



**Fu Shek Financial Holdings Limited**  
**富石金融控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 2263

**INTERIM  
REPORT  
2023/24**

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# Corporate Information

## BOARD OF DIRECTORS

### Non-executive Director

Mr. Keng Stephen Lee  
(formerly known as Li Ching Chung) (*Chairman*)

### Executive Directors

Mr. Sy Man Chiu (*Chief Executive Officer*)  
Mr. Ng Sik Chiu

### Independent Non-executive Directors

Dr. Yu Sun Say  
Mr. Lai Man Sing  
Ms. Tsang Ngo Yin

## AUDIT COMMITTEE

Mr. Lai Man Sing (*Chairman*)  
Dr. Yu Sun Say  
Ms. Tsang Ngo Yin

## REMUNERATION COMMITTEE

Dr. Yu Sun Say (*Chairman*)  
Mr. Keng Stephen Lee  
(formerly known as Li Ching Chung)  
Mr. Lai Man Sing

## NOMINATION COMMITTEE

Mr. Keng Stephen Lee  
(formerly known as Li Ching Chung) (*Chairman*)  
Dr. Yu Sun Say  
Mr. Lai Man Sing

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2705-6, 27/F  
Tower One, Lippo Centre  
89 Queensway  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

## COMPANY SECRETARY

Mr. Wu Man Sun

## LEGAL ADVISER

Michael Li & Co.  
19th Floor, Prosperity Tower  
39 Queen's Road Central  
Central  
Hong Kong

## AUDITOR

Baker Tilly Hong Kong Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
Level 8, K11 ATELIER King's Road  
728 King's Road  
Quarry Bay  
Hong Kong

## PRINCIPAL BANKERS

Chiyu Banking Corporation Limited  
Chong Hing Bank Limited  
Dah Sing Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited

## WEBSITE

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

# Management Discussion and Analysis

## INDUSTRY REVIEW

During the first half of the financial year ending 31 March 2024, the re-opening of economies following the easing of COVID-19 pandemic has not brought an immediate rebound as expected. The Russo-Ukrainian conflict which intensified in early 2022 was yet to be resolved posing negative impact on the global supply chains and driving up energy price, resulting in a dramatic increase in inflation rate worldwide. Economic activities had remained stagnant which further dampened the confidence in the financial market. The rapid increase in interest rates induced by the Federal Reserve of the United States to combat with inflation has been continuing by raising interest rates by 25 basis points in May and July 2023 respectively. It has further dampened the confidence in the financial market, and investors' attitude towards the stock market has become more prudent and the investors have shifted a greater portion of their investment portfolios into cash deposits for their asset allocations under the current interest rate hike cycle. The unfavorable investment sentiment and the volatility in the financial markets have exerted pressure on the Group's operations and expansion of business in terms of turnover of the securities transactions and demand for our margin financing services. According to the monthly market highlights provided by the Hong Kong Stock Exchange, contracted trading activities in the capital market are reflected in the decreasing average daily turnover for the securities market for the first three quarters of 2023 at a level of HK\$109.7 billion, representing a decrease of 12% as compared to corresponding period in 2022.

The total funds raised in the market for the first three quarters of 2023 was HK\$99.2 billion, which represented a decrease of 49% as compared to corresponding period in 2022.

## BUSINESS REVIEW

Since over a decade ago, the Group has been providing comprehensive financial services in Hong Kong, including (i) securities trading services including brokerage services and margin financing services; (ii) placing and underwriting services; and (iii) asset management services. During the six months ended 30 September 2023 (the "Reporting Period"), the Group's revenue was approximately HK\$15.3 million, which recorded a 23.0% decrease in total revenue for the corresponding period in 2022.

### Securities Trading Services

#### *Brokerage Services*

The Group provides securities dealing and brokerage services and ancillary service to clients who maintain a trading account. Commission income from the Group's securities brokerage business and handling and other fee income for the Reporting Period decreased by 32.7% to approximately HK\$3.1 million as compared with that of the six months ended 30 September 2022 (the six months ended 30 September 2022: approximately HK\$4.6 million) and accounted for 20.2% (the six months ended 30 September 2022: 23.1%) of the total revenue. The decrease in revenue from brokerage services was attributable to the decreased commission income received due to decreased trading turnover which is in line with the market during the Reporting Period. The segment profit from brokerage services decreased by 55.7% to approximately HK\$1.3 million as compared with the corresponding period of 2022 (the six months ended 30 September 2022: approximately HK\$2.9 million) which is in line with the decrease in trading turnover during the Reporting Period.

## Management Discussion and Analysis (Continued)

### *Margin Financing Services*

The Group provides financing services to facilitate its clients' purchase of securities on a margin basis in the secondary market and subscription to IPOs. Interest income from margin financing provided by the Group for the Reporting Period decreased by 26.5% to approximately HK\$10.6 million as compared with that of the six months ended 30 September 2022 (the six months ended 30 September 2022: approximately HK\$14.4 million) and accounted for 69.3% (the six months ended 30 September 2022: 72.7%) of the total revenue. The decline in interest income from margin financing was mainly due to a decrease in interest income derived from our margin clients as the demand for our margin financing services decreased generally during the Reporting Period. The segment profit from margin financing services decreased by 81.5% to approximately HK\$2.4 million as compared with the corresponding period of 2022 (the six months ended 30 September 2022: approximately HK\$13.1 million) as an allowance for impairment loss of approximately HK\$8.2 million (the six months ended 30 September 2022: approximately HK\$0.8 million) was recognised under the expected credit loss model for accounts receivable arising from the business of dealing in securities with the deteriorating market environment and expectation during the Reporting Period. To recover accounts receivable arising from the business of dealing in securities with impairment loss, the Group has taken various actions, including restructuring arrangements, issuing demand letters and commencing legal proceedings action against the borrowers.

### *Placing and Underwriting Services*

The Group provides placing and underwriting services by acting as (i) bookrunner, lead manager or underwriter of listing applicants in IPOs; and (ii) placing agent of listed companies in connection with their issuance or sale of securities, in return for placing and/or underwriting commission income. The commissions from placing and underwriting engagements vary on a case-by-case basis, as they are charged either based on pre-determined fixed fee or a fee calculated as a percentage of the total price of shares underwritten. Commission income from the Group's placing and underwriting services for the Reporting Period increased by 90.9% to approximately HK\$1.6 million as compared with that of the six months ended 30 September 2022 (the six months ended 30 September 2022: approximately HK\$0.8 million) and accounted for 10.5% (the six months ended 30 September 2022: 4.2%) of the total revenue. The segment result from placing and underwriting services recorded a profit of approximately HK\$0.9 million (the six months ended 30 September 2022: loss of approximately HK\$14,000). The segment result recorded a profit was mainly due to the Group actively engaged in different placing exercises during the Reporting Period.

### *Asset Management Services*

During the Reporting Period, the revenue of asset management services was approximately HK\$2,000 (the six months ended 30 September 2022: HK\$2,000) and the segment loss was HK\$88,000 (the six months ended 30 September 2022: HK\$88,000). The expansion of asset management services segment has met difficulties under the current generally unfavorable investment landscape under the current interest rate hike cycle.

# Management Discussion and Analysis (Continued)

## OUTLOOK AND PROSPECTS

The Group believes that the Hong Kong financial services industry, following its re-opening to the world, coupled with its strong history and foundation, sound reputation, supportive policies and outstanding industry professionals, would remain in a top position worldwide. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise, especially in the exploration new cooperation with other financial services providers in Hong Kong and expansion of our clients base. Meanwhile, the Group will explore the new stock markets including pan-Asia in order to provide more investment opportunities to our clients.

In response to the opportunities in the market, the Group will remain prudent towards external factors arising from the global and local economic situation and enhance its strengths to consolidate the Group's position in the industry. The Group will continue to control our operating costs over the unfavorable investment landscape to improve the cost effectiveness and profitability of the Group by utilising our financial resources effectively.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group recorded a revenue of approximately HK\$15.3 million (the six months ended 30 September 2022: approximately HK\$19.9 million), representing a decrease of 23.0% compared with that of the six months ended 30 September 2022. The overall decrease was mainly due to decrease in interest income from margin financing business during the Reporting Period.

### Other Operating Expenses

For the Reporting Period, the other operating expenses decreased 3.2% to approximately HK\$2.8 million as compared with the six months ended 30 September 2022 (the six months ended 30 September 2022: approximately HK\$2.9 million). The decrease was mainly due to less information services expenses and settlement and brokerage trading expenses, which was in line with the decrease in trading turnover during the Reporting Period.

### Net Profit

For the Reporting Period, the Group's net profit was approximately HK\$1.7 million, which was a decrease of 79.9% compared with approximately HK\$8.7 million from the six months ended 30 September 2022. Such change was mainly due to decrease in interest income from margin financing services as the demand for our margin financing services decreased gradually and increase in impairment loss for accounts receivable arising from the business of dealing in securities under the expected credit loss model with the deteriorating market environment and expectation as compared with the six months ended 30 September 2022.

# Management Discussion and Analysis (Continued)

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group maintained a strong liquidity position with bank deposits, and financed its operations by cash mainly generated from operations. As at 30 September 2023, the Group had total bank balances for general accounts and cash of approximately HK\$205.1 million (as at 31 March 2023: approximately HK\$132.1 million). As at 30 September 2023, the Group had net current assets of approximately HK\$350.2 million, representing an increase of approximately HK\$2.5 million as compared with that of approximately HK\$347.7 million as at 31 March 2023. The financial position of the Group remained stable during the Reporting Period.

The Group's gearing ratio was Nil as at 30 September 2023 (as at 31 March 2023: Nil).

Gearing ratio is calculated based on total debts which represent bank borrowings only, divided by net assets as at the end of the Reporting Period.

### **Borrowings**

As at 30 September 2023, the Group had nil bank borrowings (as at 31 March 2023: Nil).

### **Pledge of Assets**

As at 30 September 2023, the Group did not have any pledged assets (as at 31 March 2023: Nil).

### **Foreign Currency Exposure**

As the Group only operates in Hong Kong and the majority of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the directors of the Company (the "Directors") are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Reporting Period.

### **Capital Commitments and Contingent Liabilities**

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

### **Employees and Remuneration Policies**

As at 30 September 2023, the Group employed 15 staff (as at 31 March 2023: 15). The employees' remuneration was determined based on factors such as qualification, duty, contributions and years of experience. Staff costs primarily consist of fees, salaries, discretionary bonus and other benefits as well as contributions to the mandatory provident fund for the Director and employees of the Group. Staff costs remained stable at approximately HK\$4.7 million during the Reporting Period (the six months ended 30 September 2022: HK\$4.7 million).

## Management Discussion and Analysis (Continued)

### Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

### Significant Investments Held by the Group

As at 30 September 2023, the Group did not make any significant investments (as at 31 March 2023: Nil).

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 31 January 2020 (the “Prospectus”), the Group did not have other future plans for material investments or capital assets as at the date of this interim report.

### USE OF PROCEEDS

The net proceeds from the listing of the Company’s shares on the main board of the Stock Exchange received by the Group, after deducting related expenses, were approximately HK\$90.6 million. These net proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Such uses include: (i) expansion of placing and underwriting business; (ii) funding for margin financing business; (iii) establishment and renovation of a new office; (iv) expansion of workforce; (v) enhancement of IT systems; (vi) promotion and marketing; and (vii) working capital.

Business strategies	Net proceeds as allocated in accordance with the Prospectus <i>HK\$ Million</i>	Actual use of net proceeds up to 30 September 2023 <i>HK\$ Million</i>	Unutilised use of net proceeds up to 30 September 2023 <i>HK\$ Million</i>	Expected timeline of full utilisation of the balance
Expansion of placing and underwriting business	27.0	27.0	–	–
Funding for margin financing business	10.2	10.2	–	–
Establishment and renovation of a new office	15.7	–	15.7	End of 2026
Expansion of workforce	12.9	1.1	11.8	End of 2026
Enhancement of IT systems	9.0	–	9.0	End of 2026
Promotion and marketing	7.2	–	7.2	End of 2026
Working capital	8.6	8.6	–	–
<b>Total</b>	<b>90.6</b>	<b>46.9</b>	<b>43.7</b>	

## Management Discussion and Analysis (Continued)

As at 30 September 2023, the unutilised net proceeds were placed with a licensed bank in Hong Kong.

In consideration of the prolonged unfavorable investment landscape and uncertain economic outlook since the outbreak of COVID-19, the Group has adopted a conservative but flexible approach for utilising the net proceeds effectively and efficiently for the long-term development of the Group. The Group has kept the expansion and development plans on hold during the Reporting Period, and planned to resume when the global economic environment is stabilised.

The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Reporting Period, the Directors considered that no modification of the use of net proceeds described in the Prospectus was required.

### INTERIM DIVIDENDS

The board of the Directors (the "Board") does not recommend the declaration of interim dividend for the Reporting Period (the six months ended 30 September 2022: Nil).

### EVENTS AFTER THE REPORTING PERIOD

The Group had no material subsequent events after the Reporting Period.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the Reporting Period.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company of all Directors that they have fully complied with the required standard as set out in the Model Code throughout the Reporting Period.

# Management Discussion and Analysis (Continued)

## AUDIT COMMITTEE

The Company established its Audit Committee which consists of three members, namely Mr. Lai Man Sing (chairman), Dr. Yu Sun Say and Ms. Tsang Ngo Yin. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has reviewed with management of the Company the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 including the accounting principles and practices adopted by the Group.

## REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group as set out in this interim report had been reviewed by the Audit Committee and the Company's auditor, Baker Tilly Hong Kong Limited.

## DEED OF NON-COMPETITION

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Keng Stephen Lee, Ms. Yeung Lai Lai and Man Chase Holdings Limited (collectively the "Controlling Shareholders"), have entered into the deed of non-competition dated 22 January 2020 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the date of listing of the Company's shares on the Main Board of the Stock Exchange (the "Listing Date"), they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the core business of the Group currently excluded or possibly in the future to be engaged by the Group in Hong Kong or any other countries or jurisdictions as the Group may conduct or carry on business from time to time (the "Undertakings").

The Controlling Shareholders have confirmed to the Company that during the Reporting Period and up to the date of this interim report, they and their respective close associates (as defined under the Listing Rules) have complied with the Undertakings contained in the Deed of Non-competition.

## Management Discussion and Analysis (Continued)

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

As at 30 September 2023, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

#### Interest in shares of the Company

<b>Name of Director</b>	<b>Capacity/nature of interest</b>	<b>Number and class of securities</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b> <i>(%)</i>
Mr. Keng Stephen Lee ("Mr. Keng")	Interest in controlled corporation <i>(Note 2)</i>	750,000,000 shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the shares.
- (2) Mr. Keng owns 60% of the issued share capital of Man Chase Holdings Limited ("Man Chase"). By virtue of the SFO, Mr. Keng is deemed to be interested in such Shares held by Man Chase.

# Management Discussion and Analysis (Continued)

## Interest in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number and class of securities (Note)	Approximate percentage of shareholding in associated Corporation (%)
Mr. Keng	Man Chase	Beneficial owner	60 Shares (L)	60%

Note: The letter "L" denotes a person's long position in the shares.

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding (%)
Man Chase	Beneficial owner	750,000,000 Shares (L)	75%
Ms. Yeung Lai Lai ("Ms. Yeung")	Interest in controlled corporation (Note 2)	750,000,000 Shares (L)	75%
Ms. Mei Ngar Cindy Sze (Note 3)	Interest of spouse	750,000,000 Shares (L)	75%
Mr. Ng Hoi Shuen (Note 4)	Interest of spouse	750,000,000 Shares (L)	75%

## Management Discussion and Analysis (Continued)

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) Man Chase is owned as to 60% by Mr. Keng and 40% by Ms. Yeung. Therefore, each of Mr. Keng and Ms. Yeung is deemed to be interested in the Shares held by Man Chase under the SFO.
- (3) Ms. Mei Ngar Cindy Sze is the spouse of Mr. Keng.
- (4) Mr. Ng Hoi Shuen is the spouse of Ms. Yeung.

Save as disclosed above, as at 30 September 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER Facility Agreement I**

Reference is made to the announcement of the Company dated 12 August 2021. On 12 August 2021, Sinomax Securities Limited ("Sinomax Securities"), an indirect wholly-owned subsidiary of the Company, as borrower, and the Hongkong and Shanghai Banking Corporation Limited ("HSBC"), as lender, entered into a facility agreement in relation to a revolving loan facility and an overdraft facility of up to a principal amount of HK\$15,000,000 and HK\$10,000,000 respectively (the "Facility Agreement I"), which are agreed to be made available by HSBC to Sinomax Securities on the terms and conditions contained therein.

Pursuant to Facility Agreement I, specific performance obligations are imposed as follows: (a) Mr. Keng Stephen Lee and Ms. Yeung Lai Lai (collectively, the "Controlling Shareholders"), undertake not to charge or otherwise encumber the shares of the Company without HSBC's prior written consent; (b) the Controlling Shareholders undertake, upon request by HSBC, to provide a written confirmation to HSBC for the compliance with its negative pledge obligation; and (c) the Controlling Shareholders undertake, upon request by HSBC, to transfer their shares in the Company to HSBC's account regularly to evidence free of encumbrance.

## Management Discussion and Analysis (Continued)

The Controlling Shareholders will be required for so long as the facilities under the Facility Agreement I are available to Sinomax Securities to comply with the above undertakings. A breach of the above specific performance obligations by the Controlling Shareholders may result in HSBC to cancel all or any part of the commitments under the Facility Agreement I and all amounts outstanding under the Facility Agreement I may immediately become due and payable. Under the Facility Agreement I, HSBC has the right to suspend, withdraw or make demand for repayment in respect of the whole or any part of the facilities made available to Sinomax Securities at any time.

The facilities under Facility Agreement I have no fixed terms and are subject to periodic review of HSBC.

As at 30 September 2023, loan amount outstanding under Facility Agreement I was HK\$Nil.

### **SHARE OPTION SCHEME**

The share option scheme (the "Share Option Scheme") is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was conditionally adopted and effective upon Listing by the written resolutions of its then sole Shareholder passed on 22 January 2020 (the "Adoption Date"). The Company is thus entitled to issue a maximum of 100,000,000 shares upon exercise of the share options to be granted under the Share Option Scheme limit, representing 10% of the shares in issue as at the Listing Date.

The purpose of the Share Option Scheme is to motivate any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries, any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries (collectively, the "Eligible Participants") to optimize their performance efficiency for benefit of the Group and attract and retain or otherwise maintain on-going business relationship with the Eligible Participants.

During the Reporting Period, no options were granted by the Company under the Share Option Scheme.

## Management Discussion and Analysis (Continued)

The Company did not have any outstanding share options, warrants, derivatives or securities where are convertible or exchangeable into Shares as at 30 September 2023.

By order of the Board  
**Fu Shek Financial Holdings Limited**  
**Keng Stephen Lee**  
*Chairman*

Hong Kong, 30 November 2023

*As at the date of this report, the Board comprises Mr. Keng Stephen Lee as chairman and non-executive Director, Mr. Sy Man Chiu and Mr. Ng Sik Chiu as executive Directors, and Dr. Yu Sun Say, Mr. Lai Man Sing and Ms. Tsang Ngo Yin as independent non-executive Directors.*

# Report on Review of Condensed Consolidated Financial Statements



## **TO THE BOARD OF DIRECTORS OF FU SHEK FINANCIAL HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **INTRODUCTION**

We have reviewed the condensed consolidated financial statements of Fu Shek Financial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 40, which comprise the condensed consolidated statement of financial position as at 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Report on Review of Condensed Consolidated Financial Statements (Continued)

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 30 November 2023

Del Rosario, Faith Corazon

Practising certificate number P06143

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

For the six months ended 30 September 2023

		<b>Six months ended 30 September</b>	
		<b>2023</b>	2022
<i>Notes</i>		<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
<b>Revenue</b>			
	4	<b>4,691</b>	5,429
		<b>10,602</b>	14,433
		<b>15,293</b>	19,862
		<b>(86)</b>	100
	6	<b>4,091</b>	718
	7	<b>(4,738)</b>	(4,662)
	8	<b>(24)</b>	(559)
	9	<b>(8,175)</b>	(800)
		<b>(998)</b>	(632)
		<b>(776)</b>	(770)
		<b>(2,840)</b>	(2,934)
	10	<b>1,747</b>	10,323
	11	<b>–</b>	(1,644)
		<b>1,747</b>	8,679
		<b>0.17</b>	0.87

# Condensed Consolidated Statement of Financial Position

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
<b>Non-current assets</b>			
Property and equipment	14	588	1,356
Intangible asset		2,735	2,735
Other assets	15	200	200
		<b>3,523</b>	<b>4,291</b>
<b>Current assets</b>			
Accounts receivable	16	160,444	240,224
Deposits, other receivable and prepayments	17	748	663
Tax recoverable		679	1
Bank balances – trust and segregated accounts		131,670	142,607
Bank balances – general accounts and cash		205,077	132,068
		<b>498,618</b>	<b>515,563</b>
<b>Current liabilities</b>			
Accounts payable	18	146,510	164,278
Other payables and accrued charges	19	1,401	2,338
Lease liabilities	20	515	1,270
		<b>148,426</b>	<b>167,886</b>
<b>Net current assets</b>		<b>350,192</b>	<b>347,677</b>
<b>Net assets</b>		<b>353,715</b>	<b>351,968</b>
<b>Capital and reserves</b>			
Share capital	21	10,000	10,000
Reserves		343,715	341,968
<b>Total capital and reserves</b>		<b>353,715</b>	<b>351,968</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to owners of the Group				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserve HK\$'000	
At 1 April 2022 (audited)	10,000	104,819	145,143	80,000	339,962
Profit and total comprehensive income for the period	–	–	8,679	–	8,679
At 30 September 2022 (unaudited)	10,000	104,819	153,822	80,000	348,641
At 1 April 2023 (audited)	<b>10,000</b>	<b>104,819</b>	<b>157,149</b>	<b>80,000</b>	<b>351,968</b>
Profit and total comprehensive income for the period	–	–	1,747	–	1,747
At 30 September 2023 (unaudited)	<b>10,000</b>	<b>104,819</b>	<b>158,896</b>	<b>80,000</b>	<b>353,715</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Operating cash flows before movements in working capital	<b>6,648</b>	11,753
Decrease in accounts receivable	<b>71,605</b>	555
Increase in other assets	<b>–</b>	(339)
(Increase) decrease in deposits, other receivable and prepayments	<b>(85)</b>	70
Decrease (increase) in bank balances – trust and segregated accounts	<b>10,937</b>	(16,131)
(Decrease) increase in accounts payable	<b>(17,768)</b>	20,900
Decrease in other payables and accrued charges	<b>(937)</b>	(554)
	<b>70,400</b>	16,254
<b>CASH GENERATED FROM OPERATIONS</b>		
Bank interest received	<b>4,074</b>	699
Income tax paid	<b>(678)</b>	–
	<b>73,796</b>	16,953
<b>NET CASH FROM OPERATING ACTIVITIES</b>		
<b>INVESTING ACTIVITY</b>		
Purchase of property and equipment	<b>(8)</b>	(27)
	<b>(8)</b>	(27)
<b>CASH USED IN INVESTING ACTIVITY</b>		
<b>FINANCING ACTIVITIES</b>		
Repayments of lease liabilities	<b>(755)</b>	(719)
Interest paid	<b>(24)</b>	(559)
	<b>(779)</b>	(1,278)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>73,009</b>	15,648
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>132,068</b>	103,725
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>205,077</b>	119,373

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at Room 2705–6, 27/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company’s immediate and ultimate holding company is Man Chase Holdings Limited, a company incorporated in the British Virgin Islands, which is owned by Mr. Keng Stephen Lee as to 60% and Ms. Yeung Lai Lai as to 40%, who are independent from each other and who have always been the controlling shareholders of the Company and other entities comprising the Group.

The principal activities of the Group are the provision of securities dealing and brokerage services, placing and underwriting services, securities margin financing services and asset management services in Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which become relevant to the Group in the current interim period, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 March 2023.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employees after the abolition.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (Continued)

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 March 2023.

In this interim financial report and in prior periods, consistent with the HKICPA guidance, the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 March 2024.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 4. FEE AND COMMISSION INCOME

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Commission and brokerage income on securities dealing	2,635	3,899
Placing and underwriting services income	1,602	839
Handling and other fee income	452	689
Asset management fee	2	2
	<u>4,691</u>	<u>5,429</u>

### Disaggregation of fee and commission income from contracts with customers

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Timing of revenue recognition</b>		
A point in time	4,668	5,308
Over time	23	121
	<u>4,691</u>	<u>5,429</u>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION

The Group's operating segment is determined based on information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance.

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

- (a) the brokerage services segment comprising the provision of brokerage services in securities traded in Hong Kong and overseas markets;
- (b) the margin financing services segment comprising the provision of financing services to margin and cash clients;
- (c) the placing and underwriting services segment comprising the provision of underwriting, sub-underwriting and placing services; and
- (d) the asset management services segment comprising the provision of investment management services.

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

### 5. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the Group's annual financial statements for the year ended 31 March 2023. Segment profit/(loss) represents the profit or loss earned by each segment without allocation of other income, other gains and losses, unallocated staff costs, unallocated finance costs, depreciation and unallocated other operating expenses. No inter-segment revenues are charged among segments.

#### Period ended 30 September 2023

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	3,087	10,602	1,602	2	15,293
<b>Segment profit/(loss)</b>	<b>1,275</b>	<b>2,427</b>	<b>872</b>	<b>(88)</b>	<b>4,486</b>
Other income and losses					4,005
Unallocated staff costs					(3,426)
Unallocated finance costs					(24)
Depreciation					(776)
Unallocated other operating expenses					(2,518)
Profit before taxation					1,747
<b>Other segment information:</b>					
Interest income from clients	-	10,602	-	-	10,602
Commission expenses	(658)	-	(340)	-	(998)
Impairment loss recognised	-	(8,175)	-	-	(8,175)

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION (Continued)

Period ended 30 September 2022

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	<u>4,588</u>	<u>14,433</u>	<u>839</u>	<u>2</u>	<u>19,862</u>
Segment profit/(loss)	<u>2,881</u>	<u>13,135</u>	<u>(14)</u>	<u>(88)</u>	15,914
Other income and gains					818
Unallocated staff costs					(3,040)
Unallocated finance costs					(61)
Depreciation					(770)
Unallocated other operating expenses					<u>(2,538)</u>
Profit before taxation					<u>10,323</u>
Other segment information:					
Interest income from clients	<u>-</u>	<u>14,433</u>	<u>-</u>	<u>-</u>	<u>14,433</u>
Interest on bank borrowings	<u>-</u>	<u>(498)</u>	<u>-</u>	<u>-</u>	<u>(498)</u>
Commission expenses	<u>(169)</u>	<u>-</u>	<u>(463)</u>	<u>-</u>	<u>(632)</u>
Impairment loss recognised	<u>-</u>	<u>(800)</u>	<u>-</u>	<u>-</u>	<u>(800)</u>

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

### Geographical information

The Group's operations are principally located in Hong Kong and all of the Group's revenue and non-current assets are derived from and located in Hong Kong.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 6. OTHER INCOME

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Bank interest income	<b>4,074</b>	699
Sundry income	<b>17</b>	19
	<b>4,091</b>	718

## 7. STAFF COSTS

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Directors' remuneration		
– fees	<b>360</b>	360
– salaries, discretionary bonus and other benefits	<b>1,480</b>	1,640
– contributions to the retirement benefit scheme	<b>9</b>	9
Salaries, discretionary bonus and other benefits	<b>2,795</b>	2,876
Contributions to the retirement benefit scheme	<b>94</b>	90
	<b>4,738</b>	4,975
Less: Government grants	<b>–</b>	(313)
	<b>4,738</b>	4,662

During the period ended 30 September 2022, the Group recognised government grants of HK\$313,000 in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong Government for compensating the Group's staff costs.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 8. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	–	498
Interest on lease liabilities	24	61
	<u>24</u>	<u>559</u>

## 9. IMPAIRMENT LOSS RECOGNISED

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment loss recognised on:		
Accounts receivable arising from the business of dealing in securities	8,175	800

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2023.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 10. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– Annual audit	475	475
– Interim review	200	200
Legal and professional fees	573	637
Information services expenses	775	865
Settlement and brokerage trading expenses	322	396

## 11. TAXATION

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	–	1,644

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the prior period. No provision for Hong Kong Profits Tax has been made as there is no assessable profits for the current period.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<b>1,747</b>	8,679

	Number of shares	
	Six months ended 30 September	
	2023	2022
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation ('000)	<b>1,000,000</b>	1,000,000

No diluted earnings per share is presented for the six-month periods ended 30 September 2023 and 2022 as there were no potential dilutive shares.

## 13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the period ended 30 September 2023, nor has any dividend been proposed since the end of the reporting period (period ended 30 September 2022: Nil).

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 14. PROPERTY AND EQUIPMENT

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer HK\$'000	Leasehold improvements HK\$'000	Sub- total HK\$'000	Right- of-use assets HK\$'000	Total HK\$'000
COST							
At 1 April 2022 (audited)	303	83	377	97	860	3,007	3,867
Additions	5	12	88	–	105	–	105
At 31 March 2023 (audited)	308	95	465	97	965	3,007	3,972
Additions	–	–	8	–	8	–	8
At 30 September 2023 (unaudited)	<u>308</u>	<u>95</u>	<u>473</u>	<u>97</u>	<u>973</u>	<u>3,007</u>	<u>3,980</u>
ACCUMULATED DEPRECIATION							
At 1 April 2022 (audited)	303	71	347	97	818	250	1,068
Provided for the year	1	4	40	–	45	1,503	1,548
At 31 March 2023 (audited)	304	75	387	97	863	1,753	2,616
Provided for the period	1	2	21	–	24	752	776
At 30 September 2023 (unaudited)	<u>305</u>	<u>77</u>	<u>408</u>	<u>97</u>	<u>887</u>	<u>2,505</u>	<u>3,392</u>
CARRYING VALUES							
At 30 September 2023 (unaudited)	<u>3</u>	<u>18</u>	<u>65</u>	<u>–</u>	<u>86</u>	<u>502</u>	<u>588</u>
At 31 March 2023 (audited)	<u>4</u>	<u>20</u>	<u>78</u>	<u>–</u>	<u>102</u>	<u>1,254</u>	<u>1,356</u>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 15. OTHER ASSETS

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
The SEHK		
– Compensation Fund deposits	50	50
– Fidelity Fund deposits	50	50
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– Admission fees	50	50
– Guarantee Fund contribution	50	50
	<hr/>	<hr/>
	<b>200</b>	200
	<hr/> <hr/>	<hr/> <hr/>

Balances represent statutory deposits with the SEHK and HKSCC which are non-interest bearing.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 16. ACCOUNTS RECEIVABLE

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities ( <i>note a</i> )		
– HKSCC	<b>14,818</b>	12,037
– Cash clients	<b>182</b>	7,334
– Margin clients	<b>160,856</b>	228,025
– Broker	<b>142</b>	157
Accounts receivable arising from placing and underwriting services ( <i>note b</i> )	<b>1,180</b>	1,230
	<b>177,178</b>	248,783
Less: allowance for impairment loss		
– accounts receivable arising from the business of dealing in securities	<b>(15,554)</b>	(7,379)
– accounts receivable arising from placing and underwriting services	<b>(1,180)</b>	(1,180)
	<b>160,444</b>	240,224

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 16. ACCOUNTS RECEIVABLE (Continued)

Notes:

- (a) The normal settlement terms of accounts receivable from cash clients, broker and HKSCC are two days after trade date. In respect of accounts receivable from cash clients which are past due at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
0–30 days	–	717
31–60 days	–	–
61–90 days	–	–
Over 90 days	<b>2</b>	<b>3</b>
	<hr/> <b>2</b> <hr/>	<hr/> <b>3</b> <hr/>
	<b>2</b>	<b>720</b>

Accounts receivable from HKSCC and broker are related to unsettled trades and not yet past due.

No ageing analysis is disclosed, in respect of accounts receivable from margin clients, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall and provision for impairment loss of HK\$15,554,000 was made as at 30 September 2023 (31 March 2023: HK\$7,379,000).

- (b) No credit period is granted for accounts receivable arising from placing and underwriting services. The ageing analysis (based on the revenue recognition date) is as follows:

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
0–30 days	–	–
31–90 days	–	50
91–120 days	–	–
121–180 days	–	–
181–365 days	–	–
Over 365 days	<b>1,180</b>	<b>1,180</b>
	<hr/> <b>1,180</b> <hr/>	<hr/> <b>1,180</b> <hr/>
	<b>1,180</b>	<b>1,230</b>

Impairment allowance of HK\$1,180,000 (31 March 2023: HK\$1,180,000) has been made for accounts receivable from placing and underwriting services.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 17. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Deposits	<b>618</b>	607
Other receivable	<b>1</b>	1
Prepayments	<b>129</b>	55
	<b>748</b>	663

## 18. ACCOUNTS PAYABLE

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Cash clients	<b>108,333</b>	114,335
Margin clients	<b>38,177</b>	48,634
HKSCC	<b>–</b>	1,309
	<b>146,510</b>	164,278

The normal settlement terms of accounts payable to clients and HKSCC are two days after trade date.

Accounts payable to cash clients, margin clients and HKSCC are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 18. ACCOUNTS PAYABLE (Continued)

The accounts payable amounting to HK\$131,670,000 (31 March 2023: HK\$142,607,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

## 19. OTHER PAYABLES AND ACCRUED CHARGES

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	<b>As at 31 March 2023 HK\$'000 (audited)</b>
Other payables	<b>684</b>	1,304
Accrued charges	<b>717</b>	1,034
	<b>1,401</b>	2,338

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

### 20. LEASE LIABILITIES

	<b>As at 30 September 2023 HK\$'000 (unaudited)</b>	As at 31 March 2023 HK\$'000 (audited)
Minimum lease payment due:		
Within one year	<b>521</b>	1,300
Less: Future finance charge	<b>(6)</b>	(30)
	<b>515</b>	1,270
Present value of lease liabilities:		
Within one year	<b>515</b>	1,270

The Group leases one property to operate its business and these liabilities were measured at the present value of the lease payments that are not yet paid.

### 21. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	<b>Number of shares</b>	<b>Nominal amount HK\$'000</b>
Authorised:		
At 31 March 2022 and 2023 and 30 September 2023	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 31 March 2022 and 2023 and 30 September 2023	<u>1,000,000,000</u>	<u>10,000</u>

# Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

## 22. RELATED PARTY TRANSACTIONS

During the period, the Group entered in the following transactions with related parties:

	<b>Six months ended 30 September</b>	
	<b>2023</b> <b>HK\$'000</b> <b>(unaudited)</b>	2022 <i>HK\$'000</i> (unaudited)
Commission income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	<b>1</b>	3
– Mr. Keng Stephen Lee and his close members of the family	<b>50</b>	–
– Ms. Yeung Lai Lai and her close members of the family	<b>29</b>	102
	<b>80</b>	105
Interest income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Keng Stephen Lee and his close members of the family	<b>16</b>	–
– Ms. Yeung Lai Lai and her close members of the family	<b>91</b>	57
	<b>107</b>	57
Handling fee income from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	<b>1</b>	1
– Mr. Keng Stephen Lee and his close members of the family	<b>2</b>	1
– Ms. Yeung Lai Lai and her close members of the family	<b>2</b>	10
	<b>5</b>	12
Key management personnel remuneration		
– Fees, salaries, commission expenses, discretionary bonus and other benefits	<b>3,024</b>	3,482
– Retirement benefit scheme contributions	<b>27</b>	27
	<b>3,051</b>	3,509

## Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2023

### **23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the unaudited condensed consolidated financial statements approximate their fair values. The fair value of financial assets and financial liabilities are determined in accordance with discounted cash flow analysis.