

# SIN STAR

中國華星

中國華星集團有限公司

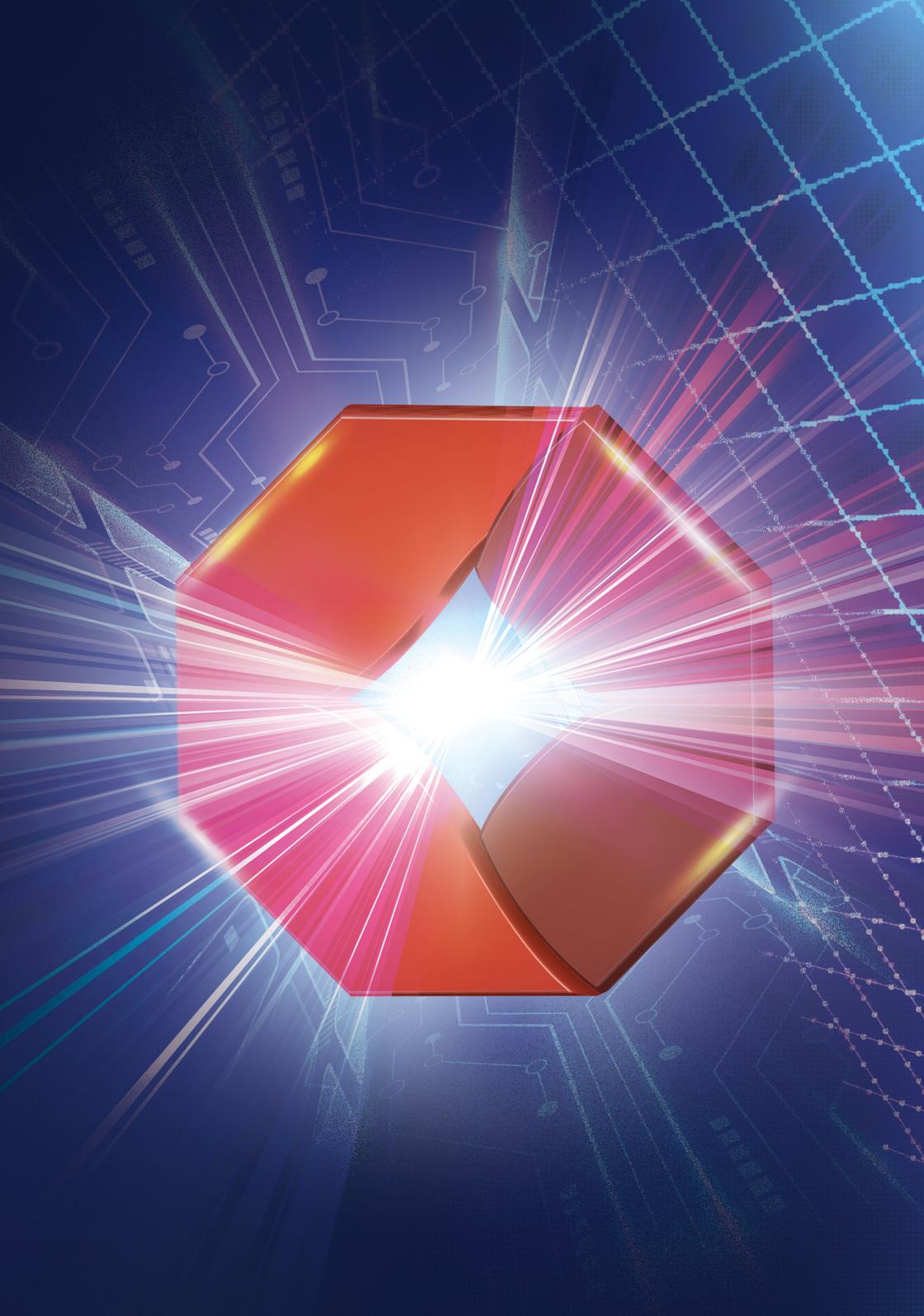
China Sinostar Group Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 485



2022/2023  
Interim Report



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Wang Jing (Chairman)  
Wang Xing Qiao (Chief Executive Officer)  
Zhao Shuang

#### Independent Non-Executive Directors

Su Bo  
Tang Shengzhi  
Zeng Guanwei

### COMPANY SECRETARY

Lam Wai Kei

### AUDITOR

Mazars CPA Limited

### AUDIT COMMITTEE

Su Bo (Chairman)  
Tang Shengzhi  
Zeng Guanwei

### REMUNERATION COMMITTEE

Tang Shengzhi (Chairman)  
Su Bo  
Zeng Guanwei

### NOMINATION COMMITTEE

Wang Jing (Chairman)  
Tang Shengzhi  
Zeng Guanwei

### PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited

### SOLICITOR

Loeb & Loeb LLP

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
17th Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM10  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG AND CONTACT INFORMATION

Unit 303, 3/F., New East Ocean Centre  
No. 9 Science Museum Road  
Tsim Sha Tsui, Kowloon  
Hong Kong  
Tel: (852) 2286 0728  
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Website: [www.00485.hk](http://www.00485.hk)  
Email: [office@00485.hk](mailto:office@00485.hk)

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

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	10,203	21,480
Cost of sales		(3,247)	(14,672)
<b>Gross profit</b>		<b>6,956</b>	<b>6,808</b>
Other gain and loss	5	110	28
Administrative expenses		(30,226)	(9,728)
Finance costs		(2,602)	(1,751)
<b>Loss before tax</b>	6	<b>(25,762)</b>	<b>(4,643)</b>
Income tax expenses	7	(190)	–
<b>Loss for the period</b>		<b>(25,952)</b>	<b>(4,643)</b>
<b>Other comprehensive (loss) income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(37,274)	6,172
<b>Total comprehensive (loss) income for the period</b>		<b>(63,226)</b>	<b>1,529</b>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
– Basic and diluted	9	(12.19)	(2.18)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022	31 March 2022
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	10	50,399	56,164
Property, plant and equipment	10	31,691	39,067
Right-of-use assets	10	453	634
		<u>82,543</u>	<u>95,865</u>
<b>Current assets</b>			
Trade receivables, deposits and other receivables	11	28,623	66,679
Properties for sale under development	12	107,031	118,997
Properties held for sale		103,271	118,268
Bank balances and cash		2,520	12,673
		<u>241,445</u>	<u>316,617</u>
<b>Current liabilities</b>			
Amount due to a director	13	109	193
Amount due to immediate holding company	13	8,249	2,420
Trade payables and accrued charges	14	23,008	33,831
Lease liabilities		408	363
Contract liabilities		6,702	6,840
Current tax liabilities		5,538	6,291
Borrowings	15	21,027	40,181
Bonds payable	16	11,500	11,500
		<u>76,541</u>	<u>101,619</u>
<b>Net current assets</b>		<u>164,904</u>	<u>214,998</u>
<b>Total assets less current liabilities</b>		<u>247,447</u>	<u>310,863</u>

	Notes	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		78	268
		<u>78</u>	<u>268</u>
<b>NET ASSETS</b>		<b><u>247,369</u></b>	<b><u>310,595</u></b>
<b>Capital and reserves</b>			
Share capital	17	2,128	2,128
Reserves		<u>245,241</u>	<u>308,467</u>
<b>TOTAL EQUITY</b>		<b><u>247,369</u></b>	<b><u>310,595</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	<u>2,128</u>	<u>394,379</u>	<u>15,338</u>	<u>577,204</u>	<u>64,349</u>	<u>(742,803)</u>	<u>310,595</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,952)</u>	<u>(25,952)</u>
<b>Other comprehensive loss:</b> Exchange difference arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>(37,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,274)</u>
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>(37,274)</u>	<u>-</u>	<u>-</u>	<u>(25,952)</u>	<u>(63,226)</u>
<b>At 30 September 2022 (unaudited)</b>	<u>2,128</u>	<u>394,379</u>	<u>(21,936)</u>	<u>577,204</u>	<u>64,349</u>	<u>(768,755)</u>	<u>247,369</u>
At 1 April 2021 (audited)	<u>2,128</u>	<u>394,379</u>	<u>182</u>	<u>577,204</u>	<u>64,349</u>	<u>(725,196)</u>	<u>313,046</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,643)</u>	<u>(4,643)</u>
<b>Other comprehensive income:</b> Exchange difference arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>6,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,172</u>
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>6,172</u>	<u>-</u>	<u>-</u>	<u>(4,643)</u>	<u>1,529</u>
<b>At 30 September 2021 (unaudited)</b>	<u>2,128</u>	<u>394,379</u>	<u>6,354</u>	<u>577,204</u>	<u>64,349</u>	<u>(729,839)</u>	<u>314,575</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Net cash flows generated from (used in) operating activities	5,231	(141)
<b>INVESTING ACTIVITIES</b>		
Interest received	11	12
Advance from (Repayment to) immediate holding company	5,829	(1,501)
Repayment to a director	(67)	(11)
Purchase of property, plant and equipment	(29)	–
Net cash flows generated from (used in) investing activities	5,744	(1,500)
<b>FINANCING ACTIVITIES</b>		
Repayment of borrowings	(15,700)	–
Interest paid on borrowings	(1,320)	–
Interest paid on lease liabilities	(15)	(21)
Interest paid on bonds issued	–	(175)
Repayment of lease liabilities	(148)	(792)
Net cash flows used in financing activities	(17,183)	(988)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,208)</b>	<b>(2,629)</b>
Cash and cash equivalents at beginning of the reporting period	12,673	12,087
Effect of foreign exchange rate changes	(3,945)	3,189
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	2,520	12,647

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 1. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 March 2022 except for the adoption of new and revised Hong Kong Financial Reporting Standards (**"HKFRS"**) issued by the HKICPA effective as of 1 April 2022.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted the following new/revised HKFRSs issued by the HKICPA that are relevant to the Group and effective for the current period:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the amendments to standards, accounting guideline and interpretation stated above did not have any significant impact on the Group's condensed consolidated financial statements in the current and prior periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from contracts with customers within HKFRS 15:		
Development and sale of properties	4,241	16,246
Properties management	276	281
Operation and management of hydroelectric power stations	5,076	4,328
	<u>9,593</u>	<u>20,855</u>
Revenue from other sources:		
Rental income from operating leases:		
– fixed lease payments	494	496
– variable lease payments	116	129
	<u>610</u>	<u>625</u>
	<u>10,203</u>	<u>21,480</u>

In addition to the information shown in segment disclosures in note 4 to the condensed consolidated financial statements, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Six months ended 30 September 2022			
	Development and sale of properties HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Operation and management of hydroelectric power stations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<i>Type of transaction price:</i>				
At fixed price	4,241	276	5,076	9,593
<i>Timing of revenue recognition:</i>				
At a point in time	4,241	–	–	4,241
Over time	–	276	5,076	5,352
	<u>4,241</u>	<u>276</u>	<u>5,076</u>	<u>9,593</u>
	Six months ended 30 September 2021			
	Development and sale of properties HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Operation and management of hydroelectric power stations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<i>Type of transaction price:</i>				
At fixed price	16,246	281	4,328	20,855
<i>Timing of revenue recognition:</i>				
At a point in time	16,246	–	–	16,246
Over time	–	281	4,328	4,609
	<u>16,246</u>	<u>281</u>	<u>4,328</u>	<u>20,855</u>

As all of the revenue of the Group are attributable to the market in the People's Republic of China (the "PRC"), no geographical information is presented.

#### 4. SEGMENT INFORMATION

The Group's operating divisions are as follows:

- (1) Development and sale of properties ("Properties development")
- (2) Properties investment
- (3) Properties management
- (4) Operation and management of hydroelectric power stations ("Hydroelectric power business")

##### Segment revenue and results

	For the six months ended 30 September 2022				
	Properties development HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Hydroelectric power business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	4,241	610	276	5,076	10,203
Segment results	(20,602)	(2,194)	(10)	527	(22,279)
Interest income					11
Unallocated expenses					(892)
Finance costs					(2,602)
Loss before tax					(25,762)
	For the six months ended 30 September 2021				
	Properties development HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Hydroelectric power business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	16,246	625	281	4,328	21,480
Segment results	(3,773)	217	(86)	2,238	(1,404)
Interest income					12
Unallocated expenses					(1,500)
Finance costs					(1,751)
Loss before tax					(4,643)

5. OTHER GAIN AND LOSS

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income	11	12
Others	99	16
	<u>110</u>	<u>28</u>

6. LOSS BEFORE TAX

This is stated after charging:

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Staff costs (including directors' remuneration):		
– wages and salaries	757	691
– contribution to defined contribution schemes	148	96
Cost of inventories sold	3,247	14,672
Depreciation:		
– property, plant and equipment	1,597	1,647
– right-of-use assets	181	628
Anti-epidemic facilities and environmental afforestation expenses	10,929	–
Maintenance expenses for investment properties and a hydroelectric power station	4,818	9
Marketing and promotion expenses	8,660	4,821
Interest expenses on:		
– borrowings	2,288	1,375
– bonds payable	296	353
– lease liabilities	18	23
	<u>18</u>	<u>23</u>

## 7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2021:16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for each of the six months ended 30 September 2022 and 2021.

The PRC Enterprise Income Tax ("EIT") in respect of operations in the PRC is calculated at a rate of 25% (six months ended 30 September 2021: 25%) on the estimated assessable profits for the six months ended 30 September 2022 based on existing legislation, interpretations and practices in respect thereof.

The PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value.

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current period		
EIT	14	–
LAT	176	–
	<hr/>	<hr/>
	190	–
	<hr/>	<hr/>

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 September 2022 (six months ended 30 September 2021: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

## 9. LOSS PER SHARE

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

	Six months ended 30 September 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Loss for the period	<u>(25,952)</u>	<u>(4,643)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the basic and diluted loss per share	<u>212,839,878</u>	<u>212,839,878</u>
	HK cents	HK cents
Basic and diluted loss per share	<u>(12.19)</u>	<u>(2.18)</u>

Diluted loss per share is same as the basic loss per share for the six months ended 30 September 2022 and 2021. The Company did not have any dilutive potential ordinary shares during the six months ended 30 September 2022 and 2021.

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

During the six months ended 30 September 2022, the Group has not acquired or disposed of any items of investment properties and right-of-use assets (six months ended 30 September 2021: nil).

During the six months ended 30 September 2022, the Group acquired items of property, plant and equipment with a cost of HK\$29,000 (six months ended 30 September 2021: nil).

## 11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

At 30 September 2022, trade receivables, deposits and other receivables includes trade receivables of HK\$6,216,000 (31 March 2022: HK\$5,867,000). The ageing analysis of trade receivables, net of loss allowance, based on invoice dates which approximate the respective recognition dates, at the end of the reporting period is as follows:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
0 – 30 days	83	1,214
31 – 60 days	356	6
61 – 90 days	10	8
Over 90 days	5,767	4,639
	<u>6,216</u>	<u>5,867</u>

The Group allows an average credit period ranging from 0 to 365 days (31 March 2022: 0 to 365 days) to its trade customers.

## 12. PROPERTIES FOR SALE UNDER DEVELOPMENT

At 30 September 2022, properties for sale under development of HK\$14,171,000 (31 March 2022: HK\$16,126,000) were pledged to secure banking facility with an aggregate principal amount of HK\$26,284,000 (31 March 2022: HK\$29,291,000) granted to third parties. All properties for sale under development are located in the PRC.

## 13. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/A DIRECTOR

The amounts due are interest-free, unsecured and repayable on demand.

#### 14. TRADE PAYABLES AND ACCRUED CHARGES

At 30 September 2022, trade payables and accrued charges includes trade payables of HK\$8,057,000 (31 March 2022: HK\$8,825,000). The ageing analysis of trade payables based on invoice dates at the end of the reporting period is as follows:

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	177	493
Over 90 days	7,880	8,332
	<u>8,057</u>	<u>8,825</u>

The average credit period is 90 days (31 March 2022: 90 days) and certain suppliers grant longer credit period on a case-by-case basis.

#### 15. BORROWINGS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Other borrowings, secured	21,027	23,433
Other borrowings, unsecured	–	16,748
	<u>21,027</u>	<u>40,181</u>
Less: Amounts due within one year shown under current liabilities	<u>(21,027)</u>	<u>(40,181)</u>
Amounts due after one year	<u>–</u>	<u>–</u>

Included in the Group's borrowings of HK\$21,027,000 (31 March 2022: HK\$23,433,000) as at 30 September 2022 are interest-bearing at 12% per annum, secured by investment properties of HK\$19,611,000 (31 March 2022: HK\$21,854,000) and repayable on 3 May 2023 (31 March 2022: 2 May 2022).

The remaining borrowings as at 31 March 2022 were interest-bearing at 12% per annum, unsecured and repaid during the six months ended 30 September 2022.

## 16. BONDS PAYABLE

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Corporate bonds	11,500	11,500
Less: Amounts due within one year shown under current liabilities	<u>(11,500)</u>	<u>(11,500)</u>
Amounts due after one year	<u>—</u>	<u>—</u>

As at 30 September 2022, the Company had corporate bonds with principal amount of HK\$11,500,000 (31 March 2022: HK\$11,500,000) issued under the placing agreement dated 13 November 2018 for bonds issuance with an aggregate principal amount of up to HK\$200,000,000.

The bonds carry fixed interest rates ranging from 6% to 6.5% per annum. The bonds are with a maturity period ranging from three to five years from the issue date, and the interests are paid semiannually in arrears on 30 June and 31 December in each year and on the maturity date.

Pursuant to the terms and conditions of the bonds, any bondholder may give notice to the Group that the bonds are immediately due and repayable if a default in the payment of interest on any of the bonds when the interest becomes due and payable for a period of 3 consecutive days occurs. As at 30 September 2022, interest payable to all bondholders of HK\$761,000 (31 March 2022: HK\$355,000) have been due for more than 3 consecutive days. As a result, the bonds payable of HK\$3,000,000 (31 March 2022: HK\$3,000,000) as at 30 September 2022, which originally fall due in November 2023 and July 2024 respectively, are considered as repayable on demand and classified as current liabilities.

As at 30 September 2022, an aggregate principal amount of HK\$7,500,000 (31 March 2022: nil) bonds issued were overdue with all terms remain unchanged. The Company has reached certain bond holders and was exploring the possibilities to amend the terms of the bonds and/or settle the outstanding bonds.

On 4 November 2022, the Company received a winding-up petition (the “**Petition**”), which was filed against the Company on 28 October 2022 at the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) by a holder (the “**Petitioner**”) of bonds in an aggregate principal amount of HK\$3,000,000 (the “**Bonds**”) issued by the Company for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is relating to the Petitioner’s claim for the outstanding principal of the Bonds in an aggregate amount of HK\$3,000,000 and the accrued interest and will be heard before the High Court at 9:30 a.m. on Wednesday, 11 January 2023. Please refer to the announcements of the Company dated 4 November 2022 and 10 November 2022 for further details. The Company upholds the principle of treating all creditors fairly, the Company is in the course of seeking legal advice on the matter and is in the course of negotiating with the Petitioner for an amicable settlement of the Petition and the withdrawal of the Petition by the Petitioner as at the date of this report.

On 10 November 2022, the Company received a writ of summons with statements of claim (the “**Writ A**”) issued in the District Court of the Hong Kong Special Administrative Region against the Company, pursuant to which the plaintiff, being a holder of bonds in a principal amount of HK\$2,500,000 (the “**Bonds A**”). Based on the Writ A, the claims against the Company are (i) a liquidated sum of HK\$2,500,000 as the principal amount of the Bonds A, (ii) interest entitled by the relevant plaintiff pursuant to the Bonds A and (iii) other interests and costs. Please refer to the announcement of the Company dated 11 November 2022 for further details. The litigations in relation to Writ A was still in progress and the Company was in the course of negotiating with the relevant plaintiff for an amicable settlement as at the date of this report.

On 10 November 2022, the Company received a writ of summons with statements of claim (the “**Writ B**”) issued in the High Court against the Company, pursuant to which the plaintiff, being a holder of bonds in an aggregate principal amount of HK\$4,000,000 (the “**Bonds B**”). Based on the Writ B, the claims against the Company are (i) liquidated sums of HK\$4,000,000 as the aggregate principal amount of the Bonds B, (ii) interest entitled by the relevant plaintiff pursuant to the Bonds B and (iii) other interests and costs. Please refer to the announcement of the Company dated 11 November 2022 for further details. The litigations in relation to Writ B was still in progress and the Company was in the course of negotiating with the relevant plaintiff for an amicable settlement as at the date of this report.

The Company will update the shareholders and potential investors of the Company on material developments regarding the Petition and the above litigations when appropriate in accordance with the Listing Rules and the Securities and Futures Ordinance.

## 17. SHARE CAPITAL

	Nominal value per share HK\$	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
At 1 April 2021, 31 March 2022 and 30 September 2022	0.01	50,000,000,000	500,000
<b>Issued and fully paid:</b>			
At 1 April 2021, 31 March 2022 and 30 September 2022	0.01	212,839,878	2,128

## 18. CAPITAL COMMITMENTS

	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Properties for sale under development: Contracted but not provided for in the condensed consolidated financial statements	1,403	1,539

## 19. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions:

	Six months ended 30 September 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Remuneration of key management personnel	408	366

Key management personnel are deemed to be the members of the Board of Directors of the Company which has responsibility for planning, directing and controlling the activities of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Sinostar Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Company for the six months ended 30 September 2022 which has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

### BUSINESS REVIEW

To align with the Group’s business strategies and directions, the Group has reallocated its resources and reorganised its asset portfolio to enlarge its business scale in properties development and related services sectors in the past years. For the six months ended 30 September 2022, most of the Group’s revenue were derived from properties development and hydroelectric power business, with a small proportion of revenue derived from properties investment and properties management business.

As adversely affected by various unexpected factors including but not limited to the recurrence of the COVID-19 pandemic, the national real estate industry experienced unprecedented challenges. The sales scale of commodity housing declined significantly and the total investment in property development recorded a negative growth for the first time as compared to the previous years. As shown in the information issued by the National Bureau of Statistics in the PRC, from January to June 2022, the sales area of commodity housing in the PRC was approximately 689 million sq.m., representing a period-on-period decrease of 22%; the sales of commodity housing in the PRC were approximately RMB6,607 billion, representing a period-on-period decrease of 29%; and the investment in the real estate development in the PRC amounted to approximately RMB6,831 billion, representing a period-on-period decrease of 5%.

During the six months ended 30 September 2022, the market sentiments stayed far from recovery and the sluggish market trading remained, with impacts from the pandemic and macroeconomic downward pressure, the operations of the Group, especially properties sales and construction progress, were inevitably affected.

For the six months ended 30 September 2022, the Group recorded a revenue of approximately HK\$10,203,000 representing a decrease of 53% as compared to the revenue of approximately HK\$21,480,000 for the corresponding period in 2021. Administrative expenses increased from approximately HK\$9,728,000 for the six months ended 30 September 2021 to approximately HK\$30,226,000 for the six months ended 30 September 2022 which was mainly due to the increased marketing and promotion activities and anti-epidemic facilities and environmental afforestation work on properties sales, and the increased maintenance costs incurred for a hydroelectric power station and certain investment properties. For the six months ended 30 September 2022, the Group recorded finance costs of approximately HK\$2,602,000, representing an increase of 49% as compared to that of approximately HK\$1,751,000 for the corresponding period in 2021, which was resulted from the borrowings and bonds payable for the Group's refinancing and general corporate purpose. As a result, the Group recorded a loss for the period at the amount of approximately HK\$25,952,000 for the six months ended 30 September 2022, representing an increase of 459% as compared to that of approximately HK\$4,643,000 for the six months ended 30 September 2021.

### **Properties Development**

Leveraging the experience and connection of the management and following the business directions of the Company, the Group started to engage in properties development business since the financial year of 2018. During the six months ended 30 September 2022, the Group owned three properties development projects in the PRC, namely Xiguan Project, Bagua Town Project I and Bagua Town Project II. For the six months ended 30 September 2022, revenue from properties development were derived from the sale of remaining completed properties of the Xiguan Project.

#### ***Xiguan Project***

It is located at Xiguan Village, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of 46,242.6 sq.m. and a construction area of 80,462 sq.m.. Xiguan Project contained 19 buildings that created 775 residential and 30 commercial units and 121 parking units. The construction work of the Xiguan Project was completed during the financial year of 2019.

For the six months ended 30 September 2022, the Group sold approximately 1% of the gross floor area and achieved total contracted sales of approximately HK\$4,241,000, while approximately 4% of the gross floor area was sold and total of contracted sales of approximately HK\$16,246,000 was recorded for the six months ended 30 September 2021.

### ***Bagua Town Project I***

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 5,023 sq.m. and a construction area of approximately 7,500 sq.m. for other commercial use. Although the preparation work for construction of properties on this parcel of land has been commenced since the financial year of 2020, the construction schedule has been delayed due to the outbreak and spread of COVID-19 pandemic during the past years. The construction work of Bagua Town Project I has been substantially completed as at 30 September 2022. Bagua Town Project I comprises 3 main buildings and 38 commercial units that creates a marketplace for the community. It is expected that the sale of Bagua Town Project I will commence in the last quarter of 2022.

### ***Bagua Town Project II***

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 9,188.2 sq.m. and a construction area of approximately 14,700 sq.m. for other commercial use. The Bagua Town Project II is at the preliminary stage of preparation ahead of construction.

The Bagua Town Project I and the Bagua Town Project II are important parts of the only restoration and reconstruction project of the Taiji Bagua Town in the PRC, with strong ethnic characteristics and historical significance, located in the Central Community of Huanren Manchu Autonomous County, Liaoning Province, the PRC. The two projects are a combination of work, life, education and tourism, located near the government square of Huanren Manchu Autonomous County, Liaoning Province, the PRC. The two projects are planned to include pedestrian streets, office buildings, retail stores, shopping malls, and tourism, historical and cultural facilities. The Bagua Town Project I and the Bagua Town Project II are expected to generate continuous growth and enhance future business performance of the Group.

For the six months ended 30 September 2022, the COVID-19 pandemic continued to spread, the properties development business has been in a down-cycle. The market sentiments stayed far from recovery and the sluggish market trading remained. Property sales continued with its decline, while the construction progress and sales planning on Bagua Town Project I and Bagua Town Project II continued to be inevitably delayed.

As a result of the significant decline in property sales, the increased marketing and promotion activities, anti-epidemic facilities and environmental afforestation work carried out during the six months ended 30 September 2022, segment loss increased from approximately HK\$3,773,000 for the six months ended 30 September 2021 to approximately HK\$20,602,000 for the six months ended 30 September 2022.

Confronted with the downward pressure in economy, local governments persisted in epidemic prevention and control on one hand while ensuring economic stability on the other. Stability in real estate, economy and growth still remained the keynote of the macro-policy advocated by the state. The government of the PRC continued to adhere to the national strategies that “houses are built to be inhabited, not for speculation”, implement city-specific policies to achieve the “three stabilities” of “stabilising land prices”, “stabilising housing prices” and “stabilising expectations”, as well as promulgate the long-term control policies such as “three red lines” for real estate developers and “two red lines” for property loans, thereby promoting the positive and healthy development of the real estate industry. Following the national strategies, the Board is positive towards the properties development industry in the PRC and will proactively align and respond to the adjustment and calling of such policies and capture the potential opportunities in the properties development market in order to enhance shareholder’s value.

### **Properties Investment**

Revenue generated from properties investment was mainly derived from the leasing of several parcels of land and rights-of-use assets located in Benxi City, Liaoning Province, the PRC for commercial use.

For the six months ended 30 September 2022, revenue was approximately HK\$610,000, representing a decrease of 2% as compared to approximately HK\$625,000 for the six months ended 30 September 2021. The operating costs for properties investment business increased due to the anti-epidemic facilities and maintenance work on certain investment properties during the reporting period, thus, segment loss of approximately HK\$2,194,000 for the six months ended 30 September 2022 was recorded as compared to a segment profit of approximately HK\$217,000 for the six months ended 30 September 2021.

### **Properties Management**

To complement the properties development business, the Group started to engage in properties management business and delivered comprehensive property management services for residential and commercial properties of the Xiguan Project since the financial year of 2020. The Group is committed to delivering the highest service standard and providing user-oriented services to its customers. Following the completion of construction work of the Bagua Town Project I and the Bagua Town Project II, it is expected that the Group will put more resources to build up a professional properties management team by providing integrated training in properties management sectors to its front line and back-office staff, acquiring and improving its properties management system and services to meet the increasing demand.

The revenue and segment loss for the six months ended 30 September 2022 were approximately HK\$276,000 and approximately HK\$10,000, respectively, whereas the revenue and segment loss for the six months ended 30 September 2021 were approximately HK\$281,000 and approximately HK\$86,000, respectively.

## Hydroelectric Power Business

The Group started to engage in the business of clean and renewable energy since the financial year of 2016. Revenue was generated from the operation and management of two hydroelectric power stations located in the northern PRC which are connected to the national power grid and mainly for industrial use. The business of clean and renewable energy contributed to the stable income of the Group during the period.

The revenue for the six months ended 30 September 2022 was approximately HK\$5,076,000, representing an increase of 17% as compared to approximately HK\$4,328,000 for the six months ended 30 September 2021. However, segment profit decreased from approximately HK\$2,238,000 for the six months ended 30 September 2021 to approximately HK\$527,000 for the six months ended 30 September 2022 as a result of the increased maintenance costs incurred for a hydroelectric power station during the reporting period.

Needless to say, the sustainable development in clean and renewable energy is the global trend. The Group believes that continued investments in renewable energy business will benefit the Group in the long run and generate sustainable revenue to the Group.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 September 2022, bank balances and cash denominated mainly in Hong Kong dollars and Renminbi amounted to approximately HK\$2,520,000 as compared to approximately HK\$12,673,000 as at 31 March 2022.

As at 30 September 2022, gearing ratio was 0.13 (31 March 2022: 0.17), which was calculated based on the total borrowings and bonds payable divided by total equity. The Group's gearing ratio was stable and remained at a healthy level. The Group will continue to monitor and manage its financial structure and their potential risks in the course of development.

As at 30 September 2022, the current ratio was 3.15 (31 March 2022: 3.12). The current ratio of the Group was maintained at a healthy level.

## Financing and Capital Structure

The Group finances its operations by a combination of equity and borrowings. Save as disclosed in notes 15 and 16 to the condensed consolidated financial statements, as at 30 September 2022, the Group had borrowings of approximately HK\$21,027,000 (31 March 2022: HK\$40,181,000) and bonds payable of approximately HK\$11,500,000 (31 March 2022: HK\$11,500,000), which were for the Group's refinancing and general corporate purpose. As at 30 September 2022, the Group's borrowings and bond payable were interest bearing at 12% (31 March 2022: 12%), and 6% to 6.5% (31 March 2022: 6% to 6.5%), respectively.

## Exposure to Fluctuation in Exchange Rates

For the six months ended 30 September 2022, the Group's transactions were mostly denominated in Hong Kong dollars and Renminbi. No foreign currency hedge was made during the six months ended 30 September 2022. The Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currencies closely and will consider hedging for significant foreign currency exposure, if necessary.

## Pledge of Assets

Details regarding the pledge of assets are set out in notes 12 and 15 to the condensed consolidated financial statements.

## Contingent Liabilities

As at 30 September 2022, the Group had no material contingent liabilities.

## STAFF

As at 30 September 2022, the Group had a total of 21 employees (31 March 2022: 16), of which 18 (31 March 2022: 13) were employed in the PRC. Details regarding the total amount of staff costs of the Group are set out in note 6 to the condensed consolidated financial statements.

The employees' remuneration, promotion, salary increments and discretionary bonus are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. In addition, the Group also provides employee benefits such as employee insurance, retirement scheme and training programmes.

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisitions or disposals during the six months ended 30 September 2022.

## **SIGNIFICANT INVESTMENT HELD**

Save as disclosed in the paragraphs headed “Business Review”, the Group did not have any significant investment held as at 30 September 2022.

## **FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET**

Save as disclosed in the paragraphs headed “Business Review”, “Prospect” and “Material Acquisition and Disposal”, the Group will actively seek potential opportunities in different industries and business sectors. However, the Group has not executed any legally binding agreement in relation to material investment or acquisition of capital assets and did not have any plans relating to material investment or capital assets as at the date of this report.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend in respect of six months ended 30 September 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2022, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

## **EVENT AFTER REPORTING PERIOD**

Save as disclosed in note 16 to the condensed consolidated financial statements, the Board is not aware of any important event affecting the Group which occurred after the end of the reporting period and up to the date of this report.

## **PROSPECT**

Looking forward, the post pandemic era is expected to be full of uncertainties and challenges. The Group will adhere to its business orientation and reinforce its product brand and industry positioning and continue to upgrade its products and services qualities and capabilities in the northern PRC. Further, the Group will continue to maintain its prudent investment and business strategies and will adhere to its strategy to diversify its business models into different business sectors and to strengthen and expand its revenue streams and generate better results and prospect for the Group.

## OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the Directors or chief executive of the Company in the shares and share options of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance in Hong Kong (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long position in the shares of the Company (the "Shares")

Name of Directors	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage of issued share capital in the Company
<b>Executive Director</b>				
Wang Jing	Long Position	Interest of controlled corporation	108,591,364 (Note)	51.02%
Wang Xing Qiao	Long Position	Beneficial Owner	163,750	0.08%
<b>Independent non-executive Director</b>				
Zeng Guanwei	Long Position	Beneficial Owner	275,500	0.13%

Note: These 108,591,364 Shares are held by Achieve Prosper Capital Limited, a company wholly and beneficially owned by Hong Kong Shihua Holdings Limited, which is in turn wholly and beneficially owned by Liaoning Shihua (Group) Property Development Limited\* (遼寧實華(集團)房地產開發有限公司) ("Liaoning Shihua"). Mr. Wang Jing is the beneficial owner of 82.8% of the equity interest in Liaoning Shihua. By virtue of the SFO, Mr. Wang Jing is deemed to be interested in these 108,591,364 Shares.

\* The English name is for identification purposes only.

(ii) **Directors' interests in the shares of associated corporations**

Name of associated corporation	Name of Director	Capacity	Long Position/ Short Position	Approximate percentage of issued share capital in	
				Number of ordinary shares in Achieve Prosper Capital Limited	Achieve Prosper Capital Limited
Achieve Prosper Capital Limited	Wang Jing	Interest of controlled corporation	Long Position	1,000,000	100%

Save as disclosed above and other than certain nominee shares in subsidiaries held by Directors in trust for the Company or its subsidiaries, as at the date of this report, none of the Directors, chief executive of the Company nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022 the following persons, other than the interest disclosed in the section headed "Directors and chief executive's interests and/or short positions in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporation", had 5% or more interest in the Shares and underlying Shares of the Company have notified to the Company and have been recorded in the register of substantial shareholders' interests in Shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name of shareholders	Nature of interest	Number of Shares and underlying Shares	Aggregate percentage of issued share capital as at 30 September 2022
Achieve Prosper Capital Limited	Beneficial owner	108,591,364	51.02%
Hong Kong Shihua Holdings Limited	Interest of controlled corporation	108,591,364	51.02%
Liaoning Shihua	Interest of controlled corporation	108,591,364	51.02%
Hu Bao Qin	Spouse interest	108,591,364	51.02%
Lushan Investment Holding Limited (Note 1)	Person having a security interest in shares	145,895,712	68.55%
China Huarong Asset Management Co., Ltd (Note 1)	Interest of controlled corporation	145,895,712	68.55%
China Huarong International Holdings Ltd (Note 1)	Interest of controlled corporation	145,895,712	68.55%
Lai Kar Yan (Note 2)	Receiver	108,591,364	51.02%
Chan Man Hoi (Note 2)	Receiver	108,591,364	51.02%

### Notes:

- These 145,895,712 Shares are held by Lushan Investment Holding Limited, a company wholly and beneficially owned by China Huarong International Holdings Ltd.
- 108,591,364 Shares (the "Charged Shares") was pledged by Achieve Prosper Capital Limited in favour of Lushan Investment Holding Limited. On 6 November 2020, Lai Kar Yan and Chan Man Hoi were appointed as joint and several receivers over the Charged Shares. The Charge Shares represent approximately 51.02% of the issued share capital of the Company as at 30 September 2022.

As at 30 September 2022, Achieve Prosper Capital Limited is wholly and beneficially owned by Hong Kong Shihua Holdings Limited, which is in turn wholly and beneficially owned by Liaoning Shihua. Mr. Wang Jing is the beneficial owner of 82.8% of the equity interest in Liaoning Shihua. By virtue of the SFO, Hong Kong Shihua Holdings Limited, Liaoning Shihua, Mr. Wang Jing and Ms. Hu Bao Qin, the spouse of Mr. Wang Jing, were deemed to be interested in the said 108,591,364 Shares held by Achieve Prosper Capital Limited.

On 30 December 2015, Achieve Prosper Capital Limited transferred the 326,086,956 then existing shares of the Company (being 16,304,348 Shares) which are conversion shares (the “**Conversion Shares**”) of the Company and are issuable upon the exercise of the convertible bonds to Lushan Investment Holding Limited. During the year ended 31 March 2018, the convertible bonds were fully converted and a total of 326,086,956 then existing shares of the Company (being 16,304,348 Shares) were allotted and issued, credited as fully paid to Lushan Investment Holding Limited.

On 14 March 2016, Achieve Prosper Capital Limited entered into a share charge with Lushan Investment Holding Limited, pursuant to which Achieve Prosper Capital Limited has pledged 2,171,827,290 then existing shares of the Company (being 108,591,364 Shares) in favour of Lushan Investment Holding Limited. In addition, further 420,000,000 then existing shares of the Company (being 21,000,000 Shares) held by Achieve Prosper Capital Limited was transferred to Lushan Investment Holding Limited pursuant to the sale and purchase agreement entered by Achieve Prosper Capital Limited and Lushan Investment Holding Limited (please refer to the announcement of the Company dated 16 March 2016 for further details).

China Huarong International Holdings Ltd owns 100% of Lushan Investment Holding Limited, which is owned as to 88.1% by Huarong Real Estate Co., Ltd, which is in turn wholly-owned by China Huarong Asset Management Co., Ltd. By virtue of the SFO, both China Huarong International Holdings Ltd and China Huarong Asset Management Co., Ltd are deemed to be interested in the 145,895,712 Shares held by Lushan Investment Holding Limited.

Save as disclosed above, as at 30 September 2022, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests, short positions or long positions in the Shares.

## CHARGED SHARES HELD BY ACHIEVE PROSPER CAPITAL LIMITED

With reference to the announcement of the Company dated 13 November 2020, the Company was informed by its controlling shareholder, Achieve Prosper Capital Limited on 12 November 2020 that it received a letter from Deloitte Touche Tohmatsu dated 6 November 2020 regarding the appointment of Lai Kar Yan and Chan Man Hoi as joint and several receivers over 2,171,827,290 then existing shares of the Company (being 108,591,364 Shares) held by Achieve Prosper Capital Limited. The Charged Shares represent approximately 51.02% of the issued share capital of the Company as at 30 September 2022. Please refer to the announcements of the Company dated 13 November 2020, 13 December 2020, 13 January 2021, 13 February 2021, 13 March 2021, 13 April 2021, 13 May 2021, 13 June 2021, 13 July 2021, 13 August 2021, 13 September 2021, 13 October 2021, 13 November 2021, 13 December 2021, 13 January 2022, 13 February 2022, 13 March 2022, 13 April 2022, 13 May 2022, 13 June 2022, 13 July 2022, 12 August 2022, 13 September 2022 and 13 October 2022 and 11 November 2022 for further details.

## CORPORATE GOVERNANCE

The Company adopted all the code provisions in Corporate Governance Code (the “**Code Provisions**”) set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices and guidance. During the six months ended 30 September 2022 and up to the date of this report, the Company has complied with the Code Provisions except the following:

1. Pursuant to Code Provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company was incorporated in Bermuda and enacted by private act, the Starlight International Holdings Limited Company Act, 1989 of Bermuda (the “**1989 Act**”). Pursuant to section 3(e) of the 1989 Act, director holding office as executive chairman or managing director shall not be subject to retirement by rotation at each annual general meeting as provided in the bye-laws of the Company (the “**Bye-laws**”). As the Company is bounded by the provisions of the 1989 Act, the Bye-laws cannot be amended to fully reflect the requirements of Code Provision B.2.2.

To comply with Code Provision B.2.2, all the Directors will voluntarily retire from his directorship at the annual general meetings of the Company at least once every three years, and the retired Directors, being eligible, will offer themselves for re-election at the annual general meeting.

2. Pursuant to Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wang Jing, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 7 September 2022 (the “**2022 AGM**”) due to his other engagement. Mr. Wang Xing Qiao, the executive Director acted as the chairman of the 2022 AGM, and attended the 2022 AGM with other members of the management. At the 2022 AGM, there was sufficient caliber for answering questions at the 2022 AGM and answered questions at the 2022 AGM competently.

- Pursuant to Code Provision C.1.6, independent non-executive director and other non-executive director should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Su Bo and Mr. Zeng Guanwei, the independent non-executive Directors, were unable to attend the 2022 AGM due to the travel restrictions arising from the COVID-19 pandemic.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the code of conduct regarding Director's securities transactions. Having made specific enquiry to all Directors, all of them confirmed that they have complied with the Model Code throughout the six months ended 30 September 2022.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee currently comprising Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei. Terms of reference of the Audit Committee have been updated in compliance with the Model Code. The Audit Committee together with the management of the Company have reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of this report.

## **BOARD OF DIRECTORS**

As at the date of 30 September 2022, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao and Mr. Zhao Shuang as executive Directors; and Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei as independent non-executive Directors.

For and on behalf of  
**China Sinostar Group Company Limited**  
**Wang Xing Qiao**  
*Executive Director and Chief Executive Officer*

Hong Kong, 25 November 2022