CDH 中發展控股有限公司
Central Development Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code : 00475

INTERIM REPORT

2022/23

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wu Hao *(Chairman)*
Mr. Hu Yangjun
Mr. Chan Wing Yuen, Hubert *(Chief Executive)*

Non-executive Director

Mr. Li Wei Qi, Jacky

Independent non-executive Directors

Mr. Jin Qingjun
Ms. Sun Ivy Connie
Ms. Zhong Yingjie, Christina

Audit Committee

Ms. Zhong Yingjie, Christina *(Chairman)*
Mr. Jin Qingjun
Ms. Sun Ivy Connie

Remuneration Committee

Mr. Jin Qingjun *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Sun Ivy Connie

Nomination Committee

Mr. Jin Qingjun *(Chairman)*
Mr. Chan Wing Yuen, Hubert
Ms. Sun Ivy Connie

Company Secretary

Mr. Chow Chi Shing

Head Office and Principal Place of Business in Hong Kong

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Wanchai
Hong Kong

Registered Office

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Cayman Islands

Principal Share Registrar

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Grand Cayman, KY1-1100,
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

Legal Advisers

Angela Ho & Associates

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

Company Website

www.475hk.com

Stock Code

475

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Central Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") were principally engaged in energy business and jewelry business for the period ended 30 September 2022 (the "Current Period"). During the Current Period, the Group continued to strategically expand its energy business, further broadened its revenue streams and managed to maintain a stable business operation amid challenging economic situation. During the Current Period, the Group recorded a total revenue of approximately HK$135.6 million (2021: HK$70.4 million), representing an increase of approximately 92.8% as compared to that for the period ended 30 September 2021 (the "Previous Period"). The increase in revenue for the Current Period was mainly due to the increase in revenue from both the energy business and the jewelry business in varying degrees.

Energy Business

During the Current Period, the Group continued to focus on its primary objective of providing a diversified range of energy products and services. By leveraging on our proprietary technology products and continuing to work with experienced partners in the industry, we have actively developed and expanded our energy business. Our principal businesses consist of the sale of liquefied natural gas ("LNG") and refined oil, as well as customised solar module intelligent technology products, including solar photovoltaic ("PV") modules, new energy smart direct current inverters and power optimisers. During the Current Period, we have promptly seized the opportunity of development and continued to expand the sale of refined oil products at filling stations and LNG products. Through the successful and orderly expansion of the energy business, the Group's revenue from the energy business increased by 103.5% year-on-year from approximately HK$58.5 million for the Previous Period to approximately HK$119.0 million for the Current Period.

The realisation of "peak carbon emissions and carbon neutrality" goal (the "Dual Carbon Goal") represents a strategic decision and an important goal towards high-quality development for the period covered by the 14th Five-Year Plan (2021-2025) of the People's Republic of China (the "PRC") and beyond. In order to achieve the Dual Carbon Goal as soon as possible, it is necessary to accelerate the energy revolution, build a clean, low-carbon, safe and efficient energy system, and improve energy supply and security capabilities. In view of the strict control over the total consumption of traditional energy and demands for the continuous improvement of the ecological environment, solar energy and natural gas, being considered as green and clean energy sources, have gradually become one of the key strategic energy sources for the PRC. Meanwhile, conventional fossil fuels, such as refined oil, are currently still an important commodity to everyone's livelihood and continue to dominate the energy market.

During the Current Period, we continued to actively promote the sale of refined oil and natural gas in the Chengdu region of the PRC. With a steady relationship with local suppliers, which enabled us to secure a stable supply chain of refined oil and natural gas resources, and the delivery and distribution capabilities of our filling stations, we were able to overcome the adverse effects, such as fluctuations in international energy prices and regional control measures as a result of the pandemic, ensuring that our oil and gas sales were steady and growing.

The domestic market for the Group's solar PV was still facing serious challenges during the Current Period, resulting in a decrease in the revenue from the sales of solar energy products for the Current Period as compared to the Previous Period. Trade barriers resulting from trade policies between different countries had a direct impact on the demand for solar PV products in overseas markets. The development approach for solar PV projects in the PRC has also been undergoing profound changes, with state-owned central energy enterprises rapidly expanding their newly installed energy capacity through mergers and self-development in order to meet the capacity target set out in the 14th Five-Year Plan which led to reduction in market space. Coupled with the rising prices for supply chain of solar energy products, these various changes and factors have caused enormous challenges in the Group's sales of solar energy products. During the Current Period, we have been strengthening our marketing strategy, identifying contractors for clean energy development projects in the PRC to negotiate potential business opportunities for the supply of renewable energy products that are suitable for the relevant projects, expanding our sales channels, and continuing to strengthen our connection and cooperation with upstream and downstream players to respond to market changes.

Acquisition of 35% Equity Interest in Chengdu Huahan Energy Co., Ltd. (成都華漢能源有限公司) ("Chengdu Huahan")

On 19 August 2022, Hainan Huagang New Energy Development Co., Ltd. (海南華港新能源開發有限公司) ("Hainan Huagang"), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into an equity transfer agreement (the "Equity Transfer Agreement") with Mr. Zhang Bing (the "Vendor"), as the vendor, and Chengdu Huahan, as the target company. Subsequently on 15 November 2022, the above parties entered into a supplemental agreement (the "Supplemental Agreement") to the Equity Transfer Agreement.

The Vendor has worked in the energy industry for over 25 years. The Vendor is the ultimate beneficial owner of the entire equity interest in Chengdu Huahan through his direct holding of 95% equity interest in Chengdu Huahan and indirect holding of 5% equity interest in Chengdu Huahan through a company he wholly owned. Chengdu Huahan is principally engaged in investment holding, and is the beneficial owner of 50% equity interest in Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司) ("Anhui Huagang"). Anhui Huagang is principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC. Anhui Huagang is constructing two distributed energy stations, multiple gas-fired steam boilers, natural gas gateways and heat supply network. In 2019, Anhui Huagang entered into a licensing agreement with the Housing and Urban-Rural Development Bureau of Mengcheng County, under which it was granted a 30-year license to supply heat and steam to industrial, commercial and corporate entities and urban residents in the county planning area of Mengcheng County.

Pursuant to the terms and conditions of the Equity Transfer Agreement and the Supplemental Agreement, Hainan Huagang has agreed to purchase and the Vendor has agreed to sell 35% equity interest in the Target Company for a total consideration of HK$52 million, which shall be settled by the Company through the issue of convertible bonds in the principal amount of HK$52 million to the Vendor (the "Acquisition").

Subject to the completion of the Acquisition according to the terms of the Equity Transfer Agreement and the Supplemental Agreement, the Company shall issue interest-free convertible bonds in the principal amount of HK$52 million with a maturity date falling on the third anniversary of the date of issuance (the "Convertible Bonds") to the Vendor, and the Company shall issue and allot 70,270,270 new shares of the Company at a conversion price of HK$0.74 per conversion share to the Vendor upon the full conversion of the Convertible Bonds to settle the entire consideration of HK$52 million according to the terms of the Equity Transfer Agreement and the Supplemental Agreement.

Pursuant to the Equity Transfer Agreement and the Supplemental Agreement, the Acquisition shall take place after the satisfaction of all conditions precedent and the issuance of a completion notice by Hainan Huagang to the Vendor, at a place agreed between Hainan Huagang and the Vendor, but in any event no later than 31 March 2023. Upon the completion of the Acquisition, the Group will be interested in 35% equity interest in Chengdu Huahan. Upon the completion of the Acquisition, Chengdu Huahan will become an associate of the Group and the Company will issue the Convertible Bonds in the aggregate principal amount of HK$52 million to the Vendor pursuant to the Equity Transfer Agreement and the Supplemental Agreement.

The Acquisition constitutes a discloseable and connected transaction of the Company. As at the date of the Equity Transfer Agreement (i.e. 19 August 2022), the Vendor was the ultimate beneficial owner of 49% equity interest in Chengdu Kaibangyuan Trading Co., Limited (成都凱邦源商貿有限公司) ("Chengdu Kaibangyuan"), an indirect non-wholly owned subsidiary of the Company. As such, the Acquisition and the issue of Convertible Bonds as consideration constitute connected transactions of the Group, and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Details of the Acquisition are set out in the Company's announcements dated 19 August 2022, 25 August 2022, 9 September 2022, 14 September 2022, 23 September 2022, 6 October 2022, 21 October 2022 and 15 November 2022, and the Company's circular dated 18 November 2022.

Jewelry Business

During the Current Period, the Group was principally engaged in providing products to jewelry distributors in Hong Kong and the PRC. Revenue from the jewelry business increased by approximately 40.0% from approximately HK$11.9 million in the Previous Period to approximately HK$16.7 million in the Current Period as sales in both Hong Kong and the PRC continued to be disrupted by the volatile COVID-19 situation. Sales in Hong Kong accounted for approximately 67.0% (2021: 48.2%) of the overall segment sales, while sales in the PRC accounted for approximately 33.0% (2021: 51.8%).

With the COVID-19 pandemic in Hong Kong subsiding during the Current Period, consumer confidence and increased spending have provided positive support to the recovery of the jewelry market, and demand for jewelry from Hong Kong customers began to show signs of recovery, therefore enabling the Group to bring in new customers and suppliers, resulting in an increase in the number of sales orders in Hong Kong and the overall business as compared to the Previous Period. On the other hand, the massive pandemic outbreak in some of the major cities in the PRC during the Current Period has led to an escalation of pandemic prevention and control measures in many places within the PRC, thereby resulting in the implementation of strict social distancing measures and stifled consumer activities, and negatively affected the sales revenue in the PRC for the Current Period.

Global economic conditions remained difficult throughout the Current Period. Given that the COVID-19 pandemic was not yet effectively contained, the continued implementation of pandemic prevention and travel restriction measures in the PRC and Hong Kong have continued to pose significant challenges to the jewelry industry.

PROSPECTS

Development Advantages with respect to the Transformation of Energy Structure

In recent years, the PRC has been continuously implementing policies on pollution governance, energy conservation, emission reduction and clean heating, and making its utmost efforts to promote the conversion from coal to gas, gas-fired power generation and clean heating. As such, the use of natural gas has become an important tool for carbon reduction and environmental protection, and will continue to attain rapid growth during the 14th Five-Year Plan period and the foreseeable future. According to the National Development and Reform Commission of the PRC (the "NDRC"), the PRC's apparent natural gas consumption amounted to 372.6 billion cubic metres in 2021, and according to the China Natural Gas Development Report (2021) published by the National Energy Administration of the PRC (the "NEA"), the PRC's natural gas consumption was forecast to grow to the range between 430 billion to 450 billion cubic metres in 2025.

At the same time, the PRC's steady economic and social development has led to a sustained growth in demand for natural gas in the PRC, and the development of the natural gas industry in the PRC will also be presented with important strategic opportunities. The 14th Five-Year Plan on National Urban Infrastructure Construction (“十四五”全國城市基礎設施建設規劃) (the "Infrastructure Construction Plan") published by the Ministry of Housing and Urban-Rural Development of the PRC together with the NDRC sets out a number of key tasks for urban infrastructure construction during the 14th Five-Year Plan period, including enhancing the safety and security capabilities of urban gas supply, expanding the application of natural gas in areas such as clean heating and distributed energy generation, as well as the construction and re-construction of urban central heating systems to make the environment cleaner, most of which make use of natural gas as the mainstay of energy supply. Therefore, given the expanding range of application of natural gas, we are optimistic about the prospects for the sale of natural gas products and natural gas-related businesses.

However, conventional fossil fuels, such as refined oil, will continue to be the dominant source of primary energy worldwide during the long period of energy structure transition, and has been the mainstay of the PRC's energy structure for many years. As such, while the overall energy market development supports the use of clean energy, it is expected that refined oil sales will remain as one of our major sources of product sales revenue going forward.

Our operational performance in the short term depends on a number of factors, including changes in the policy environment, changes in energy market conditions and the level of regular pandemic prevention and control measures. Therefore, we will continue to maintain good communication and exchanges with refined oil and natural gas suppliers in order to secure a steady supply of oil and gas. At the same time, we will actively explore different sales channels to increase the market share and customer base of our products. We will also continue to focus on identifying more investment opportunities in the energy sector, leveraging our operational and management strengths to create more synergies with our existing businesses, and enhancing the long-term development potential of our energy business.

Development Trend of the Solar Energy Business in Wider Applications

The PRC is expected to move from carbon peak to carbon neutrality in a much shorter timespan than what developed countries might take by strengthening the foundation for energy transformation on one hand, and accelerating towards new stages of energy development on the other. As such, the applications of solar PV are increasing across the industry and in all scenarios. The applications are no longer limited to those within a conventional ground-mounted power plants and become capable of various cross-sector integration and new innovative modes that are beyond imagination. The integration of solar PV and energy storage is becoming a new trend that represents the mutual complementarity of multiple energy sources and integration of energy source-grid-load-storage, among which the building-integrated photovoltaics (BIPV) and other multi-form solar PV applications are attracting great attention from the market. During the Current Period, we have established strategic partnerships with renowned enterprises in the industry to actively explore potential energy projects, including distributed PV power stations, energy storage power stations, charging stations, LNG filling stations, and other distributed integrated energy station projects, in order to explore development models for combining multiple energy sources.

With our experience in solar PV and energy storage, we will continue to explore more in-depth cooperation with our partners, make use of our own and potentially third party's filling stations, factory rooftops in industrial park and buildings facades to conduct the development and construction of distributed power stations, and actively explore the "PV+" models to increase the market share of and revenue from the Group's solar energy products.

Integrate Resources and Plan for a Diversified Energy Business

Faced with potential uncertainty risks and unfavourable market conditions, we plan to actively identify projects with respect to distributed natural gas energy stations and direct supply solutions to industrial users, and look forward to capitalise on opportunities arising from the implementation of energy policies by local government through leveraging on our own resources advantages in areas such as energy storage technology, distribution and industry networks, and gradually expand nationally, thereby achieving the long-term goal of becoming a supplier of more diversified energy products and solutions. During the Current Period, we entered into the Equity Transfer Agreement with the Vendor and Chengdu Huahan. The Vendor has extensive experiences and resources in the energy industry, and the Target Company and its joint venture companies are preparing the operation of providing industrial steam, residential heating and natural gas for industrial customers. Upon completion of the Acquisition, we will form a strong alliance with the Vendor to accelerate the expansion of our energy business by leveraging on the Vendor's existing industry resources, brand image and extensive marketing experience.

The risks posed by the current ongoing pandemic and the instability in international trade should not be overlooked. The management of the Group will continue to consider optimising the allocation of resources to achieve better operational efficiency and strengthen its foundation in the PRC market, while actively assessing the market situation and seeking new business growth drivers, exploring further development opportunities in different markets, and adhering to the general operating principles of "seeking stability amidst changes and striving for progress amidst stability", so as to create long-term value for shareholders.

A Challenging Business Environment for the Jewelry Market

The operating environment of the jewelry industry remains challenging as the COVID-19 situation continues to affect Hong Kong and the PRC. In the short term, the volatile course of the pandemic will continue to adversely affect our jewelry business. The stringent control and prevention measures and social distancing measures continue to cause our downstream retail customers to suffer from weak consumer sentiment, thereby dampening the demand for jewelry products. Nevertheless, we believe that consumer intent will improve, and customer demand will gradually recover to pre-pandemic levels. Our jewelry sales team will remain committed to their roles, actively maintain good relationships with customers and suppliers through their professionalism, continue to build up our reputation and strengthen our competitive edge and the ability to adapt to market changes for any potential business opportunities and expansion.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Period was approximately HK$135.6 million, representing an increase of approximately 92.8% as compared to approximately HK$70.4 million for the Previous Period. The increase was mainly due to the increase in turnover of both the energy business and the jewelry business.

Revenue of the energy business increased by approximately 103.5% from approximately HK$58.5 million for the Previous Period to approximately HK$119.0 million for the Current Period. It was primarily attributable to the increase in revenue derived from sales of refined oil and LNG during the Current Period. The sales of our solar intelligent technology products was continuously impacted by the escalated international trade conflict and vigorous market competition.

Revenue of the jewelry business increased by approximately 40.0% from approximately HK$11.9 million for the Previous Period to approximately HK$16.7 million for the Current Period. It was primarily attributable to the gradual recovery of consumption sentiment and the market demands of jewelry products in Hong Kong during the Current Period.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Period was approximately HK$133.7 million, representing an increase of approximately 101.0%, as compared to approximately HK$66.5 million for the Previous Period. Gross profit decreased from approximately HK$3.8 million for the Previous Period to approximately HK$1.9 million for the Current Period, representing a decrease of approximately 49.7%. The decrease was mainly attributable to the combination of write-down of inventories in cost of sales amounted to HK$2.2 million (2021: Nil) and the increase in the turnover of both the energy business and the jewelry business for the Current Period.

Meanwhile, gross profit margin decreased from 5.4% for the Previous Period to 1.4% for the Current Period. The decrease was mainly attributable to the write-down of inventories and the decrease in the gross profit margin of jewelry products and LNG products.

Other income

Other income increased slightly from approximately HK$3.0 million for the Previous Period to approximately HK$3.0 million for the Current Period, representing an increase of approximately 1.4%, which was mainly attributable to the government grants received by the Group during the Current Period.

Other gain and loss, net

The Group recorded net other gains of approximately HK$3.7 million for the Current Period (2021: HK$6.0 million). The gains were a combination of the loss on early termination of a lease of approximately HK$0.4 million (2021: Nil) and the gain from change in fair value of investment properties of approximately HK$4.1 million (2021: HK$4.1 million) during the Current Period. In the Previous Period, the gains were contributed by the net foreign exchange gain of HK$0.3 million, a gain on disposal of property, plant and equipment of approximately HK$0.2 million and net gains on disposal of subsidiaries of approximately HK$1.4 million, but none of these gains or losses were incurred in the Current Period.

Impairment loss on trade receivables under expected credit loss ("ECL")

The Group recorded an impairment loss on trade receivables under the ECL model amounted to approximately HK$0.6 million for the Current Period (2021: HK$2.8 million). The management of the Group will continue to conduct regular review of the debtors' repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

Selling and distribution costs

Selling and distribution costs decreased from approximately HK$1.8 million for the Previous Period to approximately HK$1.1 million for the Current Period, representing a decrease of approximately 41.6%, which was mainly attributable to the reduction of transportation cost along with modest improvement in the COVID-19 pandemic in the Current Period.

Administrative expenses

Administrative expenses decreased from approximately HK$10.3 million for the Previous Period to approximately HK$9.6 million for the Current Period, representing a decrease of approximately 6.5%, which was mainly due to the continuous implementation of tightened cost control in the Current Period.

Equity-settled share-based payments

Equity-settled share-based payments for the Previous Period amounted to approximately HK$2.1 million representing the recognition of equity-settled share options expenses in connection with the grant of share options during the Previous Period, whereas none incurred in the Current Period.

Finance costs

Finance costs represented the imputed interest of approximately HK$2.3 million derived from the long term loans from a controlling shareholder (2021: HK$2.5 million), the interest of approximately HK$0.1 million derived from lease liabilities (2021: HK$0.1 million) and the interest of approximately HK$0.6 million derived from the long term bank loan (2021: HK$0.7 million) for the Current Period.

Income tax expense

Income tax expense of the Group recorded for the Current Period amounting to approximately HK$1.4 million (2021: HK$1.4 million) mainly attributable to the provision of deferred tax expense arising from the investment properties of the Group during the Current Period.

Loss for the period attributable to the Owners of the Company

By reason of the factors as stated above, the loss for the period attributable to the owners of the Company decreased from approximately HK$7.7 million for the Previous Period to approximately HK$5.6 million for the Current Period, representing a decrease of approximately 26.9%. Basic loss per share was 1.5 HK cents (2021: 2.0 HK cents).

DIVIDEND

The board (the "Board") of directors of the Company (the "Director(s)") has resolved not to recommend the payment of an interim dividend for the Current Period (2021: Nil).

LIQUIDITY AND FINANCIAL POSITIONS

As at 30 September 2022, the Group had net current assets and current ratio stood at approximately HK$23.2 million and 1.6 respectively (31 March 2022: HK$28.7 million and 1.8 respectively).

As at 30 September 2022, the bank balances and cash amounted to approximately HK$18.5 million (31 March 2022: HK$20.1 million). As at 30 September 2022, the inventories amounted to approximately HK$2.1 million (31 March 2022: HK$4.7 million), mainly representing the refined oil, the finished goods of solar thermal cooling-stored pipes and solar modules intelligent technology products. As at 30 September 2022, the trade receivables and trade payables amounted to approximately HK$5.0 million and HK$4.4 million respectively (31 March 2022: HK$1.9 million and HK$0.6 million respectively), both of which were mainly derived from the jewelry business. As at 30 September 2022, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK$18.4 million, HK$7.2 million and HK$84.5 million respectively (31 March 2022: HK$20.9 million, HK$9.4 million and HK$89.9 million respectively). The investment properties of the Group are located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao City of Zhejiang Province for industrial use and are held under operating leases to earn rentals. The investment properties were revalued by an independent firm of professional property valuer and the fair value of the investment properties are derived using income approach for both periods.

As at 30 September 2022, the net carrying amount of the intangible assets was approximately HK$49.4 million (31 March 2022: HK$56.0 million), which represented the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the filling station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan.

CAPITAL RESOURCES AND GEARING

As at 30 September 2022, the Group had an interest-bearing bank borrowing of approximately HK$20.4 million (31 March 2022: HK$24.2 million) and bore an effective interest rate of 5.9% per annum (31 March 2022: 5.9%), of which approximately HK$2.5 million (31 March 2022: HK$2.8 million) will be repayable within one year and approximately HK$17.9 million (31 March 2022: HK$21.4 million) will be repayable after one year. The Group's gearing ratio (which was expressed as a percentage of total bank borrowing over total equity) was approximately 41.5% as at 30 September 2022 (31 March 2022: 44.0%).

The bank borrowing was secured by the Group's assets, for details of the charges on the Group's assets, please refer to the section headed "Charges on Group Assets" in this report. Save as disclosed above, the Group has no other banking facilities (31 March 2022: Nil). As at 30 September 2022, the Group had interest-free loans due to a controlling shareholder of approximately HK$104.4 million (31 March 2022: HK$117.7 million) which will be repayable after one year and had interest-free loans due to a shareholder of approximately HK$4.7 million (31 March 2022: HK$5.0 million) which will be repayable within one year.

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, interest-free loans due from a shareholder and a controlling shareholder during the Current Period.

CAPITAL STRUCTURE

The Group's total assets and total liabilities as at 30 September 2022 amounted to approximately HK$218.8 million (31 March 2022: HK$242.0 million) and approximately HK$169.5 million (31 March 2022: HK$187.1 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 77.5% as at 30 September 2022 (31 March 2022: 77.3%).

CHARGES ON GROUP ASSETS

As at 30 September 2022, the buildings with carrying amounts of approximately HK$3.8 million (31 March 2022: HK$4.4 million), the right-of-use assets with carrying amounts of approximately HK$5.2 million (31 March 2022: HK$5.9 million) and the investment properties with carrying amounts of approximately HK$84.5 million (31 March 2022: HK$89.9 million), were pledged to a bank in China as collateral security for a bank borrowing amounted to approximately HK$20.5 million (31 March 2022: HK$24.2 million).

Save as disclosed above, there were no other charges on Group's assets as of 30 September 2022.

CAPITAL COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any capital commitments (31 March 2022: Nil).

Save as disclosed in the section headed "Acquisition of 35% equity interest in Chengdu Huahan Energy Co. Ltd." in the "Management Discussion and Analysis", the Group did not have other commitments as at 30 September 2022 (31 March 2022: Nil).

As at 30 September 2022, the Group did not have any significant contingent liabilities (31 March 2022: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2022, the Group had a total of 64 employees (31 March 2022: 66). The Group's remuneration policies are formulated on the performance and work experience of individual employees and prevailing market rates, which will be reviewed regularly every year. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits including share option scheme and corporate contribution to the statutory mandatory provident fund scheme for employees in Hong Kong and the statutory central pension schemes for employees in China.

Furthermore, the remuneration committee of the Company will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

FOREIGN EXCHANGE FLUCTUATION AND HEDGES

The business operations of the Group's subsidiaries were conducted mainly in China with sales and purchase of the Group's subsidiaries denominated mainly in Renminbi and United States dollars ("USD"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD. Any significant exchange rate fluctuation of Hong Kong dollars against Renminbi or USD may have a financial impact on the Group. While the Group would closely monitor the volatility of the Renminbi exchange rate, the Directors considered that the Group's current risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 30 September 2022 and 31 March 2022, no forward foreign currency contracts are designated in hedging accounting relationships.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any plans for material investments and capital assets as at 30 September 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed "Acquisition of 35% equity interest in Chengdu Huahan Energy Co., Ltd" in the "Management Discussion and Analysis", after the Current Period and up to the date of this report, the Board was not aware of any significant events relating to the business or financial performance of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and their associates in the ordinary shares (the "Share(s)"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, are as follows:

Long Positions

Ordinary Shares of HK$0.01 each

Name of Director	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage total issued Shares
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[(1)]	–	207,784,000	53.61%
Mr. Wu Hao	Personal interest	6,036,000	–	6,036,000	1.56%
Mr. Chan Wing Yuen, Hubert	Personal interest	3,300,000	–	3,300,000	0.85%
Mr. Li Wei Qi, Jacky	Personal interest	2,736,000	330,000[(2)]	3,066,000	0.79%
Mr. Jin Qingjun	Personal interest	–	330,000[(2)]	330,000	0.09%

Notes:

(1) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich Capital Limited ("Resources Rich"), a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(2) These interests represented the interests in underlying shares of the Company in respect of share options granted to the Directors under the Share Options Scheme.

Save as disclosed above and so far as is known to the Directors, as at 30 September 2022, none of the Directors nor the chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), 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 any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or to be notified to the Company and the Stock Exchange under the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the six months ended 30 September 2022 was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangement to enable the Directors (including their spouses and children under 18 years of age) to acquire benefits by means of the acquisition of the Shares in, or underlying shares or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

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

As at 30 September 2022, so far as is known to any Director or the chief executive of the Company, the following persons (except Mr. Hu Yangjun, other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Long Positions

Ordinary Shares of HK$0.01 each

Name of shareholders	Capacity	Number of Shares held	Number of underlying Shares	Total interest	Approximate percentage of total issued Shares
Resources Rich	Beneficial interests	204,718,000[(1)]	–	204,718,000	52.82%
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000[(2)]	–	207,784,000	53.61%
Mr. Hu Yishi	Interests of controlled corporation and personal interest	207,454,000[(3)]	–	207,454,000	53.53%
Ms. Zhang Qi	Interest of spouse	207,784,000[(4)]	–	207,784,000	53.61%
Ms. Lin Min, Mindy	Interest of spouse	207,454,000[(5)]	–	207,454,000	53.53%

Notes:

(1) 50% of the entire issued share capital of Resources Rich is owned by Mr. Hu Yangjun while the other 50% is owned by Mr. Hu Yishi. Mr. Hu Yangjun and Mr. Hu Yishi are deemed to be interested in all the Shares in which Resources Rich is interested by virtue of the SFO.

(2) Mr. Hu Yangjun had a direct interest of 3,066,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yangjun, within the meaning of Part XV of the SFO.

(3) Mr. Hu Yishi had a direct interest of 2,736,000 Shares and a deemed interest of 204,718,000 Shares held by Resources Rich, a company 50% owned by Mr. Hu Yishi, within the meaning of Part XV of the SFO.

(4) Ms. Zhang Qi is the spouse of Mr. Hu Yangjun. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yangjun is interested in pursuant to the SFO.

(5) Ms. Lin Min, Mindy is the spouse of Mr. Hu Yishi. Accordingly, she is deemed to be interested in the same number of Shares and underlying Shares in which Mr. Hu Yishi is interested in pursuant to the SFO.

Save as disclosed above, as at 30 September 2022, so far as is known to any Director or the chief executive of the Company, there were no other persons (other than a Director or the chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held on 9 September 2016 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to facilitate the retention and the recruitment of high-calibre staff of the Group and/or any entities in which the Group holds any equity interests (if applicable) and attract resources that are valuable to the Group or those invested entities to the benefit of the Company's future business development.

The participants of the Share Option Scheme include any employee (whether full-time or part time including any executive Director), officer (including any non-executive Director and independent non-executive Director) and substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, any member of or any invested entity of the Group, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the above mentioned category(ies) of persons, or any other person who the Board considers, in its sole discretion, has contributed or will contribute to the Group.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company (the "Option Scheme Limit") shall not in aggregate exceed 33,815,400 representing 10% of the number of issued Shares as at the annual general meeting held on 5 September 2019 where a resolution for approving the refreshment of the Option Scheme Limit was passed and approximately 8.73% of the number of the Shares in issue as at the date of this report.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and unexercised options) under the Share Option Scheme and any other share option scheme (if any) adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue unless otherwise approved by the shareholders of the Company (the "Shareholders"). Where any grant of options to a substantial Shareholder, an independent non-executive Director, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or an independent non-executive Director or a company beneficially owned by any substantial Shareholder or independent non-executive Director of the Company) would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12-month period up to and including the date of the grant:

(i) representing in aggregate over 0.1% of the total number of Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million,

such grant of option shall be subject to prior approval of the Shareholders who are not a grantee, his associates, or a core connected person of the Company as defined in the Listing Rules.

Options granted must be taken up within 28 days from the date of offer, upon payment of HK$10 by way of consideration for the grant. Subject to terms and conditions upon which the option was granted, options may be exercised at any time from the date of grant of the share option to the 10th anniversary of the date of grant. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The Share Option Scheme has a life of 10 years and will expire on 8 September 2026.

During the six month ended 30 September 2022, the Company did not grant any share options. On 30 September 2022, the number of Shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 5,490,000 (31 March 2022: 5,490,000), representing 1.42% (31 March 2022 1.42%) of the Shares in issue at that date, further details are disclosed in note 18 to the condensed consolidated financial statements.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 September 2022 are as follows:

	Number of share options							
Category of eligible participants	**At 1 April 2022**	**Granted during the Current Period**	**Exercised during the Current Period**	**Cancelled/ Lapsed during the Current Period**	**At 30 September 2022**	**Date of grant[1]**	**Exercisable period (both dates inclusive)**	**Exercise price per Share**
Directors								
Mr. Li Wei Qi, Jacky	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Wu Chi Keung[4]	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
Mr. Jin Qingjun	330,000	–	–	–	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	990,000	**–**	**–**	**–**	**990,000**			
Employees in aggregate	500,000	–	–	–	500,000	19 October 2018	1 January 2019 to 18 October 2028	0.636[2]
	4,000,000	–	–	–	4,000,000	23 September 2021	23 September 2021 to 22 September 2031	1.12[3]
	4,500,000	**–**	**–**	**–**	**4,500,000**			
Total all categories	**5,490,000**	**–**	**–**	**–**	**5,490,000**			

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK$0.636 per share. The closing price of the Shares immediately before the date on which the options were granted was HK$0.610 per share.

(3) The weighted average closing price of the Shares immediately before the grant dates of the share options was HK$1.088 per share. The closing price of the Shares immediately before the date on which the options were granted was HK$1.12 per share.

(4) Mr. Wu Chi Keung ("Mr. Wu") was an independent non-executive Director and pass away on 12 October 2021. According to the Share Option Scheme, the legal personal representative(s) of Mr. Wu shall be entitled to exercise his share options within a period of 12 months from the date of his passing away.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange.

The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the six months ended 30 September 2022 except for the deviation from code provision C.1.6 of the CG Code as explained below.

Other than the deviation disclosed herein, no other deviations including those disclosed in the Corporate Governance Report in the preceding annual report, have to be disclosed.

Code Provision C.1.6 of the CG Code

Under code provision C.1.6 of the CG Code, independent non-executive Directors and non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagement and work commitments, Mr. Jin Qingjun, an independent non-executive Director, was unable to attend the Company's annual general meeting held on 8 September 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2022.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and following confirmations from the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed at annual general meeting of the Company held on 8 September 2022, the second amended and restated memorandum and articles of association of the Company (the "New Memorandum and Articles of Associations") was approved by the shareholders and adopted in order to bring the New Memorandum and Articles of Associations in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 and allow general meetings of the Company to be held as an electronic meeting or a hybrid meeting.

For the details on the amendments to the New Memorandum and Articles of Associations, please refer to the circular of the Company dated 22 July 2022. The New Memorandum and Articles of Associations is available on both the websites of the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Save as disclosed in this report, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2022.

REVIEW BY AUDIT COMMITTEE AND INDEPENDENT EXTERNAL AUDITOR

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the code provisions under the CG Code. The primary duty of the Audit Committee is to review and supervise the financial reporting process, risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Zhong Yingjie, Christina (Chairman), Mr. Jin Qingjun and Ms. Sun Ivy Connie. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2022. The Group's external auditor, Deloitte Touche Tohmatsu, has been appointed to review the interim financial information. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial information for the six months ended 30 September 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

APPRECIATION

Our Board would like to take this opportunity to express its gratitude to our Shareholders, our business associates and all our employees for their continuous support.

On behalf of the Board

Wu Hao
Chairman and Executive Director

Hong Kong, 24 November 2022

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
CENTRAL DEVELOPMENT HOLDINGS LIMITED
中發展控股有限公司
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Central Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 46, which comprise the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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 "HKICPA"). 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" issued by the HKICPA. 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.

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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 November 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	NOTES	Six months ended 30 September 2022 HK$'000 (unaudited)	2021 HK$'000 (unaudited)
Revenue	3	**135,631**	70,359
Cost of sales		**(133,708)**	(66,536)
Gross profit		**1,923**	3,823
Other income	5	**3,024**	2,983
Other gains and losses, net	6	**3,727**	6,008
Impairment losses under expected credit loss model, net of reversal		**(587)**	(2,805)
Selling and distribution costs		**(1,067)**	(1,827)
Administrative expenses		**(9,609)**	(10,274)
Equity-settled share-based payments	18	**–**	(2,095)
Finance costs	7	**(3,065)**	(3,401)
Loss before taxation		**(5,654)**	(7,588)
Income tax expense	8	**(1,378)**	(1,386)
Loss for the period	9	**(7,032)**	(8,974)
Other comprehensive (expense) income for the period			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(6,580)**	753
		(6,580)	753
Total comprehensive expense for the period		**(13,612)**	(8,221)
Loss for the period attributable to:			
– Owners of the Company		**(5,614)**	(7,680)
– Non-controlling interests		**(1,418)**	(1,294)
		(7,032)	(8,974)
Total comprehensive expense attributable to:			
– Owners of the Company		**(8,289)**	(8,131)
– Non-controlling interests		**(5,323)**	(90)
		(13,612)	(8,221)
Loss per share	10		
Basic (HK cents)		**(1.45)**	(2.01)
Diluted (HK cents)		**(1.45)**	(2.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	NOTES	**At 30 September 2022 HK$'000 (unaudited)**	At 31 March 2022 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**18,367**	20,905
Right-of-use assets	12	**7,242**	9,352
Investment properties	12	**84,475**	89,886
Intangible assets		**49,366**	55,997
Rental deposits		**–**	246
		159,450	176,386
Current assets			
Inventories		**2,062**	4,701
Trade receivables	13	**5,027**	1,875
Other receivables, deposits and prepayments	13	**33,695**	38,983
Bank balances and cash		**18,527**	20,091
		59,311	65,650
Current liabilities			
Trade payables	14	**4,423**	587
Other payables and accruals	14	**20,584**	25,637
Contract liabilities		**3,247**	544
Loans from a shareholder	15	**4,656**	4,978
Bank borrowing	16	**2,547**	2,760
Lease liabilities		**646**	2,465
		36,103	36,971
Net current assets		**23,208**	28,679
Total assets less current liabilities		**182,658**	205,065

	NOTES	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Non-current liabilities			
Loans from a controlling shareholder	15	**104,423**	117,697
Deferred tax liabilities		**11,074**	10,896
Bank borrowing	16	**17,904**	21,406
Lease liabilities		**–**	149
		133,401	150,148
Net assets		**49,257**	54,917
Capital and reserves			
Share capital	17	**3,876**	3,876
Reserves		**19,961**	20,320
Equity attributable to owners of the Company		**23,837**	24,196
Non-controlling interests		**25,420**	30,721
Total equity		**49,257**	54,917

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Property revaluation reserve HK$'000	Exchange reserve HK$'000	Shareholder's contribution reserve HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
1 April 2022 (audited)	**3,876**	**213,132**	**2,544**	**19,547**	**7,805**	**20,642**	**(243,350)**	**24,196**	**30,721**	**54,917**
Loss for the period	–	–	–	–	–	–	**(5,614)**	**(5,614)**	**(1,418)**	**(7,032)**
Other comprehensive expense for the period	–	–	–	–	**(2,675)**	–	–	**(2,675)**	**(3,905)**	**(6,580)**
Total comprehensive expense for the period	–	–	–	–	**(2,675)**	–	**(5,614)**	**(8,289)**	**(5,323)**	**(13,612)**
Deemed capital contribution from a controlling shareholder *(Note 15)*	–	–	–	–	–	**2,059**	–	**2,059**	–	**2,059**
Deemed capital contribution from a controlling shareholder upon modification of loans *(Note 15)*	–	–	–	–	–	**5,893**	–	**5,893**	–	**5,893**
Changes in the Group's interest in a subsidiary	–	–	–	–	–	–	**(22)**	**(22)**	**22**	–
At 30 September 2022 (unaudited)	**3,876**	**213,132**	**2,544**	**19,547**	**5,130**	**28,594**	**(248,986)**	**23,837**	**25,420**	**49,257**
1 April 2021 (audited)	3,723	201,877	1,442	19,547	7,503	19,066	(230,367)	22,791	30,527	53,318
Loss for the period	–	–	–	–	–	–	(7,680)	(7,680)	(1,294)	(8,974)
Other comprehensive (expense) income for the period	–	–	–	–	(451)	–	–	(451)	1,204	753
Total comprehensive expense for the period	–	–	–	–	(451)	–	(7,680)	(8,131)	(90)	(8,221)
Deemed capital contribution from a controlling shareholder *(Note 15)*	–	–	–	–	–	559	–	559	–	559
Issue of shares	153	11,322	–	–	–	–	–	11,475	–	11,475
Transaction costs attributable to issue of shares	–	(67)	–	–	–	–	–	(67)	–	(67)
Recognition of equity-settled share-based payments	–	–	2,095	–	–	–	–	2,095	–	2,095
Forfeiture of share options	–	–	(993)	–	–	–	993	–	–	–
At 30 September 2021 (unaudited)	3,876	213,132	2,544	19,547	7,052	19,625	(237,054)	28,722	30,437	59,159

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	NOTE	**Six months ended 30 September 2022 HK$'000 (unaudited)**	2021 HK$'000 (unaudited)
OPERATING ACTIVITIES			
Loss before taxation		**(5,654)**	(7,588)
Adjustments for:			
Interest income		**(24)**	(118)
Finance costs		**3,065**	3,401
Equity-settled share-based payments		**–**	2,095
Depreciation of property, plant and equipment		**854**	863
Depreciation of right-of-use assets		**594**	657
Amortisation of intangible assets		**898**	918
Gains on disposal of property, plant and equipment, net		**–**	(213)
Gain on disposal of subsidiaries		**–**	(1,377)
Loss on early termination of a lease		**362**	–
Impairment losses under expected credit loss model, net of reversal		**587**	2,805
Gain on fair value changes of investment properties		**(4,089)**	(4,086)
Operating cash flows before movements in working capital		**(3,407)**	(2,643)
Other working capital items		**4,083**	(24,138)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**676**	(26,781)
INVESTING ACTIVITIES			
Interest received		**24**	118
Purchases of property, plant and equipment		**(450)**	(69)
Proceeds from disposal of property, plant and equipment		**–**	213
Net cash outflow on disposal of subsidiaries	19	**–**	(105)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(426)**	157
FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	11,475
Advances from a controlling shareholder		**15,644**	13,359
Repayments to a controlling shareholder		**(11,976)**	(13,274)
Repayments to a shareholder		**(6)**	(132)
Repayments of bank borrowing		**(1,289)**	(1,251)
Repayments of leases liabilities		**(1,375)**	(1,675)
Interest paid		**(757)**	(854)
Transaction costs attributable to issue of shares		**–**	(67)
NET CASH FROM FINANCING ACTIVITIES		**241**	7,581
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**491**	(19,043)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**20,091**	37,301
Effect of foreign exchange rate changes		**(2,055)**	528
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**18,527**	18,786

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The 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 (the "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 (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

Other than the additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group's annual consolidated financial statements for year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the 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.

3. REVENUE

(i) Disaggregation of revenue from contracts with customer

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue from sales of goods:		
Jewelry products	**16,651**	11,891
Solar energy products	**63**	266
Refined oil	**17,837**	13,873
Liquefied natural gas ("LNG")	**101,080**	44,329
Total revenue	**135,631**	70,359
Timing of revenue recognition:		
A point in time	**135,631**	70,359

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For six months ended 30 September 2022 (unaudited)

	Jewelry business HK$'000	**Energy business HK$'000**	**Total HK$'000**
Sales of jewelry products	**16,651**	**–**	**16,651**
Sales of solar energy products	**–**	**63**	**63**
Sales of refined oil	**–**	**17,837**	**17,837**
Sales of LNG	**–**	**101,080**	**101,080**
	16,651	**118,980**	**135,631**

3. REVENUE (Continued)

(i) Disaggregation of revenue from contracts with customer (Continued)

For six months ended 30 September 2021 (unaudited)

	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Sales of jewelry products	11,891	–	11,891
Sales of solar energy products	–	266	266
Sales of refined oil	–	13,873	13,873
Sales of LNG	–	44,329	44,329
	11,891	58,468	70,359

(ii) Performance obligations for contracts with customers

(a) Sales of jewelry products, solar energy products and LNG

The Group recognises revenue from the sales of jewelry products, solar energy products and LNG when the performance obligations are satisfied which refers to delivery of goods to the customers, at this point, the Group has no unfulfilled obligation that could affect the customers' acceptance of the products. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control on the goods through their ability to direct the use of and obtain substantially all the benefits from the goods, and, at the same time, the customers have accepted the risks of obsolescence and loss of the products. Revenue from sales of jewelry, solar energy products and LNG is recognised based on the price specified in the contracts with customers. No element of financing is deemed present as the sales are made with an average credit term of 5 to 365 days.

The Group has no particular policy on the amounts received prior to the delivery of jewelry, solar energy products and LNG and it is negotiated with customers on contract by contract basis. The advance payments received from customers are recognised as contract liabilities throughout the period before the control of the goods is transferred to customers.

(b) Sales of refined oil

The Group recognised revenue from sales of refined oil when control of refined oil has transferred, being at the point the customer purchases the refined oil at filling station. Payment of the transaction price is due immediately at the point the customer purchases the goods.

3. REVENUE (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All transactions in respect of sales of goods take place within a year and, thus, the transaction prices allocated to the unsatisfied contracts are not disclosed according to the practical expedient of HKFRS 15 "Revenue from Contracts with Customers".

4. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "CODM"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Energy business including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) sales of refined oil; and iii) sales of LNG.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the Group's annual consolidated financial statements for year ended 31 March 2022. Segment results represent the profit or loss by each segment without allocation of gain on fair value changes of investment properties, certain net foreign exchange gain, unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and equity-settled share-based payments, unallocated corporate income which include rental income, interest income, government grants and sundry income and finance costs which include certain interest on lease liabilities and imputed interest on loans from a controlling shareholder. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For six months ended 30 September 2022 (unaudited)

	Jewelry business HK$'000	**Energy business HK$'000**	**Total HK$'000**
Revenue	**16,651**	**118,980**	**135,631**
Segment profit (loss)	**212**	**(5,649)**	**(5,437)**
Unallocated corporate other gains			**4,089**
Unallocated corporate income			**3,024**
Unallocated corporate expenses			**(4,936)**
Finance costs			**(2,394)**
Loss before taxation			**(5,654)**

For six months ended 30 September 2021 (unaudited)

	Jewelry business HK$'000	Energy business HK$'000	Total HK$'000
Revenue	11,891	58,468	70,359
Segment profit (loss)	129	(6,006)	(5,877)
Unallocated corporate other gains			4,365
Unallocated corporate income			2,983
Unallocated corporate expenses			(6,482)
Finance costs			(2,577)
Loss before taxation			(7,588)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both periods.

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Jewelry business	**4,299**	211
Energy business	**110,908**	131,048
Total segment assets	**115,207**	131,259
Bank balances and cash	**18,527**	20,091
Other unallocated assets	**85,027**	90,686
Consolidated assets	**218,761**	242,036
Jewelry business	**4,264**	364
Energy business	**42,502**	52,326
Total segment liabilities	**46,766**	52,690
Loans from a controlling shareholder and a shareholder	**109,079**	122,675
Other unallocated liabilities	**13,659**	11,754
Consolidated liabilities	**169,504**	187,119

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, certain lease liabilities, loans from a controlling shareholder and a shareholder and deferred tax liabilities.

4. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are mainly carried out in the People's Republic of China ("the PRC"), the country of domicile, and Hong Kong.

The revenue of the Group is mainly derived from external customers located in the PRC and Hong Kong.

The Group's revenue from external customers based on the location of customers are set out below:

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The PRC	**124,483**	64,630
Hong Kong	**11,148**	5,729
	135,631	70,359

Information about the Group's non-current assets based on the geographical location of the assets is set out below:

	At	At
	30 September	31 March
	2022	2022
	HK$'000	HK$'000
	(unaudited)	(audited)
The PRC	**159,427**	176,114
Hong Kong	**23**	26
	159,450	176,140

Note: Non-current assets excluded rental deposits.

5. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income	**24**	118
Rental income	**2,783**	2,863
Government grants *(note)*	**119**	–
Others	**98**	2
	3,024	2,983

Note: During the six months ended 30 September 2022, the Group received and recognised government grants of HK$119,000 (six months ended 30 September 2021: Nil) related to Employment Support Scheme provided by the Hong Kong Government.

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Gain on fair value changes of investment properties	**4,089**	4,086
Gain on disposal of subsidiaries *(Note 19)*	**–**	1,377
Gains on disposal of property, plant and equipment, net	**–**	213
Loss on early termination of a lease	**(362)**	–
Net foreign exchange gain	**–**	332
	3,727	6,008

7. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank borrowing	**648**	746
Interest on lease liabilities	**109**	108
Imputed interest on loans from a controlling shareholder	**2,308**	2,547
	3,065	3,401

8. INCOME TAX

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	**(2)**	–
Deferred tax	**(1,376)**	(1,386)
Income tax for the period	**(1,378)**	(1,386)

No provision for Hong Kong Profits Tax has been made for both periods as either tax losses are incurred for the subsidiaries operating in Hong Kong or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25% for both periods.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**854**	863
Depreciation of right-of-use assets	**594**	657
Amortisation of intangible assets	**898**	918
Cost of inventories recognised as an expense	**131,521**	66,536
Write-down of inventories in cost of sales	**2,187**	–
Staff costs (including directors' remuneration)	**4,244**	6,739

10. LOSS PER SHARE

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

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	**(5,614)**	(7,680)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	**387,564**	382,213

The computation of diluted loss per share for both periods does not assume the exercise of share options since it would result in a decrease in loss per share.

11. DIVIDENDS

No dividend was paid or proposed during the current interim period (six months ended 30 September 2021: Nil), nor has any dividend been proposed since the end of the reporting period.

12. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended 30 September 2022, the Group acquired property, plant and equipment of HK$450,000 (six months ended 30 September 2021: HK$69,000) and did not dispose of any property, plant and equipment (six months ended 30 September 2021: disposal of property, plant and equipment with nil carrying amount at cash consideration of HK$213,000, resulting in a gain on disposal of HK$213,000).

During the six months ended 30 September 2022, the Group early terminated a lease agreement with remaining lease term of less than one year (six months ended 30 September 2021: extension of a lease agreement with lease term of 2 years) and derecognised right-of-use assets of HK$615,000 and lease liabilities of HK$544,000, resulting in a loss on early termination of a lease of HK$362,000 (including forfeiture of a rental deposit of HK$291,000) (six months ended 30 September 2021: recognised right-of-use assets of HK$83,000 and lease liabilities of HK$83,000).

The fair value of the Group's investment properties as at 30 September 2022 and 31 March 2022 have been arrived at on the basis of valuation carried out by Masterpiece Valuation Advisory Limited ("Masterpiece"), an independent qualified professional valuer not connected to the Group. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values are arrived at by using income approach which capitalises the net rental income derived from the existing lease and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which has been then capitalised to determine the market value at an appropriate capitalisation rate. The management of the Group works closely with Masterpiece to establish and determine the appropriate valuation inputs for fair value measurements, by using input of capitalisation rate at 7% (31 March 2022: 7%) derived from market rent.

13. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Trade receivables from contracts with customers	**5,645**	2,057
Less: Allowance for credit losses	**(618)**	(182)
	5,027	1,875

13. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Trade receivables (Continued)

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 365 days to its customers of energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of reporting period:

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Within 30 days	**2,928**	1,369
31 to 90 days	**1,317**	–
91 to 180 days	**–**	–
Over 180 days	**782**	506
	5,027	1,875

As at 30 September 2022 and 31 March 2022, no trade receivables of the Group are past due.

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2022.

Other receivables, deposits and prepayments

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Other receivables	**2,543**	7,712
Deposit paid for purchasing LNG	**22,113**	24,661
Other deposits	**389**	455
Prepayments	**8,650**	6,155
	33,695	38,983

14. TRADE AND OTHER PAYABLES AND ACCRUALS

Trade payables

The following is an ageing analysis of trade payables presented based on the invoice date at the end of reporting period:

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Within 30 days	**4,085**	346
31 to 90 days	**54**	–
91 to 180 days	**–**	–
Over 180 days	**284**	241
	4,423	587

The average credit period on purchase of goods is 365 days.

Other payables and accruals

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Other payables	**3,501**	7,068
Refundable deposit to a supplier	**14,769**	16,461
Accruals	**2,314**	2,108
	20,584	25,637

15. LOANS FROM A CONTROLLING SHAREHOLDER AND A SHAREHOLDER

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Analysed for reporting purpose as:		
– Current liabilities	**4,656**	4,978
– Non-current liabilities	**104,423**	117,697
	109,079	122,675

As at 30 September 2022 and 31 March 2022, the loans from a shareholder were classified as current liabilities, and were unsecured, interest-free and repayable on demand.

As at 30 September 2022, the loans from a controlling shareholder were classified as non-current liabilities, and were unsecured, interest-free and repayable for the period from October 2023 to September 2025 (31 March 2022: classified as non-current liabilities, and were unsecured, interest-free and repayable for the period from October 2023 to September 2025).

During the six months ended 30 September 2022, the Group obtained new loans from a controlling shareholder amounting to HK$15,644,000 (six months ended 30 September 2021: HK$13,359,000) and the repayment dates of its certain loans from a controlling shareholder amounting to HK$57,460,000 (six months ended 30 September 2021: Nil) were extended to for the period from June 2025 to September 2025. At inception of new loans from a controlling shareholder and extension of repayment dates of loans from a controlling shareholder, adjustments to these loans amounting to HK$2,059,000 and HK$5,893,000, respectively, (six months ended 30 September 2021: HK$559,000 and Nil, respectively) were credited to reserve under the heading of "shareholder's contribution reserve" in the Group's condensed consolidated statement of changes in equity.

16. BANK BORROWING

	At 30 September 2022 HK$'000 (unaudited)	At 31 March 2022 HK$'000 (audited)
Secured bank borrowing repayable:		
Within one year	**2,547**	2,760
Within a period of more than one year but not exceeding two years	**2,700**	2,924
Within a period of more than two years but not exceeding five years	**9,109**	9,867
Within a period of more than five years	**6,095**	8,615
	20,451	24,166
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,547)**	(2,760)
Amount due for settlement after 12 months shown under non-current liabilities	**17,904**	21,406

The bank borrowing was at floating rate which carried interest at 5.85% (31 March 2022: 5.85%) per annum as at 30 September 2022.

As at 31 March 2022, the Group pledged certain property, plant and equipment, investment properties and right-of-use assets with an aggregate carrying amount of HK$93,489,000 (31 March 2022: HK$100,138,000) to the bank as the collateral for the bank borrowing.

17. SHARE CAPITAL

	Number of shares '000	Amount '000
Ordinary shares with nominal value of HK$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 30 September 2022	**10,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2021	372,264	3,723
Issue of ordinary shares *(note)*	15,300	153
At 31 March 2022 and 30 September 2022	**387,564**	**3,876**

Note: On 4 June 2021, the Company issued and allotted 15,300,000 shares at an issue price of HK$0.75 per share in accordance with the terms of the subscription agreement dated 19 April 2021. The new shares issued rank pari passu in all respects with the existing shares in issue.

18. SHARE OPTIONS SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions made by the participants to the Company, motivating the participants to optimise their performance and efficiency for the benefits of the Group and to maintain or attract business relationship with the participants whose contributions are beneficial to the growth of the Group.

The Group may grant to any participant who has made valuable contributions to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable resources of the Group based on his or her work experience and knowledge in the industry, or is expected to be able to contribute to the prosperity, business development or growth of the Group based on his or her business connection and network.

The Share Option Scheme became effective on 9 September 2016 and, unless otherwise cancelled or amended, will remain in force for a period of ten years from the date of its adoption. HK$10.00 is payable by each eligible participant to the Company on acceptance of the grant of an option.

18. SHARE OPTIONS SCHEME (Continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each eligible participant in any 12-month period must not exceed 1% of the aggregate number of shares of the Company in issue. Where any further grant of options to an eligible participant would result in the shares issued or to be issued upon exercise of all options granted and to be granted to such eligible participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares of the Company in issue, such further grant must be separately approved by the shareholders in general meeting with such an eligible participant and his associates abstaining from voting.

The exercise price of the share options is determined by the committee of the board of the directors of the Company, but is at least be the highest of: (a) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (b) the average of the closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange over the five trading days immediately preceding the date of grant; or (c) the nominal value of a share.

On 23 September 2021, 4,000,000 share options with an exercise price of HK$1.12 per share were granted by the Company to the eligible employees. The share options granted were fully vested on 23 September 2021 and become exercisable from 23 September 2021 to 22 September 2031.

The fair value of the share options granted on 23 September 2021 is calculated using the Binomial model. The inputs into the models are as follows:

Grant date	23 September 2021
Stock price	HK$1.12 per share
Exercise price	HK$1.12 per share
Risk-free rate	1.27%
Expected dividend yield	0%
Expected volatility	57.86%
Expiry date	22 September 2031
Time to maturity	10 years

Expected volatility is determined by using the average historical volatility of comparable companies and the Company as at valuation date.

The estimated fair value of share options granted on 23 September 2021 was HK$2,095,000.

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

18. SHARE OPTIONS SCHEME (Continued)

During the current interim period, the Group did not recognise any equity-settled share-based payments (six months ended 30 September 2021: HK$2,095,000).

The following table discloses details of the share options held by directors of the Company and eligible employees and movements in such holdings during the period.

(a) Share options granted on 19 October 2018

				Number of share options		
Grantee	Date of grant	Exercise price	Exercisable period	Outstanding at 1 April 2022	Forfeited during the period	Outstanding at 30 September 2022
Directors	19 October 2018	0.636	1 January 2019 to 18 October 2028	990,000	–	990,000
Employees	19 October 2018	0.636	1 January 2019 to 18 October 2028	500,000	–	500,000
				1,490,000	–	1,490,000
Exercisable at the beginning/end of the period				1,490,000		1,490,000
Weighted average exercise price				HK$0.636		HK$0.636

(b) Share options granted on 23 September 2021

				Number of share options		
Grantee	Date of grant	Exercise price	Exercisable period	Outstanding at 1 April 2022	Forfeited during the period	Outstanding at 30 September 2022
Employees	23 September 2021	1.12	23 September 2021 to 22 September 2031	4,000,000	–	4,000,000
				4,000,000	–	4,000,000
Exercisable at the beginning/end of the period				4,000,000		4,000,000
Weighted average exercise price				HK$1.12		HK$1.12

19. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2021, the Group disposed of its entire equity interests in NEF Power Inc. and Choice Grand Limited that engaged in energy business for purchase and distribution of solar energy products and was inactive, respectively, at cash consideration of HK$9. The net assets of two subsidiaries at the date of disposal were as follow:

	2021 HK$'000
Analysis of assets and liabilities over which control was lost:	
Inventories	2,265
Other receivables	129
Bank balances and cash	105
Other payable	(3,876)
Net liabilities disposed of	(1,377)
Gain on disposal of subsidiaries:	
Consideration received	–
Net liabilities disposed of	1,377
Gain on disposal	1,377
Net cash outflow arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	(105)
	(105)

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following related party transactions during both periods:

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the periods were as follows:

	Six months ended 30 September	
	2022	2021
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short-term employee benefits	**1,049**	1,053
Post-employment benefit	**61**	61
	1,110	1,114

21. MAJOR NON-CASH TRANSACTIONS

(a) During the six months ended 30 September 2022, the Group early terminated a lease agreement (six months ended 30 September 2021: a new lease agreement was entered into) and derecognised right-of-use assets of HK$615,000 and lease liabilities of HK$544,000, resulting in a loss on early termination of a lease of HK$362,000 (including forfeiture of a rental deposit of HK$291,000) (six months ended 30 September 2021: recognised right-of-use assets of HK$83,000 and lease liabilities of HK$83,000) that is a non-cash transaction. Details of which are set out in note 12 to these condensed consolidated financial statements.

(b) During the six months ended 30 September 2022, the Group obtained new loans from a controlling shareholder and repayment dates of its certain loans from a controlling shareholder were extended, adjustments to these loans amounting to HK$2,059,000 and HK$5,893,000, respectively, (six months ended 30 September 2021: HK$559,000 and Nil, respectively) were non-cash transactions. Details of which are set out in note 15 to these condensed consolidated financial statements.

22. COMMITMENTS

On 19 August 2022, Hainan Huagang New Energy Development Co., Ltd. (海南華港新能源開發有限公司) (the "Purchaser"), an indirectly wholly owned subsidiary of the Company, entered into a 35% equity transfer agreement (the "Agreement") with Mr. Zhang Bing (the "Vendor"), who is indirectly interested in 49% of the equity interest in Chengdu Kaibangyuan Trading Co., Limited (成都凱邦源商貿有限公司), an indirect non-wholly owned subsidiary of the Company, and Chengdu Huahan Energy Co., Ltd. (成都華漢能源有限公司) (the "Target Company") to acquire 35% of the equity interest in the Target Company. Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser shall acquire 35% of the equity interest in the Target Company (the "Transaction"). The consideration of HK$52,000,000 for the Transaction shall be settled by the Purchaser to procure the Company to allot and issue interest-free convertible bonds (the "Convertible Bonds") to the Vendor.

The Target Company owns 50% of the equity interest in Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司) ("JV Company") which principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC.

The Company may redeem the Convertible Bonds at any time and from time to time before the date falling on the third anniversary of the date of issuance of the Convertible Bond (the "Maturity Date") upon mutual agreement with the Vendor. The holder of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds (in integral multiple of HK$1 million or such lesser amount representing the entire outstanding principal amount of the Convertible Bonds) into new ordinary shares of the Company (the "Conversion Share(s)") at any time and from time to time, during the date of the issuance of the Convertible Bonds up to the close of business on the date falling 5 business days prior to the Maturity Date. The initial conversion price is HK$0.74 per Conversion Share (subject to adjustment) and represents HK$52,000,000 will be convertible into 70,270,270 Conversion Shares. Unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the Convertible Bonds by cash on the Maturity Date.

On 15 November 2022, the Purchaser, the Vendor and the Target Company has further entered into a supplemental agreement to the Agreement (the "Supplemental Agreement"). Pursuant to the terms of the Supplemental Agreement, no transfer and/or assignment of Convertible Bonds will take place before JV Company obtains the "Gas Business License". If the JV Company cannot obtain the Gas Business License on or before 30 June 2024, the Convertible Bonds will be automatically cancelled on 1 July 2024, the Company will transfer the 35% of equity interest in the Target Company to the Vendor and the Vendor will return the Convertible Bonds to the Company for nil consideration on or before 6 July 2024.

The completion of the Transaction is conditional upon fulfilment or, where applicable, waiver of conditions, amongst others, including necessary approvals, consents and/or waivers by relevant governmental or regulatory bodies or agencies in Hong Kong or elsewhere. If any conditions precedent is not satisfied in accordance with terms of the Agreement by 31 March 2023, the Agreement may be terminated by written notice by one party to the other party to the Agreement.