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SMART CITY DEVELOPMENT HOLDINGS LIMITED
智城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8268)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Smart City Development Holdings Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries for the six months ended 30 September 2022. This announcement, containing the full text of the 2022 interim report of the Company, complies with the requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**") in relation to information to accompany preliminary announcement of interim results. The Company's 2022 interim report will be available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.smartcity-d.com on 14 November 2022.

By Order of the Board
Smart City Development Holdings Limited
Hung Kenneth
Executive Director

Hong Kong, 11 November 2022

As at the date of this announcement, the Board comprises Mr. Hung Kenneth and Ms. Lau Po Yee as executive Directors and Mr. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Ms. Au Shui Ming Anna as independent non-executive Directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the Company's website at www.smartcity-d.com.

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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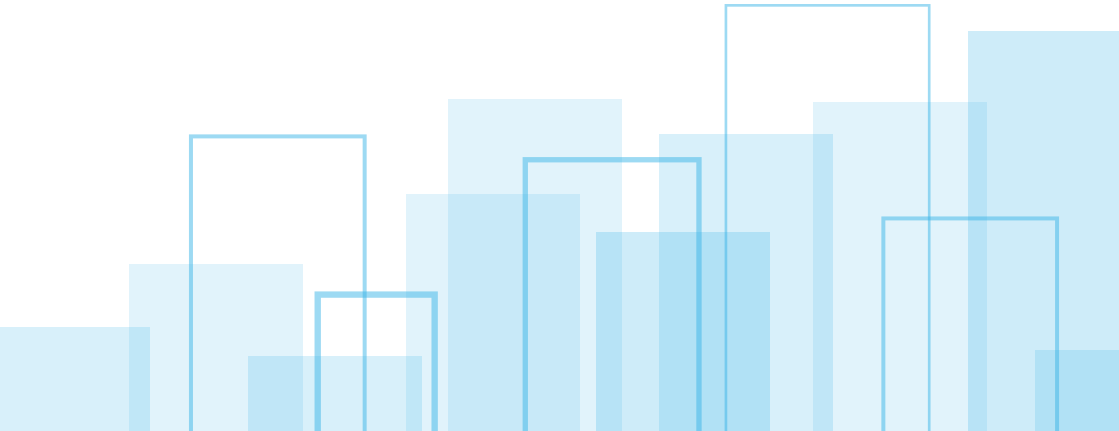
*This report, for which the directors (the "**Directors**") of Smart City Development Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



INTERIM RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2022 (the "**Reporting Period**"), together with the unaudited comparative figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

	Note	(Unaudited) Three months ended 30 September 2022 HK$'000	2021 HK$'000	(Unaudited) Six months ended 30 September 2022 HK$'000	2021 HK$'000
REVENUE	4	**74,626**	92,621	**143,388**	166,655
Cost of sales		**(67,368)**	(85,892)	**(130,767)**	(148,580)
Gross profit		**7,258**	6,729	**12,621**	18,075
Other income and gains	4	**1,076**	209	**1,512**	434
Administrative expenses		**(8,780)**	(4,388)	**(18,229)**	(13,393)
Gain on disposal of subsidiaries	14	**–**	3,216	**–**	3,216
Other operating income, net		**391**	16	**330**	91
Finance costs	6	**(11)**	(15)	**(19)**	(217)
(LOSS)/PROFIT BEFORE TAX	5	**(66)**	5,767	**(3,785)**	8,206
Income tax expense	7	**–**	–	**–**	–
(LOSS)/PROFIT FOR THE PERIOD		**(66)**	5,767	**(3,785)**	8,206
Attributable to:					
Owners of the Company		**(66)**	5,775	**(3,785)**	8,477
Non-controlling interests		**–**	(8)	**–**	(271)
		(66)	5,767	**(3,785)**	8,206
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8				
Basic		**HK(0.03) cent**	HK2.89 cent	**HK(1.89) cent**	HK4.24 cent
Diluted		**HK(0.03) cent**	HK2.89 cent	**HK(1.89) cent**	HK4.24 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Note	(Unaudited) Three months ended 30 September 2022 HK$'000	2021 HK$'000	(Unaudited) Six months ended 30 September 2022 HK$'000	2021 HK$'000
(LOSS)/PROFIT FOR THE PERIOD		**(66)**	5,767	**(3,785)**	8,206
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		–	43	–	(436)
Reclassification adjustments for a foreign operation disposed of during the period		–	(1,541)	–	(1,541)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(66)**	4,269	**(3,785)**	6,229
Attributable to:					
Owners of the Company		**(66)**	4,260	**(3,785)**	6,674
Non-controlling interests		–	9	–	(445)
		(66)	4,269	**(3,785)**	6,229

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Note	30 September 2022 HK$'000 (Unaudited)	31 March 2022 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**56,685**	57,642
Investment properties		**22,380**	22,380
Intangible asset		**326**	349
Total non-current assets		**79,391**	80,371
CURRENT ASSETS			
Loans and interest receivable		**32,485**	26,061
Bond		**20,000**	–
Accounts receivable	10	**28,575**	35,715
Prepayments, deposits and other receivables		**9,854**	16,696
Contract assets		**41,510**	37,254
Financial assets at fair value through profit or loss	11	**28,660**	18,995
Tax recoverable		**214**	214
Pledged deposits		**17,172**	17,157
Cash and cash equivalents		**38,404**	67,345
Total current assets		**216,874**	219,437
CURRENT LIABILITIES			
Accounts payable	12	**12,951**	8,386
Other payables and accruals		**94,413**	103,876
Contract liabilities		**50,158**	52,689
Lease liabilities		**284**	422
Tax payable		**978**	998
Interest-bearing bank borrowings		**9,002**	1,092
Total current liabilities		**167,786**	167,463
NET CURRENT ASSETS		**49,088**	51,974
TOTAL ASSETS LESS CURRENT LIABILITIES		**128,479**	132,345

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2022

	Note	30 September 2022 HK$'000 (Unaudited)	31 March 2022 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**209**	290
Deferred tax liabilities		**1,684**	1,684
Total non-current liabilities		**1,893**	1,974
Net assets		**126,586**	130,371
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	**25,000**	25,000
Reserves		**101,586**	105,371
Total equity		**126,586**	130,371

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Property revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2021 (audited)	25,000	9,381	(5,372)	16,511	1,803	1,409	68,143	116,875	(11,151)	105,724
Profit/(loss) for the period	–	–	–	–	–	–	8,477	8,477	(271)	8,206
Other comprehensive income/ (loss) for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	(262)	–	–	(262)	(174)	(436)
Reclassification of exchange differences for a foreign operation disposal of	–	–	–	–	(1,541)	–	–	(1,541)	–	(1,541)
Total comprehensive income/(loss) for the period	–	–	–	–	(1,803)	–	8,477	6,674	(445)	6,229
Disposal of subsidiaries	–	–	–	–	–	–	–	–	11,596	11,596
Transfer to retained profits	–	–	–	–	–	(1,409)	1,409	–	–	–
Release of revaluation reserve	–	–	–	(248)	–	–	248	–	–	–
At 30 September 2021 (unaudited)	25,000	9,381	(5,372)	16,263	–	–	78,277	123,549	–	123,549
At 1 April 2022 (audited)	25,000	9,381*	(5,372)*	15,976*	–	–	85,386*	130,371	–	130,371
Loss for the period	–	–	–	–	–	–	(3,785)	(3,785)	–	(3,785)
Total comprehensive loss for the period	–	–	–	–	–	–	(3,785)	(3,785)	–	(3,785)
Release of revaluation reserve	–	–	–	(283)	–	–	283	–	–	–
At 30 September 2022 (unaudited)	25,000	9,381*	(5,372)*	15,693*	–	–	81,884*	126,586	–	126,586

* These reserve accounts comprise the consolidated reserves of HK$101,586,000 (31 March 2022: HK$105,371,000) in the condensed consolidated statement of financial position as at 30 September 2022.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China (the "**PRC Subsidiaries**") under the laws and regulations of the People's Republic of China ("**PRC**"). The amount of the appropriation is at the discretion of the boards of directors of the PRC Subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Notes	2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(3,785)**	8,206
Adjustments for:			
Finance costs	6	**19**	217
Interest income	4	**(493)**	(251)
Dividend income	4	**(4)**	(44)
Loss/(gain) on disposal of items of property, plant and equipment	5	**93**	(4)
Gain on disposal of subsidiaries	14	**–**	(3,216)
Fair value gain on financial assets at fair value through profit or loss	4	**(3,173)**	(4,891)
Reversal of impairment of accounts receivable	5	**(423)**	(88)
Depreciation of property, plant and equipment	5	**935**	671
Amortisation of an intangible asset	5	**23**	23
		(6,808)	623
(Increase)/decrease in contract assets		**(4,256)**	5,682
Decrease in accounts receivable		**7,563**	12,880
(Increase)/decrease in loans receivable		**(6,424)**	7,108
(Increase)/decrease in financial assets at fair value through profit or loss		**(6,492)**	6,779
Decrease in prepayments, deposits and other receivables		**6,841**	47,432
Increase/(decrease) in accounts payable		**4,565**	(4,566)
(Decrease)/increase in contract liabilities		**(2,531)**	20,585
Decrease in other payables and accruals		**(9,463)**	(15,573)
Cash (used by)/generated from operations		**(17,005)**	80,950
Interest paid		**(19)**	(184)
Hong Kong profits tax (paid)/refunded		**(20)**	1
Overseas tax refunded		**–**	1
Dividend received		**4**	44
Interest element on lease liabilities		**(30)**	(33)
Net cash flows from operating activities		**(17,070)**	80,779

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 September 2022

	2022 HK$'000 (Unaudited)	2021 HK$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**493**	251
Purchases of items of property, plant and equipment	**(71)**	(2,388)
Purchases of investment properties	**–**	(50)
Proceeds from disposal of items of property, plant and equipment	**–**	28
Disposal of subsidiaries	**–**	(26,523)
Increase in pledged deposits	**(15)**	(13)
Acquisition of bond	**(20,000)**	–
Decrease/(increase) in time deposits with original maturity of more than three months when acquired	**25,000**	–
Net cash flows (used in)/from investing activities	**5,407**	(28,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
New trust receipt loans	**6,898**	5,509
Repayment of trust receipt loans	**(1,312)**	–
Repayment of short-term loans	**–**	(11,000)
Principal portion of lease payments	**(219)**	(189)
Net cash flows (used in)/from financing activities	**5,367**	(5,680)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(6,296)**	46,404
Cash and cash equivalents at beginning of period	**41,892**	61,956
Effect of foreign exchange rate changes, net	**–**	73
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**35,596**	108,433
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the condensed consolidated statement of financial position	**38,404**	108,433
Bank overdrafts, secured	**(2,808)**	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**35,596**	108,433

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Smart City Development Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 18 July 2014. The registered address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1–1108, Cayman Islands. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally involved in (i) the construction business, as a main contractor, fitting-out works, and as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau and other construction related business; (ii) investment in securities; (iii) property investment; and (iv) money lending business.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties and financial assets at fair value through profit or loss which have been measured at valuation or fair value. These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2022.

The accounting policies and methods of computation used in the unaudited 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, except for the standards, amendments and interpretations to the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA applicable to the annual period beginning on 1 April 2022.

2. BASIS OF PREPARATION (Continued)

In the current period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 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
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of these new and revised HKFRSs has had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (2021: four) reportable operating segments as follows:

(a) the construction business segment is engaged in construction contract works, as a main contractor, fitting-out works, as well as the provision of electrical and mechanical engineering services;

(b) the securities investment segment is engaged in investment in securities;

(c) the property investment business segment is engaged in the holding of investment properties; and

(d) the money lending business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income included in "other income and gains", finance costs as well as head office and corporate expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION (Continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	(Unaudited) Three months ended 30 September 2022					(Unaudited) Six months ended 30 September 2022				
	Construction contracting and related business HK$'000	Investment in securities HK$'000	Property investment HK$'000	Money lending business HK$'000	Total HK$'000	Construction contracting and related business HK$'000	Investment in securities HK$'000	Property investment HK$'000	Money lending business HK$'000	Total HK$'000
Segment revenue:										
Income from external customers	74,638	(938)	149	777	74,626	141,828	(191)	302	1,449	143,388
Other income and gains	728	–	14	–	742	977	–	21	–	998
	75,366	(938)	163	777	75,368	142,805	(191)	323	1,449	144,386
Segment results										
Operating profit/(loss)	1,100	(938)	42	424	628	(2,116)	(191)	31	756	(1,520)
Reconciliation:										
Interest income					313					493
Unallocated income					20					20
Unallocated expenses					(1,016)					(2,759)
Finance costs					(11)					(19)
Loss before tax					(66)					(3,785)
Other segment information:										
Reversal of impairment of accounts receivable	(391)	–	–	–	(391)	(423)	–	–	–	(423)
Gain on disposal of items of property, plant and equipment	–	–	–	–	–	93	–	–	–	93
Depreciation of property, plant and equipment	287	–	(44)	182	425	572	–	–	363	935
Amortisation of an intangible asset	–	–	–	12	12	–	–	–	23	23
Interest on lease liabilities	7	–	–	–	7	14	–	–	1	15

3. OPERATING SEGMENT INFORMATION (Continued)

	(Unaudited) Three months ended 30 September 2021					(Unaudited) Six months ended 30 September 2021				
	Construction contracting and related business HK$'000	Investment in securities HK$'000	Property investment HK$'000	Money Lending business HK$'000	Total HK$'000	Construction contracting and related business HK$'000	Investment in securities HK$'000	Property investment HK$'000	Money lending business HK$'000	Total HK$'000
Segment revenue:										
Income from external customers	91,506	788	153	174	92,621	159,611	6,312	306	426	166,655
Other income and gains	30	–	–	–	30	183	–	–	–	183
	91,536	788	153	174	92,651	159,794	6,312	306	426	166,838
Segment results										
Operating profit/(loss)	3,240	788	31	(207)	3,852	984	6,312	(37)	(69)	7,190
Reconciliation:										
Interest income					179					251
Unallocated income					3,216					3,216
Unallocated expenses					(1,465)					(2,234)
Finance costs					(15)					(217)
Profit before tax					5,767					8,206
Other segment information:										
Reversal of impairment of accounts receivable	(16)	–	–	–	(16)	(88)	–	–	–	(88)
Gain on disposal of items of property, plant and equipment	–	–	–	–	–	(4)	–	–	–	(4)
Depreciation of property, plant and equipment	268	–	–	24	292	536	–	–	24	560
Amortisation of an intangible asset	–	–	–	12	12	–	–	–	23	23
Interest on lease liabilities	12	–	–	2	14	31	–	–	2	33

Geographical information of income from external customers

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**74,626**	70,152	**143,388**	130,415
Mainland China	**–**	22,469	**–**	36,240
	74,626	92,621	**143,388**	166,655

The revenue information above is based on the locations of the operations.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents an appropriate proportion of contract revenue from construction contracting and related business; gains on and dividend income from investment in securities and rental income from property investment.

An analysis of the Group's revenue, other income and gains is as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue from contracts with customers				
Income from the construction contracting and related businesses	**74,638**	91,506	**141,828**	159,611
Revenue from other sources				
Fair value (loss)/gain on equity investments at fair value through profit or loss, net	**(1,036)**	648	**(384)**	6,034
Dividend income from equity investment at fair value through profit or loss	**4**	46	**4**	90
Interest income on debt investments at fair value through profit or loss	**94**	94	**189**	188
Interest income on loans receivable	**777**	174	**1,449**	426
Rental income from property investment business	**149**	153	**302**	306
	74,626	92,621	**143,388**	166,655
Other income and gains				
Interest income	**313**	179	**493**	251
Government grants*	**679**	–	**895**	–
Others	**84**	30	**124**	183
	1,076	209	**1,512**	434

* The government grants were granted under the Employment Support Scheme ("**ESS**") of the Government of Hong Kong to retain employment and combat COVID-19. As at the end of each reporting period, there were no unfulfilled conditions or contingencies relating to these grants.

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Building construction works	**39,894**	25,243	**66,099**	43,402
Electrical and mechanical engineering works	**33,307**	43,330	**73,493**	79,112
Fitting-out works	**1,437**	22,933	**2,236**	37,097
Total revenue from contracts with customers transferred over time	**74,638**	91,506	**141,828**	159,611

For the three months and six months ended 30 September 2022, the revenue from contracts with customers of HK$74,638,000 and HK$141,828,000, respectively are the same as the amounts of income form external customers under the construction contracting and related business segment.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 14 days to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

5. (LOSS)/PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost of construction contracting	**67,368**	85,892	**130,767**	148,580
Depreciation of property, plant and equipment	**425**	403	**935**	671
Amortisation of an intangible asset	**12**	12	**23**	23
Lease payments not included in the measurement of lease liabilities	**972**	687	**1,944**	1,669
Rental income on investment properties	**(149)**	(153)	**(302)**	(306)
Less: outgoings	**19**	19	**33**	30
Net rental income	**(130)**	(134)	**(269)**	(276)
Employee benefit expense (including directors' remuneration):				
Wages, salaries and allowances	**7,552**	7,364	**15,096**	14,914
Pension scheme contributions*	**172**	204	**435**	412
Less: Amount included in cost of construction contracting	**(1,951)**	(1,990)	**(4,077)**	(4,105)
	5,774	5,578	**11,454**	11,221
Directors' remuneration:				
Fee	**300**	300	**600**	600
Salaries and allowances	**–**	–	**–**	–
Pension scheme contributions	**–**	–	**–**	–
	300	300	**600**	600
Loss/(gain) on disposal of items of property, plant and equipment^	**–**	–	**93**	(4)
Reversal of impairment of accounts receivable^	**(391)**	(16)	**(423)**	(88)

* As at 30 September 2022, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (31 March 2022: Nil).

^ These amounts are included in "Other operating income, net" on the face of the condensed consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest on lease liabilities	**7**	15	**15**	33
Interest on interest-bearing bank borrowings	**35**	4	**35**	188
Less: Interest capitalised	**(31)**	(4)	**(31)**	(4)
	11	15	**19**	217

7. INCOME TAX

No provision of Hong Kong profit made during six months ended 30 September 2022 and 2021 as the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during the period.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 200,000,000 (2021: 200,000,000) in issue during the period. The Group had no potentially diluted ordinary shares in issue during the Reporting Period.

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

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Loss)/profit				
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic (loss)/earnings per share calculation	**(66)**	5,775	**(3,785)**	8,477

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2022	2021	**2022**	2021
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	**200,000,000**	200,000,000	**200,000,000**	200,000,000

9. DIVIDEND

The Board does not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 September 2021: Nil).

10. ACCOUNTS RECEIVABLE

	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Accounts receivable	**31,350**	39,162
Impairment	**(2,775)**	(3,447)
	28,575	35,715

The Group's trading terms with its customers are mainly on credit. The credit period granted to the customers ranges from 14 days to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Within 90 days	**26,501**	34,516
91 to 180 days	**137**	254
181 to 360 days	**972**	18
Over 360 days	**965**	927
Total	**28,575**	35,715

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Listed equity investments, at fair value	**17,005**	12,237
Listed debt investments, at fair value	**5,790**	–
Unlisted debt investments, at fair value	**5,865**	6,758
	28,660	18,995

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above listed and unlisted debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

12. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Within 90 days	**8,668**	3,801
91 to 180 days	**10**	–
181 to 360 days	**–**	2,195
Over 360 days	**4,273**	2,390
	12,951	8,386

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

13. SHARE CAPITAL

	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Authorised:		
800,000,000 ordinary shares of HK$0.125 each	**100,000**	100,000
Issued and fully paid:		
200,000,000 ordinary shares of HK$0.125 each	**25,000**	25,000

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000	(Unaudited) 30 September 2022 HK$'000	(Audited) 31 March 2022 HK$'000
Financial assets				
Financial assets at fair value through profit or loss (note 11)	**28,660**	18,995	**28,660**	18,995

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, loans and interest receivables, accounts receivables, accounts payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair value of listed equity investments and listed debt investments are based on quoted market price. The fair value of unlisted debt investments is based on the prices quoted by the fund administrators.

The Group's corporate finance team headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the Directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Directors.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2022

	(Unaudited) Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
– Listed equity investments	17,005	–	–	17,005
– Listed debts investments	5,790	–	–	5,790
– Unlisted debt investments	–	5,865	–	5,865
	22,795	5,865	–	28,660

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

***Assets measured at fair value:* (Continued)**

As at 31 March 2022

	(Audited) Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
– Listed equity investments	12,237	–	–	12,237
– Unlisted debt investments	–	6,758	–	6,758
	12,237	6,758	–	18,995

15 EVENTS AFTER THE REPORTING PERIOD

On 25 October 2022, an aggregate of 40,000,000 shares have been successfully allotted and issued to not less than six independent placees at the placing price of HK$0.80 per share. The net proceeds from the placing amounted to approximately HK$30,775,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's principal businesses are (i) acting as a contractor in the building industry operating in Hong Kong and Macau where it provides one-stop comprehensive services with the following three major types of services: (a) building construction works and related businesses; (b) electrical and mechanical engineering ("**E&M**") works; and (c) alterations, addition, renovation, refurbishment and fitting-out works ("**Interior fitting-out works**"); (ii) investment in securities, where the Group invests in long term and short term investments in marketable securities; (iii) property investment in Hong Kong, where the Group acquires properties and earns rental income; and (iv) money lending business.

The Group's revenue for the Reporting Period was approximately HK$143,388,000, which represented a decrease of approximately 14% from approximately HK$166,655,000 for the six months ended 30 September 2021. For construction segment, revenue for the Reporting Period was approximately HK$141,828,000, which represented a decrease of 11% from approximately HK$159,611,000 for the six months ended 30 September 2021. For investment in marketable securities segment, revenue for the Reporting Period was a loss of approximately HK$191,000, which represented a decrease of 103% from a gain of approximately HK$6,312,000 for the six months ended 30 September 2021. For property investment segment, revenue for the Reporting Period was approximately HK$302,000, which represented a decrease of approximately 1% from approximately HK$306,000 for the six months ended 30 September 2021. For money lending segment, revenue for the Reporting Period was approximately HK$1,449,000, which represented an increase of approximately 240% from approximately HK$426,000 for the six months ended 30 September 2021.

(i) Construction Segment

(a) Building construction works and related businesses:

For the Reporting Period, revenue recorded at this section amounted to approximately HK$66,099,000 (2021: HK$43,402,000).

The increase of 52% was mainly due to the increase in revenue recognition for main contractor works (including E&M works) for a residential house in Tai Mong Tsai, Sai Kung, New Territories and addition works for interior layout and external areas of a residential house at Peak Road, Hong Kong which has commenced work in late March 2022.

(b) E&M works:

For the Reporting Period, revenue recorded from this section amounted to approximately HK$73,493,000 (2021: HK$79,112,000).

The slight decrease by approximately 7% was mainly due to lesser revenue recognition during the Reporting Period of the projects which were almost completed including a triennial term contract for operation and maintenance of air-conditioning installations at Attended Municipal Venues in Hong Kong Region and electrical and fire services installations for construction of two 30-classroom primary schools in Queen's Hill, Fanling.

The above decrease was partially offset by the increase in revenue recognition for the 18-month term contract for the maintenance and repair of, alterations and additions to fire services installations for Health Services Buildings in Hong Kong Region and Outlying Islands and a triennial contract for maintenance and repair of, alteration, addition to, fire service installations in municipal venues for the Government of the Hong Kong Special Administrative Region.

(c) Interior fitting-out works:

For the Reporting Period, revenue recorded from this section amounted to approximately HK$2,236,000 (2021: HK$37,097,000).

The significant decrease by approximately 94% was mainly due to the PRC operation, as Beijing Chang-de Architectural & Decoration Co., Limited (北京長迪建築裝飾工程有限公司) ("**Beijing Chang-de**") was disposed on 11 August 2021 where its revenue was no longer included into the Group's consolidated revenue after the completion date.

(ii) Investment in marketable securities segment

For the Reporting Period, loss recorded from this segment amounted to approximately HK$191,000 (six months ended 30 September 2021: gain of approximately HK$6,312,000).

As at 30 September 2022, the Group managed a portfolio of listed equity investments and fund investments with fair value of approximately HK$28,660,000 (31 March 2022: HK$18,995,000) which are classified as financial assets at fair value through profit or loss.

During the Reporting Period, the Group recorded (i) an unrealised loss on fair value change of listed equity investments and fund investments of approximately HK$1,260,000 (six months ended 30 September 2021: approximately HK$2,790,000); (ii) a realised gain of approximately HK$876,000 (six months ended 30 September 2021: approximately HK$3,244,000); (iii) interest income received from unlisted debt investments of approximately HK$189,000 (six months ended 30 September 2021: approximately HK$188,000); and (iv) dividend income received from equity investments of approximately HK$4,000 (six months ended 30 September 2021: approximately HK$91,000). Details of the marketable securities are disclosed under the section "**SIGNIFICANT INVESTMENTS**".

(iii) Property investment segment

For the Reporting Period, revenue recorded from this segment amounted to approximately HK$302,000 (six months ended 30 September 2021: HK$306,000). It was mainly attributable to rental income earned from the investment properties.

The Group's existing portfolio consists of commercial properties in Hong Kong which generated rental income. In view of the recent volatility in the property market, the Board will adopt cautious measures to manage the Group's portfolio.

(iv) Money lending business segment

For the Reporting Period, revenue recorded from this segment amounted to approximately HK$1,449,000 (six months ended 30 September 2021: HK$426,000).

Basic loss per share is HK1.89 cent for the Reporting Period.

Financial Review

Revenue

For the Reporting Period, the Group's revenue amounted to approximately HK$143.4 million, decreased by approximately 14.0% as compared to the last period. The decrease in revenue was mainly due to the PRC operation as Beijing Chang-de was disposed on 11 August 2021 and no revenue recognition thereafter.

Gross profit margin

The Group's gross profit decreased from approximately HK$18.1 million for the six months ended 30 September 2021 to approximately HK$12.6 million for the Reporting Period. It represented a decrease of approximately HK$5.5 million or 30.2%.

During the Reporting Period, the gross profit margin was approximately 8.8%, down by approximately 2 percentage points as compared to last period's 10.8%.

After excluding the portion generated from the investment in marketable securities segment, the property investment segment and money lending business segment, the gross profit margin for this Reporting Period was approximately 7.8%, increased by approximately 0.9 percentage point as compared to last period's 6.9%.

The decrease in overall gross profit margin was mainly due to the gain from investment in securities which was recorded in last reporting period while a loss was recorded in the Reporting Period.

Other income and gains

Other income increased by approximately HK$1.1 million or 248.4% from approximately HK$0.4 million for the six months ended 30 September 2021 to approximately HK$1.5 million for the Reporting Period. The increase was mainly due to the government grants during the Reporting Period.

Administrative expenses

Administrative expenses increased by approximately HK$4.8 million or 36.1% from approximately HK$13.4 million for the six months ended 30 September 2021 to approximately HK$18.2 million for the Reporting Period. The increase was mainly due to the increase in legal and professional fees, staff costs and operating lease rental for land and buildings.

Finance costs

Finance costs decreased by approximately HK$0.2 million or 91.2% from approximately HK$0.22 million for the six months ended 30 September 2021 to approximately HK$0.02 million for the Reporting Period. The decrease was mainly due to the repayment of short-term loans in the last period.

Dividend

The Directors do not recommend the payment of any interim dividend for the Reporting Period (six months ended 30 September 2021: Nil).

Loans and interest receivables

The Group's loans and interest receivable increase by approximately HK$6.4 million or 25% as at 30 September 2022 as compared to 31 March 2022. It was mainly due to the new loan granted during the Reporting Period.

Accounts receivable

The Group's accounts receivable decreased by approximately HK$7.1 million or 20% as at 30 September 2022 as compared to 31 March 2022, which mainly due to the prompt payment from customers.

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables decreased by approximately HK$6.9 million or 41% as at 30 September 2022 as compared to 31 March 2022. It was mainly due to the decrease of cash held at securities accounts of licensed corporations under the Group's name, which has been utilised in the investment in securities segment or transferred to bank accounts of the Group.

Contract assets

The Group's contract assets increased by approximately HK$4.3 million or 11% as at 30 September 2022 as compared to 31 March 2022. It was mainly due to the increase in unbilled revenue initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified as accounts receivable.

Accounts payable

The Group's accounts payable increased by approximately HK$4.5 million or 54% as at 30 September 2022 as compared to 31 March 2022. It was mainly due to the outstanding accounts payable yet to be due at the reporting date.

Other payables and accruals

The Group's other payables and accruals decreased by approximately HK$9.5 million or 9% as at 30 September 2022 as compared to 31 March 2022. The decrease was mainly due to settlement of other payables and accruals after 31 March 2022.

Liquidity and financial resources

The Group continued to maintain a suitable liquid position. As at 30 September 2022, the Group had cash and cash equivalents of HK$38,404,000 (31 March 2022: HK$67,345,000) mainly in Hong Kong dollars. As at 30 September 2022, the Group had total assets of HK$296,265,000 (31 March 2022: HK$299,808,000). The Group's current ratio as at 30 September 2022 was 1.29 compared to 1.31 as at 31 March 2022.

As at 30 September 2022, the gearing ratio for the Group was 1.5% (31 March 2022: 1.5%). It was calculated based on the non-current liabilities of HK$1,893,000 (31 March 2022: HK$1,974,000) and long term capital (equity and non-current liabilities) of HK$128,479,000 (31 March 2022: HK$132,345,000).

Capital expenditure

The Group's total capital expenditure for the Reporting Period was approximately HK$72,000, which was mainly used in the purchase of computer equipment.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

Charges on group assets

The Group's banking facilities are secured by:

(i) the pledge of the Group's leasehold land and buildings situated in Hong Kong of HK$19,934,000 (31 March 2022: HK$20,300,000); and

(ii) the pledge of the Group's deposits of HK$17,172,000 (31 March 2022: HK$17,157,000).

Treasury policies

The Directors will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy level of liquidity to ensure that the Group is well-placed to take advantage of growth opportunities. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings are principally denominated in Hong Kong dollars, hence, the Group has no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

The Group is mainly exposed to Renminbi, which arises from relevant Group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Capital structure of the Group

There was no change in capital structure of the Group during the Reporting Period.

PROSPECTS

(i) Construction Business

The Group will uphold an on-going parallel development of its construction business (including building construction, interior fitting-out works and E&M works) in Hong Kong and Macau. To cope with the difficulties encountered in the construction and engineering industry, the Group has adopted a prudent strategy in project tendering.

With its proven track records and adequate expertise in the main contracting business, the Group was included in Building Category Group C of the "List of Approved Contractors for Public Works", and Turn-key Interior Design and Fitting-out Works Category Group II of the "List of Approved Suppliers of Materials and Specialist Contractors for Public Works" under Development Bureau of the Government of the Hong Kong Special Administrative Region (the "**HKSAR**"); the Registered General Building Contractor, the Minor Works Class I Contractor and the Registered Specialist Contractor (Site Formation Works and Foundation Works Categories) under the Buildings Department of the Government of the HKSAR.

For E&M works, the Group was included in 11 categories of the "List of Approved Suppliers of Materials and Specialist Contractors for Public Works" under Development Bureau of the Government of the HKSAR; and the Registered Specialist Contractor (Ventilation) and Minor Works Class III Type E Contractor under Building Department of the Government of the HKSAR.

The Group is able to take an active part in the construction business development.

During the Reporting Period, new projects such as i) fitting-out works for a residential house in Tai Mong Tsai, Sai Kung, New Territories, ii) replacement of ductworks and enhancement of existing air-handling units at Shek Wu Hui Market, iii) replacement of air-conditioning system at Labour Tribunal Building and Lands Tribunal Building; iv) replacement of air-conditioning system at Aberdeen Tunnel and v) replacement of air-conditioning equipment at Attended Municipal Venues in Sham Shui Po District were secured. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK$848 million.

With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers. The overall building and construction expenditure maintained its uptrend which was contributed by the growth in private building and construction position in Hong Kong to capture more sizeable and profitable projects as well as to further diversify the customer base by bidding works from more private residential developers. In addition, further opportunities may arise which include the promotion by the HK government in the widely adoption of modular integrated construction method ("**MiC**"), government enhancement work to combat COVID-19 pandemic and the recent development of the Greater Bay Area.

Regarding the licences, permits and qualifications of the Group, they are all subject to the continued compliance with various standards relating to financial capability, expertise, past job reference, management and safety. The Development Bureau in recent years has gradually imposed additional requirements to some categories of work licenses which may be essential for retention in the List/Specialist List. The Group will certainly try its best endeavour to satisfy these additional requirements, so that the retention on the List/Specialist List will not be affected. The Group operates under various licences, permits and qualifications and the loss or failure to renew/retain any of these licences, permits and qualifications could affect the Group's business.

Furthermore, with the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and after obtaining adequate job reference for construction works, the Group will continue to pursue the following key business strategies: (i) further expand the Group's service scope by application for additional licences, permits or qualifications which may be required; (ii) exercise more caution when tendering for new construction contracts and continue to selectively undertake new contracts; and (iii) further strengthen the Group's construction department through recruiting additional qualified and experienced staff.

(ii) Investment in Securities Business

The Group has set up a Treasury Management Committee ("**Treasury Management Committee**") to implement on the Group's behalf the investment policy and guidelines for its investments in securities business. The Treasury Management Committee comprises one chairman and two committee members (being at least two Directors of the Company, including at least one executive Director who acts as the investment manager). The Board will adopt cautious measures to manage this business activity aiming to generate additional investment return on available funds of the Group from time to time.

Despite the uncertainties in the global financial markets, the Group will continue to respond to the changing market environment and review its investment strategy regularly. The Group will also seek investment opportunities in listed securities and other financial products in Hong Kong and other recognised financial markets overseas with a view to generate additional income and enhance the capital use of the Group.

In view of the recent volatility in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

(iii) Property Investment Business

The Group's investment properties consist of two commercial properties in Hong Kong. The Directors have determined that the investment properties are commercial properties, based on the nature, characteristics and risks of the properties. In view of the recent unstable condition of the economic environment, the Board will from time to time review the Group's portfolio of investment properties.

(iv) Money Lending Business

The Group is engaged in money lending business through a wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. The Group continues to make efforts to develop the money lending business. Even though the market for the money lending industry in Hong Kong has become increasingly competitive and uncertain in view of the external business environment, the Group believes that the money lending business will provide a positive impact and return to the Group.

SIGNIFICANT INVESTMENTS

As at 30 September 2022, the Group held approximately HK$28,660,000 financial assets at fair value through profit or loss. Details of the significant investments are as follows:

	Notes	Stock/ Fund code	Place of incorporation	Unrealised fair value gain/ (loss) HK$'000	Market value HK$'000	Approximate percentage of equity investments at fair value through profit and loss %	Approximate percentage to the net assets of the Group %
Listed equity investments							
Individual investment less than 5% of net assets the Group				(148.6)	17,004.7	59.3	13.4
				(148.6)	17,004.7	59.3	13.4
Listed debt investments							
The Govt of HKSAR of the PRC Retail Green Bonds 2025	1	04252	Hong Kong	(218.3)	5,790.0	20.2	4.6
Unlisted debt investments							
JPMorgan Asian Total Return Bond (Mth)	2	HK0000102936	Hong Kong	(428.2)	2,861.2	10.0	2.3
AB FCP I – American Income Portfolio (At USD)	3	LU0157308031	Luxembourg	(464.8)	3,003.9	10.5	2.4
				(893.0)	5,865.1	20.5	4.6
				(1,259.8)	28,659.8	100.0	22.6

Notes:

1. The Government of the HKSAR of the PRC Retail Green Bonds Due 2025 is a listed debt investment. The proceeds raised is credited to the Capital Works Reserve Fund to finance or refinance green projects that provide environmental benefits and support the sustainable development of Hong Kong. The tenor of the Government retail green bonds is three years, with semi-annual interest payments linked to inflation in Hong Kong (minimum interest rate of 2.5%).

2. The investment objective of the fund is to achieve a competitive total return, consisting of capital growth and regular dividend income, through an actively managed portfolio investing primarily in Asian bonds and other debt securities.

3. The portfolio seeks to provide a high level of current income consistent with preservation of capital by investing in a diversified portfolio of U.S. dollar-denominated fixed income securities. The portfolio invests solely in U.S. dollar-denominated fixed income securities, including investment grade and high yield, non-investment grade securities of issuers domiciled within and outside the U.S.

During the Reporting Period, the Group disposed some of its investments on market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK$6,632,000 and a gain recognised in revenue for the amount of approximately HK$876,000. Details of the transactions are as follows:

	Stock code	Place of incorporation	Sales proceeds	Realised gain/(loss)
			HK$'000	HK$'000
Silver Tide Holdings Limited	1943	Cayman Islands	6,299	950
Investments with individual realised gain/(loss) of less than HK$500,000			333	(74)
			6,632	876

In view of the recent volatility and weakness in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this report, our Group did not have other plans for material investment or capital assets as at 30 September 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Reporting Period, there were no material acquisitions or disposals of subsidiaries and affiliated companies by the Group.

EVENTS AFTER THE REPORTING PERIOD

On 9 September 2022, the Company entered into the placing agreement with Koala Securities Limited ("**the Placing Agent**"), pursuant to which the Company has conditionally agreed to appoint the Placing Agent, and the Placing Agent has conditionally agreed to act as placing agent of the Company for the purpose of procuring, on a best effort basis, the placees to subscribe for a maximum of 40,000,000 placing shares at the placing price of HK$0.80 per placing share. Completion of the placing took place on 25 October 2022. A total of 40,000,000 placing shares have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$0.80 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing.

HUMAN RESOURCES

As at 30 September 2022, the Group had 91 employees who were mainly based in Hong Kong. The total employee benefit expenses including directors' emoluments for the Reporting Period amounted to approximately HK$11,454,000 as compared to approximately HK$11,221,000 for the same period in 2021. The slight increase was mainly due to additional headcount for E&M works in the Reporting Period.

The remuneration policy and package of the Group's employees are reviewed and approved by the Directors. Apart from the pension funds, in order to attract and retain a higher caliber of capable and motivated workforce, the Group offers discretionary bonus and share option to staff based on individual performance and the achievements of the Group's targets.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 August 2015 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "**Share Option Scheme**") on 11 August 2015, the Company has adopted the Share Option Scheme. Under the terms of the Share Option Scheme, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company. There was no share option outstanding under the Share Option Scheme as at 30 September 2022.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. An option may be exercised under the Share Option Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option was granted during the Reporting Period and there was no share option outstanding as at 30 September 2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2022, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within in the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules.

As at 30 September 2022, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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

As at 30 September 2022, so far as is known to the Directors of the Company, the following persons (other than Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Energy Luck Limited	Beneficial owner	23,978,816	11.99%
Mr. Wong Kui Shing, Danny	Interest in controlled corporation (Note 1)	23,978,816	11.99%
Masan Multi Strategy Fund SPC – Masan HK Equity Fund SP	Beneficial owner	34,171,200	17.08%
Masan Capital Limited	Investment manager (Note 2)	34,171,200	17.08%
Top Lion International Limited	Interest of a controlled corporation (Note 2)	34,171,200	17.08%

Notes:

1. Energy Luck Limited is a company incorporated in the BVI and is wholly owned by Mr. Wong Kui Shing, Danny. By virtue of the SFO, Mr. Wong Kui Shing, Danny is deemed to be interested in the shares beneficially owned by Energy Luck Limited.

2. Masan Multi Strategy Fund SPC – Masan HK Equity Fund SP ("**Masan Fund**") holds a total of 34,171,200 Shares. Masan Fund is wholly-owned by Masan Capital Limited, which in turn wholly-owned by Top Lion International Limited, a company incorporated in the BVI ("**Top Lion**"). Therefore, Top Lion is deemed, or taken to be, interested in all the Shares held by Masan Fund for the purposes of the SFO.

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The following is the change in the information of the Directors subsequent to the 2022 annual report of the Company dated 23 June 2022 and up to the date of this report, which is required to be disclosed pursuant to the Rule 17.50A(1) of the GEM Listing Rules:

Mr. Lam Wai Hung

Appointed as an independent non-executive Director of Far East Holdings International Limited (stock code: 36), a company whose shares are listed on the Main Board of the Stock Exchange, on 30 September 2022.

Save as disclosed above, there are no other matters required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the Reporting Period and up to the date of this report, Mr. Wong Yuk Lun Alan has the following interests in the business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business:

Director	Name of company	Nature of business	Nature of interests
Mr. Wong Yuk Lun Alan	*NOVA Group Holdings Limited ("**NOVA**")	Money lending business	Executive director of NOVA

* listed on the Main Board of the Stock Exchange

As the Board is independent to the board of NOVA, the Group is capable of carrying on its business independently of, and at arm's length, from the business of NOVA.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No director has dealt in the shares of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since its listing date. The Company has, so far as applicable, principally complied with the CG Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and to provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Ms. Au Shui Ming Anna (the "**Audit Committee Members**").

The unaudited interim results of the Group for the six months ended 30 September 2022 have not been reviewed or audited by the Company's independent auditor, but have been reviewed by the Audit Committee Members who have provided advice and comments thereon.

By order of the Board
Smart City Development Holdings Limited
Hung Kenneth
Executive Director

Hong Kong, 11 November 2022

As at the date of this report, the Board of Directors of the Company comprises Mr. Hung Kenneth and Ms. Lau Po Yee as executive Directors; Mr. Wong Yuk Lun Alan, Mr. Lam Wai Hung and Ms. Au Shui Ming Anna as independent non-executive Directors.