

# 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

2021/22



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# 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

Room 2202, 22/F., Chinachem Century Tower  
178 Gloucester Road  
Wanchai  
Hong Kong

## Registered Office

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

## Principal Share Registrar

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D,  
P.O. Box 1586,  
Gardenia Court, Camana Bay,  
Grand Cayman, KY1-1100,  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
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](http://www.475hk.com)

## Stock Code

475

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was principally engaged in the energy business and jewelry business for the six months ended 30 September 2021 (the “Current Period”). During the Current Period, the Group continued to strategically expand its energy business with a view to further diversifying the Group’s overall business by expanding its revenue stream. During the Current Period, the Group recorded total sales of approximately HK\$70.4 million (2020: HK\$14.3 million), representing an increase of approximately 391.8% as compared to that for the six months ended 30 September 2020 (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.

### Energy Business

During the Current Period, we continued to focus on our prime objective of providing a diversified range of energy products and services. We are actively developing and expanding the energy business with our proprietary technology products and through continued cooperation with our experienced business partners in the industry.

Given the prevailing global economic downturn, the Chinese government has stepped up its economic policies and adopted a domestic-international dual circulation economic development strategy to drive China’s economic recovery and continuous growth. Thus, during the Current Period, we have prudently analysed and identified our appropriate markets, deployed operational staff and resources across different regions, streamlined the structure and offices of overseas divisions and their back-office functions, and focused on diversifying the energy business in the China’s market. Under the leadership of the management of the Group, we have swiftly seized these opportunities to develop and achieved encouraging results. Following the Group’s acquisition of Chengdu Kaibangyuan Trading Co., Ltd.\* (成都凱邦源商貿有限公司) (“Chengdu Kaibangyuan”) as our subsidiary at the end of the previous financial year, we have been fully committed to promoting the sales operation of refined oil and LNG at the filling station. Leveraging on Chengdu Kaibangyuan’s well-established relationships with large central state-owned enterprises, its stable supply chain resources and the delivery and distribution capacity of its filling station, Chengdu Kaibangyuan has become one of our major business growth drivers during the Current Period, which will not only enhance our market competitiveness in the energy business, but also facilitate our diversification in the energy market, further create synergy for different energy products, and help further contribute to achieving the “dual carbon” goals.

On the other hand, due to the ongoing global impact of the COVID-19 pandemic and the complex international economic situation, there remain great challenges and uncertainties in the business environment of the sale of solar energy products and provision of related consulting services during the Current Period. The construction progress of many solar photovoltaic (PV) projects continued to be delayed due to varying degrees of lockdown measures imposed by governments and rising transportation costs. Meanwhile, the price of silicon, cell and other raw materials have risen significantly during the Current Period, which resulted in continuing high prices for solar PV products and prompted domestic and international customers to adopt a cautious strategy. The number of new solar PV installations in China in the first half of 2021 therefore had already been significantly lower than that forecasted by industry associations at the beginning of the year, and our sales had also taken a hit. In the face of such great challenges, we continued to utilise our proprietary technology rights and continued to liaise and collaborate with an advanced solar PV technology solution provider and several original equipment manufacturers to respond to market changes.

In conclusion, this difficult period marred by the pandemic and global economic downturn has prompted us to aim for diversification in expanding our business scope which includes the sale of various customised solar module intelligent technology products (including solar PV modules, new energy intelligent DC inverters and power optimisers), the provision of energy efficiency analysis and technical improvement advisory services on solar energy projects, the sale of LNG and the sale of refined oil, enabling us to respond quickly to market changes and achieve positive business results. Through the successful and orderly expansion of the energy business, the Group's revenue from the energy business increased by approximately 806.2% year-on-year from approximately HK\$6.5 million in the Previous Period to approximately HK\$58.5 million in the Current Period.

## **Jewelry Business**

Our jewelry business is primarily focused on the provision of products to jewelry distributors in Hong Kong and China. During the Current Period, global economic conditions remained difficult. Given that the COVID-19 outbreak was still not effectively contained, the continued implementation of pandemic prevention and travel restriction measures around the world, including China and Hong Kong, have continued to pose significant challenges to the jewelry industry.

In view that the COVID-19 pandemic in China was no longer spreading widely, demand for jewelry in China began to show signs of recovery and consumer confidence and spending has also increased accordingly. The resumption of the major international jewelry fairs in Hong Kong and China has increased sales and sourcing opportunities for the Current Period, resulting in an increase in our overall volume of our sales order as compared to the same period last year. With our long-established relationships with suppliers, we were able to maintain a steady supply volume and product quality during the Current Period, enabling a slow recovery of our jewelry business.

During the Current Period, revenue generated from the jewelry business increased by approximately 51.4% from the Previous Period to approximately HK\$11.9 million (2020: HK\$7.8 million). Sales attributable to Hong Kong accounted for approximately 48.2% (2020: 43.4%) of the overall sales of jewelry business, while sales attributable to China accounted for approximately 51.8% (2020: 56.6%).

## **PROSPECTS**

Looking ahead, the Group believes that the COVID-19 pandemic may continue to adversely affect the Group's financial performance in the short to medium term. Nevertheless, the energy sector is still in a phase of high value appreciation and the Board believes that the energy business will continue to be a growth driver for the Group in the future.

The clean energy industry is entering into a new phase of development that promotes larger scale, higher proportion and higher quality development, driven by China's and the world's "dual carbon" goals of "peaking carbon emissions and achieving carbon neutrality". Governments from different regions as well as international organisations believe that solar energy and natural gas will become the two most important energy sources for global electricity in the future. In terms of China's domestic policy, the energy sector, including clean energy such as solar PV and natural gas, is set to welcome new growth driven by the policy of building new power system which based primarily on clean energy. Nevertheless, society has relied on coal and oil for centuries, and demand for refined oil will not burst immediately like a bubble. While clean energy is growing at a high rate, we believe that refined oil will remain valuable for a long time to come.

## Leveraging “Dual Carbon” to Accelerate the Transformation of Traditional Filling Station

Market-oriented reform will be further promoted during the 14th Five-Year (2021-2025) Plan period and the “energy production-supply-storage-transportation-sale system” will be gradually improved, with the integration and development of solar energy and other clean energy sources combined with traditional energy sources which is becoming a new trend. In June 2021, the National Energy Administration of China issued the Notice on the Submission of Pilot Scheme for the Development of Distributed Rooftop Photovoltaic Systems in the Entire County (City and District), which further accelerated the development of distributed rooftop PV systems in entire counties (cities and districts), and brought about a period of rapid development on the construction of solar PV power stations at filling stations.

We will actively explore the model of “solar PV + filling station”. With our experience in solar PV and energy storage, we plan to make use of the idle space on the rooftops of our own filling station to conduct pilot construction of distributed solar power stations by using our solar intelligent products in order to promote our products and attract other potential customers who operate filling stations to build more distributed solar PV power stations, thereby increasing the market share and revenue of the Group’s solar energy products.

## Manage Market Uncertainty Risks through Diversification

In order to cope with potential uncertainty risks and unfavourable market conditions, we will adopt a more proactive approach in negotiating and entering strategic partnerships with various well-known enterprises in the industry, actively explore potential energy projects, including distributed PV power stations, energy storage power stations, charging stations and LNG filling stations, and explore the development model for combining multiple energy sources. At the same time, we also plan to leverage on our own resource advantage in the areas of energy storage technology, distribution and industry networks to actively identify projects such as distributed natural gas energy stations project and direct supply to industry project, and gradually expand nationwide by taking advantage of local policies to become a supplier that provides more diversified energy products and solutions.

We also recognise that the risks arising from the ongoing pandemic and the unstable international trade situation should not be overlooked. The management of the Group will continue to assess the market situation, actively optimise resource allocation, improve operational efficiency and seek new business growth drivers to strengthen its foundation in the China’s market, while further exploring development opportunities in different markets, and adhering to the general operating principles of seeking stability amidst changes and striving for progress amidst stability, thereby creating long-term value for shareholders.

## A Challenging Business Environment for Jewelry Market

In the short to medium term, the course of the pandemic will continue to adversely affect our jewelry business. While the restrictions imposed on the economies of some of the countries affected by the pandemic in the past have begun to be eased, most economies are still facing uncertainty and volatility, and market conditions are expected to remain difficult as the pandemic subsists. Despite the fact that customer demand in China has begun to rebound from the pandemic, customer demand in Hong Kong remains to be dragged down by traveller isolation measures and weak consumer sentiment, with no end in sight of a full recovery.

Despite the unfavourable business environment and increasing market competition, we will continue to focus on enhancing customer service quality and exploring new business opportunities through participation in jewelry fairs and exhibitions. We will also continue to adopt appropriate measures to cope with future challenges, including closely monitoring business operations, controlling costs and reducing any unnecessary expenses, and enrich our product offerings by leveraging on our established customer and supplier base in Hong Kong and China. In addition, we will continue to explore business opportunities and sales channels, and increase our product selections to meet the latest market trends and expand into other sales channels, such as online distributors and third-party resellers. The Group will thoroughly review the operation of the jewelry business and respond to the everchanging COVID-19 pandemic situation and market conditions in order to formulate business plans and strategies for future business development.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the Current Period was approximately HK\$70.4 million, representing an increase of approximately 391.8% as compared to approximately HK\$14.3 million for the Previous Period. The increase was mainly the result of the increase in turnover of both the energy business and the jewelry business.

Revenue of the energy business increased by approximately 806.2% from approximately HK\$6.5 million for the Previous Period to approximately HK\$58.5 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 orders of our solar intelligent technology products was continuously impacted by worldwide COVID-19 outbreak and the escalated international trade conflict.

Revenue of the jewelry business increased by approximately 51.4% from approximately HK\$7.8 million for the Previous Period to approximately HK\$11.9 million for the Current Period. It was primarily attributable to the gradual recovery of consumption sentiment and the market demands of jewelry products in China. The revenue was also prompted by the increase in business opportunities after the resumption of international jewelry trade shows 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\$66.5 million, representing an increase of approximately 383.9%, as compared to approximately HK\$13.7 million for the Previous Period. Gross profit increased from approximately HK\$0.6 million for the Previous Period to approximately HK\$3.8 million for the Current Period, representing an increase of approximately 585.1%. The increase was mainly attributable to the increase in the turnover of both the energy business and the jewelry business for the Current Period.

Meanwhile, gross profit margin increased from 3.9% for the Previous Period to 5.4% for the Current Period. The increase was primarily attributable to the expansion of the product mix of the energy business, which includes the products with higher gross profit margins.

## Other income

Other income increased from approximately HK\$2.2 million for the Previous Period to approximately HK\$3.0 million for the Current Period, representing an increase of approximately 37.8%, which was mainly attributable to rental income from the investment properties of the Group during the Current Period.

## Other gains and losses, net

The Group recorded net other gains of approximately HK\$6.0 million for the Current Period (2020: HK\$1.0 million). The gains were contributed by the net foreign exchange gains of approximately HK\$0.3 million (2020: net foreign exchange losses of HK\$0.1 million), a gain from change in fair value of investment properties of approximately HK\$4.1 million (2020: HK\$1.0 million), a gain on disposal of property, plant and equipment of approximately HK\$0.2 million (2020: Nil) and net gains on disposal of subsidiaries of approximately HK\$1.4 million (2020: Nil) during 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\$2.8 million for the Current Period (2020: Nil). 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 increased from approximately HK\$0.8 million for the Previous Period to approximately HK\$1.8 million for the Current Period, representing an increase of approximately 136.4%, which was primarily attributable to the increase in distribution cost because of the increase in overall turnover during the Current Period.

### **Administrative expenses**

Administrative expenses increased from approximately HK\$8.9 million for the Previous Period to approximately HK\$10.3 million for the Current Period, representing an increase of approximately 15.9%, which was mainly due to the combination of the set up expenses of the newly acquired subsidiary in Chengdu and the continuous implementation of tightened cost control in the Current Period.

### **Other expenses**

Other expenses for the Previous Period amounted to approximately HK\$1.4 million mainly representing the research and development cost incurred in development stage, whereas none incurred in the Current Period.

### **Equity-settled share-based payments**

Equity-settled share-based payments amounted to approximately HK\$2.1 million (2020: Nil) representing the recognition of equity-settled share options expenses in connection with the grant of share options during the Current Period.

### **Finance costs**

Finance costs represented the imputed interest of approximately HK\$2.5 million derived from the long term loans from a controlling shareholder (2020: HK\$1.6 million), the interest of approximately HK\$0.1 million derived from lease liabilities (2020: HK\$0.1 million) and the interest of approximately HK\$0.7 million derived from the long term bank loan (2020: HK\$0.9 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 (2020: HK\$0.3 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\$8.8 million for the Previous Period to approximately HK\$7.7 million for the Current Period, representing a decrease of approximately 13.1%. Basic loss per share was 2.0 HK cents (2020: 2.4 HK cents).

### **DIVIDEND**

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2021 (2020: Nil).

## LIQUIDITY AND FINANCIAL POSITIONS

As at 30 September 2021, the Group had net current assets and current ratio stood at approximately HK\$26.8 million and 1.5 respectively (31 March 2021: HK\$22.7 million and 1.5 respectively).

As at 30 September 2021, the bank balances and cash amounted to approximately HK\$18.8 million (31 March 2021: HK\$37.3 million). As at 30 September 2021, the inventories amounted to approximately HK\$5.1 million (31 March 2021: HK\$6.8 million), mainly representing the finished goods of solar thermal cooling-stored pipes and solar modules intelligent technology products. As at 30 September 2021, the trade receivables and trade payables amounted to approximately HK\$4.5 million and HK\$7.2 million respectively (31 March 2021: HK\$8.1 million and HK\$7.7 million respectively), both of which were mainly derived from the energy business. As at 30 September 2021, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK\$21.0 million, HK\$9.7 million and HK\$84.5 million respectively (31 March 2021: HK\$21.4 million, HK\$10.1 million and HK\$79.3 million respectively). The investment properties of the Group located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park, Yuyao City of Zhejiang Province and held under operating leases to earn rentals are revalued by an independent firm of professional property valuer on an open market value basis and are measured using the fair value model for both periods.

As at 30 September 2021, the net carrying amount of the intangible assets was approximately HK\$55.4 million (31 March 2021: HK\$55.5 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 2021, the Group had an interest-bearing bank borrowing of approximately HK\$24.8 million (31 March 2021: HK\$25.7 million) and bore an effective interest rate of 3.4% per annum (31 March 2021: 3.4%), of which approximately HK\$2.6 million (31 March 2021: HK\$2.5 million) will be repayable within one year and approximately HK\$22.2 million (31 March 2021: HK\$23.2 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 41.9% as at 30 September 2021 (31 March 2021: 48.2%).

The bank borrowing was secured by the Group's assets, for details of the charges on 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 2021: Nil). As at 30 September 2021, the Group had interest-free loans due to a controlling shareholder of approximately HK\$108.2 million (31 March 2021: HK\$104.8 million) which will be repayable after one year and had interest-free loans due to a shareholder of approximately HK\$4.9 million (31 March 2021: 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 and proceeds from the issue of new shares during the Current Period.

## CAPITAL STRUCTURE

The Group's total assets and total liabilities as at 30 September 2021 amounted to approximately HK\$250.2 million (31 March 2021: HK\$235.1 million) and approximately HK\$191.0 million (31 March 2021: HK\$181.8 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 76.4% as at 30 September 2021 (31 March 2021: 77.3%).

## USE OF PROCEEDS FROM THE SUBSCRIPTION

On 19 April 2021, the Company entered into a subscription agreement with Mr. Liu Jie, an independent third party (the "Subscriber"), pursuant to which the Subscriber agreed to subscribe, and the Company agreed to allot and issue 15,300,000 shares of the Company at par value of HK\$0.01 each under general mandate to the Subscriber at the subscription price of HK\$0.75 per share (the "Subscription"). The Subscription was completed on 4 June 2021, please refer to the announcements of the Company on 19 April 2021, 12 May 2021 and 4 June 2021 for further details of the Subscription. The gross proceeds and net proceeds (after deducting the related fees and expenses incurred in relation to the subscription, the "Net Proceeds") from the Subscription were HK\$11,475,000 and approximately HK\$11,408,000 respectively, which the entire Net Proceeds was intended to be used as general working capital of the Group. The use of the Net Proceeds as at 30 September 2021 and the expected timeline for the intended use of the remaining unused Net Proceeds are set out as follows:

<b>Intended use of the Net Proceeds</b>	<b>Intended amount of the Net Proceeds to be used</b> <i>(Approximately) HK\$'million</i>	<b>Actual use of the Net Proceeds up to 30 September 2021</b> <i>(Approximately) HK\$'million</i>	<b>Unutilized balance as at 30 September 2021</b> <i>(Approximately) HK\$'million</i>	<b>Expected timeline for utilizing the remaining unused Net Proceeds</b> <sup>(Note 1)</sup>
General working capital of the Group	11.4	6.2 <sup>(Note 2)</sup>	5.2	From 1 October 2021 to 31 March 2022

*Notes:*

- The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.
- As at 30 September 2021, approximately HK\$6.2 million was used as general working capital of the Group, including approximately HK\$2.6 million for staff cost and approximately HK\$3.6 million for office rent, legal and professional expenses and other recurring operating expenses. The proceeds were used as intended.

## CHARGES ON GROUP ASSETS

As at 30 September 2021, the buildings with carrying amounts of approximately HK\$4.4 million (31 March 2021: HK\$4.5 million), the right-of-use assets with carrying amounts of approximately HK\$5.8 million (31 March 2021: HK\$5.8 million) and the investment properties with carrying amounts of approximately HK\$84.5 million (31 March 2021: HK\$79.3 million), were pledged to a bank in China as collateral security for a bank borrowing amounted to approximately HK\$24.8 million (31 March 2021: HK\$25.7 million).

Save as disclosed above, there was no other charge on Group's assets as of 30 September 2021.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any capital commitments (31 March 2021: Nil).

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

## EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2021, the Group had a total of 68 employees (31 March 2021: 39). 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 (the "Remuneration Committee") 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 2021 and 31 March 2021, 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**

The Group did not have any plans for material investments and capital assets as at 30 September 2021.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2021, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 <sup>(1)</sup>	–	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 <sup>(2)</sup>	3,066,000	0.79%
Mr. Wu Chi Keung	Personal interest	–	330,000 <sup>(2)</sup>	330,000	0.09%
Mr. Jin Qingjun	Personal interest	–	330,000 <sup>(2)</sup>	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 2021, 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 2021 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 2021, 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 <sup>(1)</sup>	–	204,718,000	52.82%
Mr. Hu Yangjun	Interests of controlled corporation and personal interest	207,784,000 <sup>(2)</sup>	–	207,784,000	53.61%
Mr. Hu Yishi	Interests of controlled corporation and personal interest	207,454,000 <sup>(3)</sup>	–	207,454,000	53.53%
Ms. Zhang Qi	Interest of spouse	207,784,000 <sup>(4)</sup>	–	207,784,000	53.61%
Ms. Lin Min, Mindy	Interest of spouse	207,454,000 <sup>(5)</sup>	–	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 2021, 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 2021, the Company has granted 4,000,000 share options to the employees of the Company at the exercise price of HK\$1.12 per option. On 30 September 2021, 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 2021: 4,790,000), representing 1.42% (31 March 2021 1.29%) 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 2021 are as follows:

Category of eligible participants	Number of share options				At 30 September 2021	Date of grant <sup>(1)</sup>	Exercisable period (both dates inclusive)	Exercise price per Share
	At 1 April 2021	Granted during the Current Period	Exercised during the Current Period	Cancelled/Lapsed during the Current Period				
<b>Directors</b>								
Mr. Li Wei Qi, Jacky	330,000	-	-	-	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636 <sup>(2)</sup>
Mr. Wu Chi Keung	330,000	-	-	-	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636 <sup>(2)</sup>
Mr. Jin Qingjun	330,000	-	-	-	330,000	19 October 2018	1 January 2019 to 18 October 2028	0.636 <sup>(2)</sup>
	<b>990,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>990,000</b>			
<b>Employees in aggregate</b>								
	3,800,000	-	-	(3,300,000)	500,000	19 October 2018	1 January 2019 to 18 October 2028	0.636 <sup>(2)</sup>
	-	4,000,000	-	-	4,000,000	23 September 2021	23 September 2021 to 22 September 2031	1.12 <sup>(3)</sup>
	<b>3,800,000</b>	<b>4,000,000</b>	<b>-</b>	<b>(3,300,000)</b>	<b>4,500,000</b>			
<b>Total all categories</b>	<b>4,790,000</b>	<b>4,000,000</b>	<b>-</b>	<b>(3,300,000)</b>	<b>5,490,000</b>			

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.

## 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 the 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.

Save as disclosed in this report, 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 2021.

### **NON-COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.21, 3.25 OF THE LISTING RULES AND CODE PROVISION A.5.1 OF THE CG CODE**

Following the pass away of Mr. Wu Chi Keung on 12 October 2021, who was an independent non-executive Director, the chairman of each of the audit committee of the Company (the “Audit Committee”), the Remuneration Committee and nomination committee of the Company (the “Nomination Committee”) and the only independent non-executive Director having appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, the Board only comprises six members with three executive Directors, a non-executive Director and two independent non-executive Directors. As a result, the Company was not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board shall comprise at least three independent non-executive Directors; (ii) Rule 3.10(2) of the Listing Rules, which stipulates that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee shall comprise at least three non-executive Directors and a majority of which must be independent non-executive Directors, that at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules and that the audit committee must be chaired by an independent non-executive Director; (iv) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee shall comprise a majority of independent non-executive Directors and chaired by an independent non-executive Director; and (v) code provision A.5.1 of the CG Code which stipulates that the number of independent non-executive Directors shall represent the majority of the nomination committee.

As Ms. Zhong Yingjie, Christina, who has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, was subsequently appointed as an independent non-executive Director, and the chairman of the Audit Committee, on 25 October 2021, the Company has three independent non-executive Directors, constituting the only three Audit Committee members. As a result, the composition of the Board and the Audit Committee meet with the requirements under Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules respectively. Mr. Jin Qingjun, who is an independent non-executive Director, was appointed as the chairman of each of the Nomination Committee and the Remuneration Committee on 25 October 2021, as a result, the composition of the Nomination Committee meet with the requirements under code provision A.5.1 of the CG Code. Ms. Sun Ivy Connie, who is an independent non-executive Director, was also appointed as a member of the Remuneration Committee on 25 October 2021. As a result of the change in the composition of the Remuneration Committee, the composition of the Remuneration Committee meets with the requirements under Rule 3.25 of the Listing Rules.

## **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 2021.

## **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, all the changes 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 reports, saved as disclosed above in this report, are set out below:

Mr. Jin Qingjun, an independent non-executive Director, retired from the position of independent non-executive director of Guotai Junan Securities Co., Ltd., a company listed on the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211), with effect from 28 June 2021.

## **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 2021.

## **REVIEW BY AUDIT COMMITTEE AND INDEPENDENT EXTERNAL AUDITOR**

The Company has established 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 2021. 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 2021.

## **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, 25 November 2021

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

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**TO THE BOARD OF DIRECTORS OF CENTRAL DEVELOPMENT HOLDINGS LIMITED**

*(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 42, which comprise the condensed consolidated statement of financial position as of 30 September 2021 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

25 November 2021

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	NOTES	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	70,359	14,307
Cost of sales		(66,536)	(13,749)
Gross profit		3,823	558
Other income	5	2,983	2,164
Other gains and losses, net	6	6,008	999
Impairment loss on trade receivables under expected credit loss model		(2,805)	–
Selling and distribution costs		(1,827)	(773)
Administrative expenses		(10,274)	(8,868)
Other expenses		–	(1,396)
Equity-settled share-based payments	18	(2,095)	–
Finance costs	7	(3,401)	(2,581)
Loss before taxation		(7,588)	(9,897)
Income tax	8	(1,386)	(262)
Loss for the period	9	(8,974)	(10,159)
<b>Other comprehensive income (expense) for the period</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Exchange differences arising on translation to presentation currency		753	719
Fair value gain on revaluation of properties		–	19,594
Deferred tax relating to fair value gain on revaluation of properties		–	(4,899)
		753	15,414
Total comprehensive (expense) income for the period		(8,221)	5,255
Loss for the period attributable to:			
– Owners of the Company		(7,680)	(8,840)
– Non-controlling interests		(1,294)	(1,319)
		(8,974)	(10,159)
Total comprehensive (expense) income attributable to:			
– Owners of the Company		(8,131)	6,561
– Non-controlling interests		(90)	(1,306)
		(8,221)	5,255
Loss per share	10		
Basic (HK cents)		(2.01)	(2.37)
Diluted (HK cents)		(2.01)	(2.37)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	NOTES	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	20,965	21,446
Right-of-use assets	12	9,703	10,129
Investment properties	12	84,508	79,274
Intangible assets		55,429	55,539
Deposits paid for acquisition of property, plant and equipment		2,291	2,288
Rental deposits		242	238
		<b>173,138</b>	168,914
<b>Current assets</b>			
Inventories		5,090	6,844
Trade receivables	13	4,505	8,143
Other receivables, deposits and prepayments	13	48,660	13,918
Bank balances and cash		18,786	37,301
		<b>77,041</b>	66,206
<b>Current liabilities</b>			
Trade payables	14	7,249	7,699
Other payables and accruals	14	26,487	25,070
Contract liabilities		5,756	221
Loans from a shareholder	15	4,897	4,984
Bank borrowing	16	2,610	2,499
Lease liabilities		3,212	3,081
		<b>50,211</b>	43,554
Net current assets		<b>26,830</b>	22,652
Total assets less current liabilities		<b>199,968</b>	191,566
<b>Non-current liabilities</b>			
Loans from a controlling shareholder	15	108,235	104,752
Deferred tax liabilities		9,494	7,868
Bank borrowing	16	22,203	23,190
Lease liabilities		877	2,438
		<b>140,809</b>	138,248
Net assets		<b>59,159</b>	53,318
<b>Capital and reserves</b>			
Share capital	17	3,876	3,723
Reserves		24,846	19,068
Equity attributable to owners of the Company		<b>28,722</b>	22,791
Non-controlling interests		<b>30,437</b>	30,527
Total equity		<b>59,159</b>	53,318

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	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
At 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
At 1 April 2020 (audited)	3,723	201,877	1,442	4,852	5,618	15,437	(205,327)	27,622	(5,976)	21,646
Loss for the period	-	-	-	-	-	-	(8,840)	(8,840)	(1,319)	(10,159)
Other comprehensive income for the period	-	-	-	14,695	706	-	-	15,401	13	15,414
Total comprehensive income (expense) for the period	-	-	-	14,695	706	-	(8,840)	6,561	(1,306)	5,255
Deemed capital contribution from a controlling shareholder (Note 15)	-	-	-	-	-	973	-	973	-	973
At 30 September 2020 (unaudited)	3,723	201,877	1,442	19,547	6,324	16,410	(214,167)	35,156	(7,282)	27,874

Note: The shareholder's contribution reserve represents adjustments of interest-free loans granted by a controlling shareholder of Central Development Holdings Limited (the "Company") to the Company and certain of its subsidiaries.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	NOTE	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Operating activities</b>			
Loss before taxation		(7,588)	(9,897)
Adjustments for:			
Depreciation of property, plant and equipment		863	1,851
Depreciation of right-of-use assets		657	1,091
Amortisation of intangible assets		918	–
Equity-settled share-based payments		2,095	–
Interest income		(118)	(390)
Finance costs		3,401	2,581
Gain on disposal of property, plant and equipment		(213)	–
Gain on disposal of subsidiaries		(1,377)	–
Impairment loss on trade receivables under expected credit loss model		2,805	–
Gain from change in fair value of investment properties		(4,086)	(1,041)
Operating cash flows before movements in working capital		(2,643)	(5,805)
Other working capital items		(24,138)	2,197
<b>Net cash used in operating activities</b>		<b>(26,781)</b>	<b>(3,608)</b>
<b>Investing activities</b>			
Interest received		118	390
Purchases of property, plant and equipment		(69)	(4)
Proceeds from disposal of property, plant and equipment		213	–
Net cash outflow on disposal of subsidiaries	19	(105)	–
<b>Net cash from investing activities</b>		<b>157</b>	<b>386</b>
<b>Financing activities</b>			
Proceed from issue of shares		11,475	–
Advances from a controlling shareholder		13,359	9,776
Repayments to a controlling shareholder		(13,274)	(2,491)
Repayments to a shareholder		(132)	–
Repayments of bank borrowing		(1,251)	(1,071)
Repayments of leases liabilities		(1,675)	(1,036)
Interest paid		(854)	(934)
Transaction costs attributable to issue of shares		(67)	–
<b>Net cash from financing activities</b>		<b>7,581</b>	<b>4,244</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(19,043)</b>	<b>1,022</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>37,301</b>	<b>37,319</b>
Effect of foreign exchange rate changes		528	1,632
<b>Cash and cash equivalents at the end of the period</b>		<b>18,786</b>	<b>39,973</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 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 that 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 2021 are the same as those presented in the Group’s annual financial statements for year ended 31 March 2021.

### 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 periods beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

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.

For the six months ended 30 September 2021

**3. REVENUE****(i) Disaggregation of revenue from contracts with customer**

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue from sales of goods:		
Jewelry products	11,891	7,855
Solar energy products	266	6,452
Refined oil	13,873	–
Liquefied natural gas (“LNG”)	44,329	–
<b>Total</b>	<b>70,359</b>	<b>14,307</b>
Timing of revenue recognition		
A point in time	70,359	14,307

During the interim period, the Group has also engaged in sales of LNG.

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 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
	<b>11,891</b>	<b>58,468</b>	<b>70,359</b>

For the six months ended 30 September 2021

**3. REVENUE (Continued)****(i) Disaggregation of revenue from contracts with customer (Continued)**

For six months ended 30 September 2020 (unaudited)

	Jewelry business HK\$'000	Energy business HK\$'000	Total HK\$'000
Sales of jewelry products	7,855	–	7,855
Sales of solar energy products	–	6,452	6,452
	7,855	6,452	14,307

**(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 30 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.

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

All transactions in respect of sales of goods and provision of services 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.

For the six months ended 30 September 2021

## 4. SEGMENT INFORMATION

### 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 2021 (unaudited)

	<b>Jewelry business HK\$'000</b>	<b>Energy business HK\$'000</b>	<b>Total HK\$'000</b>
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)

For six months ended 30 September 2020 (unaudited)

	Jewelry business HK\$'000	Energy business HK\$'000	Total HK\$'000
Revenue	7,855	6,452	14,307
Segment loss	(16)	(6,929)	(6,945)
Unallocated corporate other gains			1,041
Unallocated corporate income			2,164
Unallocated corporate expenses			(4,495)
Finance costs			(1,662)
Loss before taxation			(9,897)

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

For the six months ended 30 September 2021

## 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 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Jewelry business	1,955	2,444
Energy business	144,440	114,345
Total segment assets	146,395	116,789
Bank balances and cash	18,786	37,301
Other unallocated assets	84,998	81,030
Consolidated assets	250,179	235,120
Jewelry business	2,007	2,577
Energy business	63,655	59,220
Total segment liabilities	65,662	61,797
Loans from a controlling shareholder and a shareholder	113,132	109,736
Other unallocated liabilities	12,226	10,269
Consolidated liabilities	191,020	181,802

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.

For the six months ended 30 September 2021

#### 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:

	<b>Six months ended 30 September</b>	
	<b>2021</b> <b>HK\$'000</b> <b>(unaudited)</b>	2020 HK\$'000 (unaudited)
The PRC	<b>64,630</b>	5,069
Hong Kong	<b>5,729</b>	9,173
Others	<b>–</b>	65
	<b>70,359</b>	14,307

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

	<b>At</b>	At
	<b>30 September</b> <b>2021</b> <b>HK\$'000</b> <b>(unaudited)</b>	31 March 2021 HK\$'000 (audited)
The PRC	<b>172,864</b>	168,653
Hong Kong	<b>32</b>	23
	<b>172,896</b>	168,676

Note: Non-current assets excluded rental deposits.

For the six months ended 30 September 2021

**5. OTHER INCOME**

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest income	118	390
Rental income	2,863	1,143
Government grants (note)	–	189
Others	2	442
	<b>2,983</b>	2,164

Note: During the six months ended 30 September 2020, the Group received and recognised government grants of HK\$189,000 related to Employment Support Scheme provided by the Hong Kong government (six months ended 30 September 2021: nil).

**6. OTHER GAINS AND LOSSES, NET**

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Gain from change in fair value of investment properties	4,086	1,041
Gain on disposal of subsidiaries (Note 19)	1,377	–
Gain on disposal of property, plant and equipment	213	–
Net foreign exchange gain (loss)	332	(42)
	<b>6,008</b>	999

**7. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank borrowing	746	860
Interest on lease liabilities	108	74
Imputed interest on loans from a controlling shareholder	2,547	1,647
	<b>3,401</b>	2,581

For the six months ended 30 September 2021

**8. INCOME TAX**

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Overprovision in prior years	–	168
Deferred tax	<b>(1,386)</b>	(430)
Income tax for the period	<b>(1,386)</b>	(262)

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rate applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax regime, the first HK\$2,000,000 of assessable profits of the qualifying group entity will be taxed at 8.25% and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 September 2020: 16.5%). The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in Hong Kong is calculated at 16.5% of the estimated assessable profit for both periods. 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 (“EIT Law”) and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25% for both periods. No provision for the PRC Enterprise Income Tax had been made for the subsidiaries operating in the PRC for both periods as either tax losses are incurred for the subsidiaries operating in PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

For the six months ended 30 September 2021

## 9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	863	1,851
Depreciation of right-of-use assets	657	1,091
Amortisation of intangible assets	918	–
Cost of inventories recognised as an expense	66,536	13,749
Staff costs (including directors' remuneration)	6,739	4,048
Research and development expenses (included in other expenses)	–	1,220

## 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the purposes of calculating basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	(7,680)	(8,840)
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	382,213	372,264

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 dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: nil).

For the six months ended 30 September 2021

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

During the six months ended 30 September 2021, the Group acquired property, plant and equipment of HK\$69,000 (six months ended 30 September 2020: HK\$4,000). During the six months ended 30 September 2021, the Group also disposed of property, plant and equipment with carrying amount of nil at consideration of HK\$213,000, resulting in a gain on disposal of HK\$213,000 (six months ended 30 September 2020: nil).

During the six months ended 30 September 2021, the Group extended a lease agreement with lease term of 2 years (six months ended 30 September 2020: a new lease agreement and extended a lease agreement, both with lease term of 3 years). On lease commencement, the Group recognised right-of-use assets of HK\$83,000 (six months ended 30 September 2020: HK\$2,628,000) and lease liabilities of HK\$83,000 (six months ended 30 September 2020: HK\$2,603,000).

The fair value of the Group's investment properties as at 30 September 2021 and 31 March 2021 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% derived from market rent.

## 13. TRADE RECEIVABLES AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### Trade receivables

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Trade receivables	8,512	9,345
less: Allowance for credit losses	(4,007)	(1,202)
	<b>4,505</b>	8,143

For the six months ended 30 September 2021

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

#### Trade receivables (Continued)

The Group allowed 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:

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	<b>At 31 March 2021 HK\$'000 (audited)</b>
Within 30 days	<b>3,297</b>	2,684
31 to 90 days	<b>298</b>	358
91 to 180 days	<b>144</b>	262
Over 180 days	<b>766</b>	4,839
	<b>4,505</b>	8,143

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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

#### Other receivables, deposits and prepayments

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	<b>At 31 March 2021 HK\$'000 (audited)</b>
Other receivables	<b>11,488</b>	10,975
Deposits	<b>25,096</b>	969
Prepayments	<b>12,076</b>	1,974
	<b>48,660</b>	13,918

For the six months ended 30 September 2021

## 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 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Within 30 days	1,514	1,666
31 to 90 days	293	752
91 to 180 days	74	–
Over 180 days	5,368	5,281
	<b>7,249</b>	<b>7,699</b>

The average credit on purchase of goods ranges from 30 to 365 days.

### Other payables and accruals

	At 30 September 2021 HK\$'000 (unaudited)	At 31 March 2021 HK\$'000 (audited)
Other payables	8,790	6,682
Refundable deposit to a supplier	16,025	15,796
Accruals	1,672	2,592
	<b>26,487</b>	<b>25,070</b>

For the six months ended 30 September 2021

**15. LOANS FROM A CONTROLLING SHAREHOLDER AND A SHAREHOLDER**

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	At 31 March 2021 HK\$'000 (audited)
Analysed for reporting purpose as:		
– Current liabilities	<b>4,897</b>	4,984
– Non-current liabilities	<b>108,235</b>	104,752
	<b>113,132</b>	109,736

During the six months ended 30 September 2021, the Group obtained loans from a controlling shareholder of HK\$13,359,000 (six months ended 30 September 2020: HK\$9,776,000), which are unsecured, interest free and repayable on 1 October 2023. On initial recognition of new loans from a controlling shareholder, these loans were discounted using the prevailing market rate of interest for similar instruments and an adjustment to the loans of HK\$559,000 (six months ended 30 September 2020: HK\$973,000) were credited to reserve under the heading of “shareholder’s contribution reserve” in the Group’s condensed consolidated statement of changes in equity.

As at 30 September 2021 and 31 March 2021, the loans from a shareholder recognised as current liabilities are unsecured, interest free and repayable on demand.

As at 30 September 2021 and 31 March 2021, the loans from a controlling shareholder recognised as non-current liabilities are unsecured, interest free and repayable on 1 October 2023.

For the six months ended 30 September 2021

**16. BANK BORROWING**

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	At 31 March 2021 HK\$'000 (audited)
Secured bank borrowing repayable:		
Within one year	<b>2,610</b>	2,499
Within a period of more than one year but not exceeding two years	<b>2,766</b>	2,649
Within a period of more than two years but not exceeding five years	<b>9,330</b>	8,935
Within a period of more than five years	<b>10,107</b>	11,606
	<b>24,813</b>	25,689
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(2,610)</b>	(2,499)
Amount due for settlement after 12 months shown under non-current liabilities	<b>22,203</b>	23,190

The bank borrowing is at floating rate which carries interest at The People's Bank of China base rate plus/minus a spread. The effective interest rate on the Group's bank borrowing was 3.40% (six months ended 30 September 2020: 3.40%) for the six months ended 30 September 2021.

The Group pledged certain property, plant and equipment, investment properties and right-of-use assets with aggregate carrying amount of HK\$94,685,000 (31 March 2021: HK\$89,497,000) to the bank as the collateral for the bank borrowing.

For the six months ended 30 September 2021

## 17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares with nominal value of HK\$0.01 each		
Authorised:		
At 1 April 2020, 30 September 2020, 31 March 2021 and 30 September 2021	<b>10,000,000</b>	<b>100,000</b>
Issued and fully paid:		
At 1 April 2020 and 31 March 2021	372,264	3,723
Issue of ordinary shares ( <i>note</i> )	15,300	153
At 30 September 2021	<b>387,564</b>	<b>3,876</b>

*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.

For the six months ended 30 September 2021

## 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.

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**18. SHARE OPTIONS SCHEME (Continued)**

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**

Grantee	Date of grant	Exercise price	Exercisable period	Number of share options		
				Outstanding at 1 April 2021	Forfeited during the period	Outstanding at 30 September 2021
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	3,800,000	(3,300,000)	500,000
				4,790,000	(3,300,000)	1,490,000
Exercisable at the beginning/end of the period				4,790,000		1,490,000
Weighted average exercise price				HK\$0.636	HK\$0.636	HK\$0.636

**(b) Share options granted on 23 September 2021**

Grantee	Date of grant	Exercise price	Exercisable period	Number of share options		
				Outstanding at 1 April 2021	Granted during the period	Outstanding at 30 September 2021
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
Weighted average exercise price				-	HK\$1.12	HK\$1.12

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

During the six months ended 30 September 2021, the Group recognised the total expense of HK\$2,095,000 in relation to these share options.

For the six months ended 30 September 2021

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

## 20. RELATED PARTY TRANSACTIONS

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term employee benefits	1,053	1,041
Post-employment benefit	61	56
	1,114	1,097