs of the down-turning economy in the PRC affected the demand of such higher-priced food products which led to the management of the Group taking a more prudent business strategy to minimise the Group's business risk. Specifically, regarding two customers of the seafood trading business, the management has noted there was an increase in the ageing of the respective trade receivables since the end of the last corresponding year. One of whom even defaulted in repayment and legal proceeding has been taken by the Group for recovery of the amount outstanding. The management prudently decided to hold up further businesses with these two customers during the current year which attributed to the decrease in revenue from the trading business. Besides, the disrupted supply chain brought by the COVID-19 pandemic attributed to a decrease in turnover from trading of electronic parts during the current year which contributed to nearly another half of trading revenue in the last corresponding year.

The Company considers that the decrease in revenue from the trading business does not have significant impact on the Group's financial position and the operating results. Despite there was a substantial decrease in turnover from the trading business of approximately HK\$124.7 million, there was only a corresponding decrease of approximately HK\$3.3 million to the gross profit which represented approximately 8% to the overall gross profit generated by the Group during the current year. As such, the management is of the view that the slightly changing of its strategy to be more conservative by continuously assessing the credit worthiness of our customers with reference to both their intrinsic positions and extrinsic macro-economy environments to strike for a return with manageable and acceptable risk levels will certainly benefit the Group for its long term development.

There has been no material effect on the Group's liquidity and financial position arising from the decrease in turnover from the trading business. As disclosed in the "Liquidity, Financial Resources and Gearing" below, the Group maintained similar levels of cash and bank balances as at 31 March 2022 and 31 March 2021. Cash and bank balances represented approximately 28% and 21% of current assets and total assets as at 31 March 2022. The gearing ratio and liquidity ratio as at 31 March 2022 was also improved as compared with those as at 31 March 2021.

The overall financial position of the Group is in good conditions, with adequate financial resources available for daily operations and fulfillment of its financial obligations, and for exploration of potential new businesses should the opportunity arose.

The Group has successfully recovered the outstanding balances due from one of the above mentioned customers in default from food trading business after the end of the current reporting period. Besides, with the introduction of the economic dual circulation strategy by the PRC government with an emphasis on the domestic market, the management are prudently optimistic of the prospects of the trading business, as such a policy suits the PRC in an increasingly unstable and hostile outside world. The management expects that the trading business will be recovered from the current year's levels as impacted by COVID-19 and other factors.

Money Lending and Factoring Business

The Group has outstanding loan portfolios in Hong Kong and the PRC amounted to approximately HK\$125.6 million and factoring receivables of approximately HK\$53.0 million as at 31 March 2022. The Group recognised an aggregate interest income of approximately HK\$16.4 million and a loss of approximately HK\$5.4 million for the year ended 31 March 2022 as compared to approximately HK\$19.1 million and a profit of HK\$2.5 million respectively for the last corresponding year. The loss recorded for year ended 31 March 2022 was mainly caused by the decrease in interest income due to the decrease of average outstanding loan portfolios throughout the year and the increase in provision of impairment loss on loan and interest receivables recognised during the current year. The increase in provision during the current year was mainly due to certain customers who were affected by the epidemic and its rebounds and hence defaulted in repayment of the loans on schedules, the Group, consistent with the basis in the last corresponding year, provided expected credit loss of approximately HK\$17.4 million on the outstanding balances on those customers during the year.

Amid the recent introduction of policy-easing measures including policies to stabilise economy by the PRC government, management will carry out continuous assessment on the market conditions and its impact to the money lending and factoring business. The Group will keep on cautiously adjusting its business strategies to take advantage of the market opportunities, and will request provision of credit enhancement measures by new customers, and also existing customers as appropriate. The Group will closely monitor the credit worthiness of our customers 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. It mainly offers machinery/equipment-based finance leases, the terms of which generally ranges from one year to five years and the size of which generally ranges from RMB5 million to RMB35 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\$77.5 million as at 31 March 2022. The finance leasing portfolio has attributed a turnover of approximately HK\$7.6 million with a loss of approximately HK\$1.3 million to the Group during the year ended 31 March 2022 as compared to approximately HK\$17.1 million and a profit of approximately HK\$3.5 million respectively for the last corresponding year. The loss recorded for year ended 31 March 2022 was mainly caused by a decrease in interest income recognised during the current year as there were continuous repayment from customers, which leads to a decrease of average outstanding portfolio balance during the current year.

On the other hand, there are also customers who were affected by the COVID-19 pandemic and the incidental disrupted supply chains, and as such, defaulted in repayment of the finance lease receivables on schedules. The Group has commenced legal proceedings on certain of these customers. The Group provided an impairment loss on finance lease receivables of approximately HK\$2.8 million for the year ended 31 March 2022. Such impairment was provided in accordance with the Group's policies consistently and taking into account the value of the pledged and/or seized assets successfully obtained by the Group during such legal proceedings. The Group will closely monitor the credit worthiness of our customers and formulate the appropriate actions for recovery of the outstanding amounts.

Financial Services Business

The Group's financial services business is principally engaged in provision of securities dealing broking, placing, underwriting, margin financing and asset management services in Hong Kong.

The financial services business has attributed a turnover of approximately HK\$19.5 million with a loss of approximately HK\$18.1 million to the Group during the year ended 31 March 2022, as compared to approximately HK\$51.1 million and a profit of approximately HK\$0.7 million respectively for the last corresponding year. The loss recorded for the current year was mainly caused by the significant decrease in underwriting and placing commission income.

The Hong Kong stock market reached its highest point in the year during the first half of 2021. However, with the different ongoing government policies reforms in the PRC since July 2021, the Hong Kong stock market plummeted to the lowest point in March 2022. The Hong Kong stock market has since then rebounded. However with the interest rate hikes and quantitative tapering measures as introduced by the Federal Reserve of the United States and the sky-rocketing inflation indicators, and further compounded by shadows cast by the Russia-Ukraine war, global stock markets plummeted. It is expected that stock markets will remain very volatile and turmoil, and as such the Group has been very prudent in conducting the financial services business.

Underwriting and placing commission income comprised a significant portion of the revenue arising from the financial services segment. Underwriting and placing commission income is derived from initial public offering projects and share/bond placing projects, which is on a project-by-project basis. Due to the plummeting Hong Kong and global stock markets, many firms have delayed their stock listing plans in Hong Kong. The Group only completed three placing projects (two bonds and one shares placing) in the current year, as compared to eight placing and underwriting projects in the last corresponding year, which included certain initial public offering projects that generated higher commission income. As such, commission income generated from underwriting and placing activities significantly decreased from approximately HK\$34.5 million in the last corresponding year to approximately HK\$8.4 million in the current year.

The management of the Group has been in on-going negotiations on potential underwriting and placing projects. The Group has preliminary completed its re-assessment and re-engineering of its strategies on the financial services business with the management striving to increase the Group's exposure and scale of operations within the capital markets and to capture a larger market share.

The management has actively explored the probability on the development of the debt financing market so as to enlarge the sources of income. Despite the Group is the new comer to the bond placing business, it has initiated and successfully completed two bond placing projects during the year with another two completed subsequent to the end of the reporting period.

Further, as the Group's clients took a more prudent trading strategy in this turmoil market, there were decreases in both interest income from margin clients and brokerage commission income from securities dealings.

During the Company's preparation of this consolidated financial statements for the year ended 31 March 2022, based on the latest financial information available and the market conditions as mentioned above, the management of the Group took a more prudent approach in forecasting future revenue, with reference to the actual results of, and number and sizes of projects completed 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 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, including the goodwill arising from its acquisition in December 2019, by using the same valuation method adopted for impairment assessment as at 31 March 2021, the Group noted that the carrying amounts of this business unit exceeded their recoverable amounts, and thus, an impairment loss on goodwill of approximately HK\$71.7 million was recognised in the current year. On the other hand, the Group has also assessed the fair value of the profit guarantee, which was given by the vendors upon acquisition of this business unit in 2019, by using the same valuation method adopted as at 31 March 2021. As a result of the actual and expected shortfall of the profit guarantee, a fair value gain on other financial assets of approximately HK\$74.1 million was recognised in the current year. The net effect in aggregate of the impairment of the goodwill 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.

The COVID-19 Pandemic

The rebounds of COVID-19 pandemic has significant impact on 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 unpredictable 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.

Looking forward, the Group will actively identify and explore other investment and business opportunities to broaden its assets and revenue base. 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\$8.0 million as at 31 March 2022. The Group recorded a loss on changes in fair value of held-for-trading investments of approximately HK\$1.2 million during the year as compared to a gain of approximately HK\$0.3 million for the last corresponding year. The Group disposed certain of the held-for-trading investments with a gain of approximately HK\$5.7 million for the year ended 31 March 2022, as compared to a loss of approximately HK\$5.8 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 2022, the Group had cash and bank balances of approximately HK\$217.0 million (2021: HK\$246.8 million) and total borrowings of approximately HK\$14.4 million (2021: HK\$19.6 million). The Group's gearing ratio, calculated by dividing total borrowings by total equity, was 1.56% (2021: 2.12%). The liquidity ratio, being the ratio of current assets over current liabilities was 11.83 as at 31 March 2022 (2021: 7.31).

The decrease in the gearing ratio and the increase in the liquidity ratio was mainly due to the decrease in trade and other payables 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 2022.

Capital Structure and Fund Raising Activities

As at 31 March 2022, 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 2022, 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 2022, the Group had held-for-trading investments in securities in Hong Kong (the "Securities Investments") with a market value of approximately HK\$8.0 million. The Group recorded a realised gain of approximately HK\$5.7 million (2021: loss of approximately HK\$5.8 million) in respect of the Securities Investments during the year. The other details of the Securities Investments as at 31 March 2022 are as follows:

Company name	Stock code	Principal activities	Number of shares held	% of shareholdings	Cost of acquisition HK\$'000	Fair value as at 31 March 2022 HK\$'000	% of net assets of the Group as at 31 March 2022	Gain/(Loss) on changes in fair value for the year HK\$'000
1 Evershine Group Holdings Limited	8022	Trading business, property development and investment business, money lending business, mobile application business and cemetery business	17,433,000	0.81%	6,363	174	0.02%	(105)
2 Vicon Holdings Limited	3878	Foundation works and ancillary services, and general building works in Hong Kong and Macau and leasing of construction machinery	13,020,000	2.71%	9,206	7,813	0.84%	(1,393)
3 Royal Century Resources Holdings Limited (Note)	8125	Provision of design, fitting out and engineering and procurement of furnishings and related products services, leasing of construction equipment and provision of related installation services, sourcing and merchandising of fine and rare wines and provision of financial services	43,221,600	27.57%	N/A	N/A	N/A	257
					<u>15,569</u>	<u>7,987</u>		<u>(1,241)</u>

Note: Royal Century Resources Holdings Limited is an associate of the Company as at 31 March 2022. A gain on changes in fair value of approximately HK\$257,000 was recognised before it was accounted for as an associate during the year.

Contingent Liabilities

The Group did not have significant contingent liabilities as at 31 March 2022.

Commitments

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

Employees and Remuneration Policies

As at 31 March 2022, the Group employed approximately 60 (2021: 70) 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 (the “Director(s)”) 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 2022.

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 2022.

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 2022 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 2022. 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 2022 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 Hong Kong Exchanges and Clearing Limited ("HKEx") 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 HKEx 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, 28 June 2022

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.