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**CHINA BEST GROUP HOLDING LIMITED**  
**國華集團控股有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board of directors (the “Board”) of China Best Group Holding Limited (the “Company”) would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2023 together with the comparative figures for the six months ended 30 September 2022.

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

*For the six months ended 30 September 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover	3	<b>106,686</b>	283,956
Revenue:	3		
– Trading of goods		–	113,353
– Provision of international air and sea freight forwarding services		<b>1,124</b>	859
– Consultancy income from finance leases		–	547
– Interest income from money lending		<b>2,817</b>	3,685
– Brokerage commission and consultancy income from securities and futures brokerage related services		<b>42</b>	153
– Brokerage commission and consultancy income from property brokerage service		–	497
– Heating and cooling supply by geothermal energy		<b>3,355</b>	3,468
– Construction contracting services fee income		<b>68,173</b>	110,974
– Heating supply and industrial steam income		<b>11,862</b>	12,981
– Project management service income		<b>6,336</b>	15,961
– Interior design service income		<b>193</b>	3,279
– Rental income		<b>3,174</b>	3,368
– Data analytical service income		<b>9,610</b>	14,831
		<b>106,686</b>	283,956

\* For identification purpose only

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	<b>2022</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Operating costs:</b>			
– Cost of trading goods sold		–	(111,676)
– Cost of providing international air and sea freight forwarding services		(727)	(561)
– Cost of providing securities and futures brokerage related services		(1)	(1)
– Cost of providing property brokerage and consultancy services		(17)	(654)
– Cost of heating and cooling supply by geothermal energy		(4,528)	(3,673)
– Cost of providing construction contracting services		(61,648)	(97,681)
– Cost of providing heating supply and industrial steam		(12,475)	(12,533)
– Cost of providing project management service		(2,284)	(2,731)
– Cost of providing data analytical services		–	(5,197)
		<u>(81,680)</u>	<u>(234,707)</u>
<b>Other income</b>		<b>1,462</b>	<b>3,549</b>
Administrative and other expenses		(22,888)	(27,108)
Staff costs		(28,014)	(39,004)
Finance costs	6	(15,492)	(20,753)
Fair value loss on step acquisition of subsidiaries		–	(1,059)
Gain on disposal of a subsidiary		205	–
Gain on disposal of associates		239	–
Share of loss of associates		(9)	(284)
		<u>(39,491)</u>	<u>(35,410)</u>
<b>Loss before tax</b>		<b>(39,491)</b>	<b>(35,410)</b>
Income tax expense	5	(2,859)	(2,207)
		<u>(42,350)</u>	<u>(37,617)</u>
<b>Loss for the period</b>	<b>6</b>	<b>(42,350)</b>	<b>(37,617)</b>
<b>Other comprehensive income/(expense):</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(22,994)	(59,719)
Translation reserve released upon deemed disposal of a joint venture		–	51
Translation reserve released upon disposal of a subsidiary		(84)	–
Translation reserve released upon disposal of associates		877	–
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value loss on financial assets at fair value through other comprehensive income		(860)	(1,870)
		<u>(23,061)</u>	<u>(61,538)</u>
<b>Total comprehensive expense for the period</b>		<b>(65,411)</b>	<b>(99,155)</b>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	<b>2022</b>
<i>Notes</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period attributable to:</b>			
	Owners of the Company	(40,845)	(37,303)
	Non-controlling interests	<u>(1,505)</u>	<u>(314)</u>
		<b><u>(42,350)</u></b>	<b><u>(37,617)</u></b>
<b>Total comprehensive expense for the period attributable to:</b>			
	Owners of the Company	(61,295)	(93,807)
	Non-controlling interests	<u>(4,116)</u>	<u>(5,348)</u>
		<b><u>(65,411)</u></b>	<b><u>(99,155)</u></b>
			Restated
<b>Loss per share</b>			
	Basic and diluted ( <i>HK cents</i> )	<u>(2.39)</u>	<u>(2.21)</u>
		<b><u>(2.39)</u></b>	<b><u>(2.21)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		30 September 2023	31 March 2023
	<i>Notes</i>	<b>HK\$'000</b> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		272,265	295,437
Right-of-use assets		10,668	3,716
Investment properties		114,039	121,433
Goodwill		251,194	255,626
Intangible asset		811	811
Interests in associates		–	22,251
Financial assets at fair value through other comprehensive income		7,920	8,780
Loans receivables	10	–	44,300
Regulatory deposits		205	205
		<b>657,102</b>	752,559
<b>Current assets</b>			
Inventory		3,929	6,416
Finance lease receivables	9	4,270	4,546
Loans and interest receivables	10	331,732	297,773
Other loan and interest receivables		9,985	24,564
Trade and other receivables	11	390,477	450,696
Contract assets		334,650	303,604
Amounts due from an associate		109	–
Pledged bank deposit		16,092	–
Bank balances and cash – trust and segregated accounts		3,863	3,867
Bank balances and cash – general accounts		104,089	50,134
		<b>1,199,196</b>	1,141,600

		<b>30 September</b>	31 March
		<b>2023</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	12	561,097	620,765
Contract liabilities		22,361	15,419
Lease liabilities		3,926	3,682
Trust loans		214,560	228,472
Short term loans		9,565	6,529
Bank loans		87,970	93,674
Tax liabilities		33,938	34,880
		<u>933,417</u>	<u>1,003,421</u>
<b>Net current assets</b>		<u>265,779</u>	<u>138,179</u>
<b>Total assets less current liabilities</b>		<u>922,881</u>	<u>890,738</u>
<b>Non-current liabilities</b>			
Long-term loan		–	343
Lease liabilities		7,003	–
		<u>7,003</u>	<u>343</u>
<b>NET ASSETS</b>		<u><u>915,878</u></u>	<u><u>890,395</u></u>
<b>Capital and reserves</b>			
Share capital		209,150	152,529
Share premium and reserves		661,776	688,798
<b>Equity attributable to owners of the Company</b>		<u>870,926</u>	841,327
Non-controlling interests		44,952	49,068
<b>TOTAL EQUITY</b>		<u><u>915,878</u></u>	<u><u>890,395</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These 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”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated financial statements should be read in conjunction with the 2022/23 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2023.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced on assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. TURNOVER AND REVENUE

An analysis of the Group's turnover for the period is as follows:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of goods	–	113,353
Provision of international air and sea freight forwarding services	1,124	859
Consultancy income from finance leases	–	547
Interest income from money lending	2,817	3,685
Brokerage commission and consultancy income from securities and futures brokerage related services	42	153
Brokerage commission and consultancy income from property brokerage service	–	497
Heating and cooling supply by geothermal energy	3,355	3,468
Construction contracting services fee income	68,173	110,974
Interior design service income	193	3,279
Project management service income	6,336	15,961
Heating supply and industrial steam income	11,862	12,981
Rental income	3,174	3,368
Data analytical service income	9,610	14,831
	<u>106,686</u>	<u>283,956</u>

The Group has recognised the following amounts relating to revenue in profit or loss:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers ( <i>Note</i> )	<b>100,695</b>	276,903
Revenue from other sources		
– Interest income from money leading	<b>2,817</b>	3,685
– Rental income from investment properties	<b>3,174</b>	3,368
	<b>106,686</b>	283,956
Timing of recognition of revenue from contracts with customers		
At a point in time	<b>1,125</b>	114,213
Over time	<b>99,570</b>	162,690
	<b>100,695</b>	276,903

Note: Disaggregation of revenue from contracts with customers:

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 September 2023</b>											
<b>(Unaudited):</b>											
<b>Geographical markets</b>											
Hong Kong	-	-	42	-	-	-	-	-	-	-	42
People's Republic of China (the "PRC")	-	-	-	-	3,355	68,173	9,803	6,336	11,862	-	99,529
Singapore	-	-	-	1,124	-	-	-	-	-	-	1,124
	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,124</u>	<u>3,355</u>	<u>68,173</u>	<u>9,803</u>	<u>6,336</u>	<u>11,862</u>	<u>-</u>	<u>100,695</u>
<b>Major products/services</b>											
Trading of electronic products	-	-	-	-	-	-	-	-	-	-	-
Financial services	-	-	42	-	-	-	-	-	-	-	42
International air and sea freight forwarding services	-	-	-	1,124	-	-	-	-	-	-	1,124
Heating and cooling supply by geothermal energy	-	-	-	-	3,355	-	-	-	-	-	3,355
Building construction contracting services	-	-	-	-	-	68,173	-	-	-	-	68,173
Interior design services	-	-	-	-	-	-	193	-	-	-	193
Data analytical services	-	-	-	-	-	-	9,610	-	-	-	9,610
Project management services	-	-	-	-	-	-	-	6,336	-	-	6,336
Heating supply and industrial steam	-	-	-	-	-	-	-	-	11,862	-	11,862
Property brokerage and consultancy services	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,124</u>	<u>3,355</u>	<u>68,173</u>	<u>9,803</u>	<u>6,336</u>	<u>11,862</u>	<u>-</u>	<u>100,695</u>
<b>Timing of recognition of revenue from contracts with customers</b>											
At a point in time	-	-	1	1,124	-	-	-	-	-	-	1,125
Over time	-	-	41	-	3,355	68,173	9,803	6,336	11,862	-	99,570
	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,124</u>	<u>3,355</u>	<u>68,173</u>	<u>9,803</u>	<u>6,336</u>	<u>11,862</u>	<u>-</u>	<u>100,695</u>

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 September 2022 (Unaudited):											
Geographical markets											
Hong Kong	-	-	153	-	-	-	-	-	-	-	153
PRC	113,353	547	-	-	3,468	110,974	18,110	15,961	12,981	497	275,891
Singapore	-	-	-	859	-	-	-	-	-	-	859
	<u>113,353</u>	<u>547</u>	<u>153</u>	<u>859</u>	<u>3,468</u>	<u>110,974</u>	<u>18,110</u>	<u>15,961</u>	<u>12,981</u>	<u>497</u>	<u>276,903</u>
Major products/services											
Trading of electronic products	113,353	-	-	-	-	-	-	-	-	-	113,353
Financial services	-	547	153	-	-	-	-	-	-	-	700
International air and sea freight forwarding services	-	-	-	859	-	-	-	-	-	-	859
Heating and cooling supply by geothermal energy	-	-	-	-	3,468	-	-	-	-	-	3,468
Building construction contracting services	-	-	-	-	-	110,974	-	-	-	-	110,974
Interior design services	-	-	-	-	-	-	3,279	-	-	-	3,279
Data analytical services	-	-	-	-	-	-	14,831	-	-	-	14,831
Project management services	-	-	-	-	-	-	-	15,961	-	-	15,961
Heating supply and industrial steam	-	-	-	-	-	-	-	-	12,981	-	12,981
Property brokerage and consultancy services	-	-	-	-	-	-	-	-	-	497	497
	<u>113,353</u>	<u>547</u>	<u>153</u>	<u>859</u>	<u>3,468</u>	<u>110,974</u>	<u>18,110</u>	<u>15,961</u>	<u>12,981</u>	<u>497</u>	<u>276,903</u>
Timing of recognition of revenue from contracts with customers											
At a point in time	113,353	-	1	859	-	-	-	-	-	-	114,213
Over time	-	547	152	-	3,468	110,974	18,110	15,961	12,981	497	162,690
	<u>113,353</u>	<u>547</u>	<u>153</u>	<u>859</u>	<u>3,468</u>	<u>110,974</u>	<u>18,110</u>	<u>15,961</u>	<u>12,981</u>	<u>497</u>	<u>276,903</u>

## **Trading of goods**

Revenue from the trading of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales to customers are normally made with credit terms of 90 days.

## **Finance leasing**

Consultancy income from finance leasing is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

## **Securities and futures brokerage**

Commission income on dealing in securities and futures contract is recognised on a trade date basis when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The commission income is due on the settlement date of their respective trade dates, normally two or three business days after the respective trade date.

Consultancy income from securities and futures brokerage related services is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

## **International air and sea freight forwarding**

Income from provision of freight forwarding services is recognised when the services are provided. The Group normally allow credit period of 90 days.

## **Property brokerage**

Commission income on dealing in property agency contract is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the commission income to the Group upon the sales of property is completed.

Consultancy income from property brokerage related services is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

## **Heating and cooling supply by geothermal energy**

Income from heating and cooling supply by geothermal energy is recognised when the services are rendered. The customers pay the fee according to the heating and cooling supply actually consumed.

## **Building construction contracting**

The Group provides construction contracting services to the customers. When the progress towards complete satisfaction of the performance obligations of a construction contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a construction contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

## **Customised technical support**

The Group provides customised technical support services which include building architecture and interior design services and data analytical services to the customers. Building architecture and interior design service income and data analytical service income are recognised when the services are rendered, the amount for which can be reliably estimated and they are probable that the income will be received. The customers pay the services income to the Group according to the payment schedules as stipulated in the contracts.

## **Project management**

Revenue from the Group's project management business derived from entrusted construction agreements and management services. Project management service income is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the service income to the Group according to the payment schedules as stipulated in the contracts.

## Centralised heating

Heating supply and industrial steam income is recognised when the services are rendered. The customers pay the fee according to the heating and industrial steam actually consumed.

## 4. SEGMENT INFORMATION

Information reported to the directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the type of goods sold or services delivered or provided. The directors have chosen to organise the Group around difference in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- (a) Trading of goods segment engages in trading of products including but not limited to electronic appliance in the PRC;
- (b) Finance leasing segment engages in finance leasing of plant and machinery as well as providing consultancy services with respect of finance leasing in the PRC;
- (c) Money lending segment engages in money lending in Hong Kong;
- (d) Securities and futures brokerage segment engages in securities and futures dealing services as well as providing consultancy services with respect of securities and futures brokerage in Hong Kong;
- (e) International air and sea freight forwarding segment engages in the provision of international air and sea freight forwarding and logistic services to customers in Singapore;
- (f) Securities trading segment engages in trading of equity securities and dividend income from held for trading investments in Hong Kong;
- (g) Property investment segment engages in investments of properties for rental income and capital appreciation in the PRC;
- (h) Customised technical support segment engages in provision of building architecture and interior design services and data analytical services in the PRC;
- (i) Property brokerage segment engages in provision of property agency and consultancy service in the PRC;
- (j) Project management segment engages in entrusted construction and projects management services in the PRC;
- (k) Geothermal energy segment engages in provision of heating and cooling supply by geothermal energy to buildings in the PRC;

- (l) Building construction contracting segment engages in provision of building construction contracting service on project basis in the PRC; and
- (m) Centralised heating segment engages in the business of using coal-fired boilers to provide centralised heating, including industrial steam, through centralised pipe networks in the PRC.

Segment results represent the (loss from) profit earned by each segment without allocation of central administration costs, directors' emoluments, depreciation of certain property, plant and equipment and right-of-use assets, share of loss of associates, fair value loss on step acquisition of subsidiaries, gain on disposal of a subsidiary, gain on disposal of associates, net foreign exchange loss, interest expense on certain lease liabilities and trust loans, interest income from other loan receivables, bank interest income and sundry income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following tables present revenue and segment results regarding the Group's operating segments for the six months ended 30 September 2023 and 2022, respectively.

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 September 2023</b>														
<b>(Unaudited):</b>														
Turnover	-	-	2,817	42	1,124	-	3,174	9,803	-	6,336	3,355	68,173	11,862	106,686
Revenue from the external customers	-	-	2,817	42	1,124	-	3,174	9,803	-	6,336	3,355	68,173	11,862	106,686
Reportable segment profit/(loss)	(7,288)	(303)	1,218	(2,046)	35	-	2,780	5,294	(450)	(10,631)	(6,737)	1,954	(5,005)	(21,179)
Share of loss of associates														(9)
Gain on disposal of a subsidiary														205
Gain on disposal of associates														239
Unallocated corporate income														989
Unallocated corporate expenses														(19,736)
Loss before tax														(39,491)



## 6. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Finance costs</b>		
Interest expense on lease liabilities	102	971
Interest expense on bank loans	2,285	3,860
Interest expense on short-term loans	–	316
Interest expense on trust loans	13,105	15,051
Interest expense on consideration payable	–	555
	<u>15,492</u>	<u>20,753</u>
<b>Other items</b>		
Auditor's remuneration	650	650
Cost of inventories sold	–	111,676
Depreciation of		
– property, plant and equipment	5,835	5,385
– right-of-use assets	4,105	7,366
Loss (Gain) on disposal of fixed assets	912	(60)
Government grant	(220)	(628)
Interest income from		
– bank	(46)	(18)
– other loan receivables	(943)	(398)
– promissory note receivable	–	(2,241)
Net foreign exchange loss	58	844
Staff costs (including directors' remuneration)	<u>28,014</u>	<u>39,004</u>



## 9. FINANCE LEASE RECEIVABLES

All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Finance lease receivables	<b>44,733</b>	47,897
<i>Less:</i> allowance for impairment of finance lease receivables	<b>(40,463)</b>	(43,351)
Finance lease receivables, net	<b><u>4,270</u></b>	<u>4,546</u>
Analysed for reporting purposes as current assets	<b><u>4,270</u></b>	<u>4,546</u>

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Finance lease receivables comprise:				
Within one year and present value of minimum lease payment receivables	<b><u>4,270</u></b>	<u>4,546</u>	<b><u>4,270</u></b>	<u>4,546</u>

As at 30 September 2023, there were a total of 4 (31 March 2023: 4) outstanding finance leases, with outstanding principal amount from approximately HK\$4,270,000 (31 March 2023: approximately HK\$4,546,000) to approximately HK\$18,586,000 (31 March 2023: approximately HK\$20,055,000), amounting to a total outstanding principal amount of approximately HK\$44,733,000 (31 March 2023: approximately HK\$47,897,000). To the best knowledge, information and belief of the directors of the Company, all these corporate borrowers and their respective ultimate beneficial owners are independent of the Company and its connected persons (as ascribed under the Listing Rules).

Effective interest rates of the above finance leases is 6% (31 March 2023: 6%) per annum. As at 30 September 2023 and 31 March 2023, all the finance leases are secured by the leased assets, such as motor vehicle, plant and machinery and/or share pledges, and/or are guaranteed by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate client.

Before accepting any finance lease arrangement, the Group assesses the financial strength of the lessee and considers the credit limit granted to the lessee. In addition, the Group may request for the guarantor with strong financial status where necessary.

As at 30 September 2023, finance lease receivables before allowance for impairment of approximately RMB41,697,000, equivalent to approximately HK\$44,733,000 (31 March 2023: approximately RMB41,928,000, equivalent to approximately HK\$47,897,000) was past due. Included in the carrying amount of the above finance lease receivables as at 30 September 2023 are three individually impaired receivables of approximately RMB37,717,000, equivalent to approximately HK\$40,463,000 (31 March 2023: approximately RMB37,948,000, equivalent to approximately HK\$43,351,000) which impairment was made due to customers' default in payment and/or having liquidity problem due to the impact of the COVID-19 epidemic in recent years. The Group has either taken legal actions or assessed the latest operating and financial position by site visit against these customers and considered the legal opinion from independent legal advisers during impairment assessment. For the remaining past due amount of approximately RMB3,980,000, equivalent to approximately HK\$4,270,000 (31 March 2023: approximately RMB3,980,000, equivalent to approximately HK\$4,546,000), the Group is still negotiating practicable repayment terms and schedules subsequent to the end of the reporting period. Accordingly, the directors considered no further impairment loss needs to be recognised.

Management closely monitors the credit quality of finance lease receivables. As at 30 September 2023, the age of the finance lease receivables was over three years (31 March 2023: over three years) based on the effective dates of the relevant lease contracts.

#### 10. LOANS AND INTEREST RECEIVABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Loans receivables:		
Secured	<b>40,000</b>	40,000
Unsecured	<b>369,706</b>	378,404
	<b>409,706</b>	418,404
Interest receivables	<b>48,095</b>	49,738
Less: allowance for impairment of loan and interest receivables	<b>(126,069)</b>	(126,069)
	<b>331,732</b>	342,073
Analysed for reporting purposes as:		
– Non-current assets	–	44,300
– Current assets	<b>331,732</b>	297,773
	<b>331,732</b>	342,073

As at 30 September 2023, there were a total of 15 (31 March 2023: 15) outstanding loans, out of which 7 (31 March 2023: 7) loans were loans to individuals and 8 (31 March 2023: 8) loans were loans to corporations, with principal amount per loan ranging from HK\$3,101,000 (31 March 2023: HK\$3,101,000) to approximately HK\$44,851,000 (31 March 2023: approximately HK\$46,690,000). Loans to the top customer and top 5 customers constituted approximately 11% and 49% (31 March 2023: approximately 11% and 51%) of the total outstanding principal and interest amount of the loans respectively as at 30 September 2023. To the best knowledge, information and belief of the directors of the Company, all these borrowers and their respective ultimate beneficial owners (in case of corporate clients) are independent of the Company and its connected persons (as ascribed under the Listing Rules).

The loans to individuals in aggregate amount of approximately HK\$147,833,000 (31 March 2023: approximately HK\$147,833,000) are unsecured and unguaranteed. Considering the corporation is in the nature of limited liability, the loans to corporations in aggregate amount of approximately HK\$261,873,000 (31 March 2023: approximately HK\$270,571,000) are either secured or guaranteed. Among the loans to corporations, one loan in the amount of HK\$40,000,000 (31 March 2023: HK\$40,000,000) is secured by a segregated portfolio account of an investment fund and the remaining loans in the total amount of approximately HK\$221,873,000 (31 March 2023: approximately HK\$230,571,000) are backed by guarantees respectively provided by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate borrower.

The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 54 months (31 March 2023: 6 to 54 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (31 March 2023: 8% – 15% per annum), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly, yearly or on maturity.

The following is an aged analysis of loans and interest receivables (net of allowance for impairment), presented based on the dates which loans are granted to borrowers and interests are accrued.

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Within 90 days	<b>12,613</b>	15,245
91-180 days	<b>1,405</b>	1,034
181-365 days	<b>2,085</b>	29,792
Over 365 days	<b>315,629</b>	296,002
	<b><u>331,732</u></b>	<b><u>342,073</u></b>

As at 30 September 2023, loans and interest receivables before allowance for impairment of approximately HK\$375,553,000 (31 March 2023: approximately HK\$378,735,000) were past due. Included in the carrying amount of the above loans and interest receivables as at 30 September 2023, receivables of approximately HK\$126,069,000 (31 March 2023: approximately HK\$126,069,000) which impairment was made based on the credit risk assessed. The Group assessed the credit risks associated with loan and interest receivable of each borrower by assigning the credit rating with reference to the repayment track record, the financial position and market benchmark to compute the impairment ratio (or expected credit loss ratio). The remaining past due amount of approximately HK\$249,484,000 are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default. Accordingly, the directors considered that no further impairment loss is necessary. Save for the aforesaid secured loans, the Group does not hold collateral over other balances.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Trade receivables arising from trading business	<b>168,400</b>	179,320
Less: allowance for impairment	<b>(168,400)</b>	(179,320)
	-	-
Trade receivables arising from finance leasing business	<b>4,774</b>	5,083
Less: allowance for impairment	<b>(483)</b>	(514)
	<b>4,291</b>	4,569
Trade receivables arising from project management business	<b>69,995</b>	67,508
Less: allowance for impairment	<b>(14,166)</b>	(15,084)
	<b>55,829</b>	52,424
Trade receivables arising from customised technical support business	<b>24,975</b>	32,778
Less: allowance for impairment	<b>(376)</b>	(400)
	<b>24,599</b>	32,378
Trade receivables arising from property brokerage business	<b>13,579</b>	14,655
Less: allowance for impairment	<b>(4,347)</b>	(4,629)
	<b>9,232</b>	10,026
Trade receivables arising from international air and sea freight forwarding business	<b>94</b>	32
Trade receivables arising from the securities and futures brokerage business	<b>277</b>	228
Trade receivables arising from geothermal energy business	<b>1,174</b>	1,473
Trade receivables arising from property investment business	<b>3,399</b>	-
Trade receivables arising from building construction contracting business	<b>12,920</b>	18,404
Trade receivables arising from centralised heating business	<b>443</b>	321
Prepayments	<b>63,164</b>	103,025
Value-added tax recoverable	<b>5,919</b>	5,244
Deposit and other receivables	<b>72,330</b>	78,101
Receivables from disposal of a subsidiary	<b>24,162</b>	24,523
Construction deposits	<b>112,644</b>	119,948
	<b>390,477</b>	450,696

The Group allows an average credit period normally ranging from 30 days to 180 days (31 March 2023: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Project management business HK\$'000	Customised technical support business HK\$'000	Property brokerage business HK\$'000	Property investment business HK\$'000
<b>30 September 2023</b> (Unaudited):										
Within 30 days	-	-	92	-	-	233	1,100	39	-	566
31-60 days	-	-	-	-	-	208	3,031	161	-	566
61-90 days	-	-	2	-	-	2	2,467	-	-	566
Over 90 days	-	4,291	-	1,174	12,920	-	49,231	24,399	9,232	1,701
	<u>-</u>	<u>4,291</u>	<u>94</u>	<u>1,174</u>	<u>12,920</u>	<u>443</u>	<u>55,829</u>	<u>24,599</u>	<u>9,232</u>	<u>3,399</u>

	Trading business HK\$'000	Finance leasing business HK\$'000	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Project management business HK\$'000	Customised technical support business HK\$'000	Property brokerage business HK\$'000
<b>31 March 2023 (Audited):</b>									
Within 30 days	-	-	32	-	-	167	2,833	14,268	173
31-60 days	-	-	-	-	-	14	2,250	537	-
61-90 days	-	-	-	-	-	140	2,250	537	-
Over 90 days	-	4,569	-	1,473	18,404	-	45,091	17,036	9,853
	<u>-</u>	<u>4,569</u>	<u>32</u>	<u>1,473</u>	<u>18,404</u>	<u>321</u>	<u>52,424</u>	<u>32,378</u>	<u>10,026</u>

The settlement term of trade receivables arising from the securities and futures brokerage business are two trade days after the trade execution date. The trade receivables from futures brokers are repayable on demand which represent amounts deposited for trade execution purpose.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK\$107,448,000 (31 March 2023: HK\$100,701,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables that were past due but not impaired based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting date, which approximately the respective revenue recognition date, is as follow:

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Within 30 days	<b>799</b>	340
31-60 days	<b>3,350</b>	2,019
61-90 days	<b>568</b>	2,145
Over 90 days	<b>102,731</b>	96,197
	<b><u>107,448</u></b>	<b><u>100,701</u></b>

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

The allowances of impairment recognised as at 30 September 2023 are mainly as follows:

- (1) In January 2023, two customers of the Group's trading business, namely, Shenzhen Wu Feng Ying Technology Co., Ltd.\* (深圳市五豐盈科技有限公司) ("Wu Feng Ying") and Shenzhen Feng Lei Industrial Co., Ltd.\* (深圳市風雷實業有限公司) ("Feng Lei"), were found deregistered. All sales to Wu Feng Ying and Feng Lei were guaranteed by Shenzhen Shi Jia Hao Commercial Operation Co., Ltd.\* (深圳市世佳豪商業運營有限公司) ("Shi Jia Hao", together with Wu Feng Ying, Feng Lei and their respective ultimate beneficial owners referred as the "Defaulted Persons"). In February 2023, Shi Jia Hao was also found deregistered. Further details are set out in the Company's announcement dated 23 March 2023. As at the date of this announcement, the Group had engaged the PRC legal adviser and initiated court proceedings against the ultimate beneficial owners of Wu Feng Ying, Feng Lei and Shi Jia Hao (the "Defendants") in front of the courts located at Shenzhen. For the civil proceedings in relation to Feng Lei, the Group received a civil ruling (民事裁定書) from Luohu District People's Court in Shenzhen (深圳市羅湖區人民法院) in October 2023 adjudicating in favor of the Group and currently the Group is in progress of communicating with the court about the effect of the civil ruling. For the civil proceedings in relation to Wu Feng Ying, Yantian District People's Court in Shenzhen (深圳市鹽田區人民法院) acknowledged the acceptance of the relevant civil proceedings in October 2023 but has not begun the civil trial. Having consulted with the PRC legal adviser, the possibility of collecting overdue amounts owed by the Defaulted Persons is subject to the result of the courts' judgement and the traceability and possibility in enforcement of the assets or properties of the Defendants. The directors are of the view that the Group has sufficient evidences and grounds in such civil proceedings but does not have concrete information about traceable and enforceable assets or properties of the Defendants for the time being. Considering high uncertainty in the enforcement, impairment loss on the entire amount due from the Defaulted Persons of approximately RMB156,973,000 (equivalent to approximately HK\$168,400,000) was recognized in the Group's consolidated financial statements for the year ended 31 March 2023 and remained unchanged for the six months ended 30 September 2023.

- (2) One of the Group's customers under real estate related businesses, namely, Ningbo Tiegong Real Estate Co., Ltd.\* (「寧波鐵工置業有限公司」) (“Ningbo Tiegong”) was filed a winding-up petition by its creditors on the ground of insolvency and the court appointed a manager for its liquidation accordingly. As at 30 September 2023, the total amount due by Ningbo Tiegong was approximately RMB106,171,000 (equivalent to approximately HK\$113,900,000), representing receivables under various real estate related businesses in amount of approximately RMB75,037,000 (equivalent to approximately HK\$80,500,000) and contract assets in amount of approximately RMB31,134,000 (equivalent to approximately HK\$33,400,000). Based on the updated liquidation status of Ningbo Tiegong, the result of lawsuits against Ningbo Tiegong and the manager of liquidation, and the estimated value of assets of Ningbo Tiegong available for liquidation, impairment loss of approximately RMB17,607,000 (equivalent to approximately HK\$18,889,000) on receivables under various real estate related businesses and the impairment loss of approximately RMB8,189,000 (equivalent to approximately HK\$8,785,000) on contract assets were recognized in the Group's consolidated financial statements for the year ended 31 March 2023 and remained unchanged for the six months ended 30 September 2023.

## 12. TRADE AND OTHER PAYABLES

	<b>30 September 2023 HK\$'000 (Unaudited)</b>	31 March 2023 HK\$'000 (Audited)
Trade payables arising from the securities and futures brokerage business	<b>4,139</b>	4,095
Trade payables arising from international air and sea freight forwarding business	<b>70</b>	63
Trade payables arising from property brokerage business	<b>293</b>	484
Trade payables arising from geothermal energy business	<b>49,230</b>	56,905
Trade payables arising from centralised heating business	<b>47,808</b>	49,068
Trade payables arising from building construction contracting business	<b>250,203</b>	271,267
Earnest money from finance lease receivables	<b>1,716</b>	1,828
Accrued charges	<b>15,096</b>	17,264
Consideration payables	<b>15,000</b>	37,847
Advance from subcontractors	<b>92,146</b>	102,375
Trust loans interest payable	<b>39,194</b>	30,312
Other payables	<b>46,202</b>	49,257
	<b><u>561,097</u></b>	<b><u>620,765</u></b>

For trade payables arising from the securities and futures brokerage business, no aging analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of securities and futures brokerage.

For trade payables arising from the property brokerage business, no aging analysis is disclosed as the Group is yet to receive invoices at the end of the reporting period. The payables is accrued based on the monthly statements agreed with the respective agents. According to the relevant agency contracts, the invoices will be billed in the following month and the settlement terms is within 3 business days from the invoices date.

The average credit period on the international air and sea freight forwarding services is normally ranging from 30 days to 90 days (31 March 2023: 30 days to 90 days). For trade payables arising from geothermal energy business, centralised heating business and building construction contracting business, they are mainly accrued and settled based on the progress of performance and the settlement obligation as stipulated in the respective contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables from the international air and sea freight forwarding business, geothermal energy business, centralised heating business and building construction contracting business presented based on the invoice date and/or the settlement obligation as stipulated in the respective contracts at the end of the reporting period:

	<b>International air and sea freight forwarding business HK\$'000</b>	<b>Geothermal energy business HK\$'000</b>	<b>Centralised heating business HK\$'000</b>	<b>Building construction contracting business HK\$'000</b>
<b>30 September 2023 (Unaudited):</b>				
Within 30 days	70	–	729	16,708
31-60 days	–	65	1,391	–
61-90 days	–	211	2,009	–
Over 90 days	–	48,954	43,679	233,495
	<u>70</u>	<u>49,230</u>	<u>47,808</u>	<u>250,203</u>
	International air and sea freight forwarding business HK\$'000	Geothermal energy business HK\$'000	Centralised heating business HK\$'000	Building construction contracting business HK\$'000
<b>31 March 2023 (Audited):</b>				
Within 30 days	62	64	4,185	362
31-60 days	1	92	8,230	–
61-90 days	–	70	18,341	11,308
Over 90 days	–	56,679	18,312	259,597
	<u>63</u>	<u>56,905</u>	<u>49,068</u>	<u>271,267</u>

### 13. CONTINGENT LIABILITIES/LITIGATIONS

- (1) In January 2020, the Group acquired 100% equity interest in Jiangsu Meili Kongjian Construction Design Development Co., Ltd.\* (江蘇美麗空間建築設計產業發展有限公司) (“Jiangsu Meili Kongjian”) from Ningbo Sixing Information Technology Co., Ltd.\* (寧波思行信息科技有限公司) (“Ningbo Sixing”) at cash consideration of RMB41,000,000 of which the remaining RMB31,000,000 was recorded as consideration payable (the “Consideration Payable”). In March 2022, the Group disposed of 100% equity interest in Jiangsu Meili Kongjian to Beijing Taolichunfeng Property Development Co., Ltd.\* (北京桃李春風房地產開發有限公司) (“Taolichunfeng”) by entering into a disposal agreement (the “Disposal”) and agreed with Ningbo Sixing in a supplemental agreement that the Consideration Payable shall be fully set-off against an underlying interest in properties with a construction area of 4,200 square meters (the “Offsetting Arrangement”). Further details of the Disposal and the Offsetting Arrangement are set out in the Company’s announcement dated 29 March 2022. In April 2022, at the request of Ningbo Sixing, the Group provided a guarantee for Taolichunfeng’s responsibilities and obligations after completion of the Disposal, including implementation of the Offsetting Arrangement. In this regard, the Group has also obtained a counter-guarantee from Taolichunfeng. In December 2022, Ningbo Sixing denied the Offsetting Arrangement and brought the civil proceedings (the “Civil Proceedings 1”) against Taolichunfeng, Jiangsu Meili Kongjian and the Group to jointly liable to repay RMB35,440,000, including the Consideration Payable, in cash. In July 2023, the court issued the judgement which turned down the Civil Proceedings 1. After that, Ningbo Sixing brought another civil proceedings (the “Civil Proceedings 2”) in July 2023 and October 2023 respectively in order to cancel the Offsetting Arrangement and request Jiangsu Meili Kongjian, Taolichunfeng and the Group to jointly liable to pay the damages of RMB1,000,000. As at the date of this announcement, the Group has submitted the statement of defense to the court and the relevant civil trial has not begun. The directors are of the view that the liability under the Civil Proceedings 2 is not probable.
- (2) A wholly-owned subsidiary of the Company, Huaihua Qinneng Technology Development Co., Ltd.\* (懷化勤能科技開發有限公司) (“Huaihua Qinneng”) was under dispute with Beijing Aoke Ruifeng New Energy Co., Ltd.\* (北京奧科瑞豐新能源股份有限公司), (“Beijing Aoke”) regarding the value of assets of approximately RMB18,850,000 which were transferred from Beijing Aoke to the Group. Such assets, mainly consisting of plant and machinery, were utilised in the Group’s centralised heating business operated by Yuncheng Baoshihua Regional Energy Technology Co., Ltd.\* (運城寶石花區域能源科技有限公司) (“Yuncheng Baoshihua”). Yuncheng Baoshihua is wholly-owned by Huaihua Qinneng. Beijing Aoke won the case in the arbitration proceedings for claiming back, inter alia, the value of the transferred assets and applied for the court’s enforcement. The Intermediate People’s Court of Yuncheng\* (運城市中級人民法院) ordered Huaihua Qinneng to enforce the arbitration award and to, inter alia, freeze Huaihua Qinneng’s equity interest in Yuncheng Baoshihua. The Group has accounted for the value of the transferred assets in its consolidated financial statements and currently is negotiating the settlement plan with Beijing Aoke. According to the PRC legal adviser’s opinion, the directors are of the view that the court order will not have a material impact on the operation of Yuncheng Baoshihua as well as the Group’s financial position.

- (3) Several suppliers of geothermal energy business brought lawsuits to the courts against Henan Province Baoshihua Geothermal Energy Development Co., Ltd.\* (河南省寶石花地熱能開發有限公司) (“Henan Province Baoshihua”) and Wujixian Baoshihua Geothermal Energy Development Co., Ltd.\* (無極縣寶石花地熱能開發有限公司) (“Wujixian Baoshihua”) (both being non-wholly owned subsidiaries of the Company) and Xian Baoshihua Energy Technology Group Co., Ltd.\* (西安寶石花能源科技集團有限公司) (“Xian Baoshihua”) (a wholly-owned subsidiary of the Company) with total contracts sum of approximately RMB40,657,000. As there were contract disputes with such suppliers, Henan Province Baoshihua, Wujixian Baoshihua and Xian Baoshihua did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Henan Province Baoshihua and Wujixian Baoshihua have settled approximately RMB7,246,000 in total and the remaining outstanding contracts sum of approximately RMB33,411,000 have been accrued in trade payables arising from geothermal energy business as at 30 September 2023. Due to the abovementioned lawsuits, the assets of Henan Province Baoshihua and Wujixian Baoshihua totaling approximately RMB4,576,000 were frozen as at 30 September 2023. The directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.
- (4) A wholly-owned subsidiary of the Company, Shaanxi Jiangwei Construction Engineering Co., Ltd.\* (陝西江威建築工程有限公司) (“Shaanxi Jiangwei”), has also been involved in a number of lawsuits with total contracts sum of approximately RMB25,387,000. As there were contract disputes with suppliers under building construction contracting business, Shaanxi Jiangwei did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Shaanxi Jiangwei has paid the suppliers approximately RMB4,500,000 in total and the remaining outstanding contracts sum of approximately RMB20,887,000 have been accrued in trade payables arising from building construction contracting business as at 30 September 2023. Due to the abovementioned lawsuits, the assets of Shaanxi Jinagwei amounted to approximately RMB453,000 were frozen as at 30 September 2023. The directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Highlights

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(Unaudited)	(Unaudited)
<b>Financial Results Highlight</b>		
Turnover	<b>106.7</b>	284.0
Total operating costs	<b>(81.7)</b>	(234.7)
Total expenses	<b>(66.4)</b>	(86.9)
Net loss before taxation and non-controlling interests	<b>(39.5)</b>	(35.4)
Loss for the period attributable to owners of the Company	<b>(40.8)</b>	(37.3)
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(Unaudited)	(Audited)
<b>Extract of Financial Position</b>		
Total assets	<b>1,856.3</b>	1,894.2
Total liabilities	<b>(940.4)</b>	(1,003.8)
Net current assets	<b>265.8</b>	138.2
Bank and cash balances – general accounts	<b>104.1</b>	50.1
Net assets	<b>915.9</b>	890.4

### Overview

For the six months ended 30 September 2023, the Group's turnover was approximately HK\$106.7 million, representing a decrease of approximately 62.4% as compared with approximately HK\$284.0 million in last corresponding period. The significant decrease in the Group's turnover for the period under review was mainly attributable to (i) suspension of trading business resulted from clients' issues and (ii) sluggishness in real estate related businesses, in particular building construction contracting business, under the prevailing real estate market conditions in the PRC. Notwithstanding the sharp decline in its turnover, the Group managed to mitigate the impact on the operating results of the period under review by strengthening cost control. As a result, the loss for the period attributable to owners of the Company was approximately HK\$40.8 million as compared with approximately HK\$37.3 million in last corresponding period, representing a slight increase of approximately 9.5%.

## **BUSINESS AND FINANCIAL REVIEW**

### **Building Construction Contracting Business**

The Group acquired a company, which is principally engaged in building construction contracting on project basis in the PRC, in May 2020. For the six months ended 30 September 2023, the turnover of the Group's building construction contracting business amounted to approximately HK\$68.2 million (30 September 2022: approximately HK\$111.0 million) and the gross profit of approximately HK\$6.5 million (30 September 2022: approximately HK\$13.3 million) was made. Corresponding profit of approximately HK\$2.0 million (30 September 2022: approximately HK\$5.2 million) was achieved in this segment.

### **Project Management Business**

The Group has commenced to provide project management services in the PRC since July 2020. For the six months ended 30 September 2023, the turnover of the Group's project management business amounted to approximately HK\$6.3 million (30 September 2022: approximately HK\$16.0 million) and the gross profit of approximately HK\$4.1 million was recorded (30 September 2022: approximately HK\$13.2 million). Segment loss of approximately HK\$10.6 million was incurred in this segment (30 September 2022: approximately HK\$7.6 million).

### **Customised Technical Support Business**

After the Group acquired a group of companies in August 2021 which are principally engaged in the provision of financial information, solutions and data analytical services to customers in finance and property related field in the PRC, the Group combined such newly acquired business with its building architecture and interior design business so as to provide customised technical support services to customers in the PRC. For the six months ended 30 September 2023, the turnover of the Group's customised technical support business amounted to approximately HK\$9.8 million (30 September 2022: approximately HK\$18.1 million) and the gross profit was approximately HK\$9.8 million (30 September 2022: approximately HK\$12.9 million). Segment profit of approximately HK\$5.3 million was made in this segment (30 September 2022: approximately HK\$4.9 million).

### **Property Brokerage Business**

The Group has been engaged in provision of residential and commercial property brokerage and consultancy services in the PRC since June 2019. Currently, the major places of business activities are in Xi'an, Shaanxi Province of the PRC. During the period under review, real estate transactions and deals slowed dramatically as buyers and sellers delayed decisions due to greater uncertainty arising from the lower-than-expected post-COVID economic recovery and the string of defaults by major property developers. For the six months ended 30 September 2023, no turnover of the Group's property brokerage business was generated (30 September 2022: approximately HK\$0.5 million). Corresponding loss of approximately HK\$0.5 million was incurred in this segment (30 September 2022: approximately HK\$1.1 million).

### **Geothermal Energy Business**

The Group acquired a group of companies, which are principally engaged in developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC, in March 2020. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Henan Province of the PRC. For the six months ended 30 September 2023, the turnover of the Group's geothermal energy business amounted to approximately HK\$3.4 million (30 September 2022: approximately HK\$3.5 million) whereas the gross loss of approximately HK1.2 million (30 September 2022: approximately HK\$0.2 million) was incurred. Corresponding segment loss of approximately HK\$6.7 million (30 September 2022: approximately HK\$4.4 million) was incurred in this segment.

### **Centralised Heating Business**

The Group started the centralised heating business after becoming the reorganisation investor of a company, which is principally engaged in the business of providing the heat and steam supply services in the licensed area of Yuncheng, Shanxi through centralised pipe networks, in September 2020. The Group was further granted an exclusive license for the provision of centralised heating service in Yuncheng City for 30 years from 1 January 2021. For the six months ended 30 September 2023, the turnover of the Group's centralised heating business amounted to approximately HK\$11.9 million (30 September 2022: approximately HK\$13.0 million) and the gross loss of approximately HK\$0.6 million (30 September 2022: gross profit of approximately HK\$0.4 million) was incurred. The Group record a loss of approximately HK\$5.0 million (30 September 2022: approximately HK\$4.7 million) in this segment.

## **Property Investment Business**

The Group acquired a group of companies in January 2019 which mainly hold the investment properties in the PRC for rental income and capital appreciation. For the six months ended 30 September 2023, the rental income generated from such investment properties amounted to approximately HK\$3.2 million (30 September 2022: approximately HK\$3.4 million). Corresponding profit of approximately HK\$2.8 million (30 September 2022: approximately HK\$2.9 million) was made in this segment. As at 30 September 2023, the fair value of the investment properties was approximately HK\$114.0 million (31 March 2023: approximately HK\$121.4 million).

## **Trading Business**

As disclosed in the Company's announcement dated 23 March 2023 and the 2022/23 annual report, the Group's two major trading customers deregistered which caused severe difficulties in carrying on the Group's trading business. During the period under review, the Group was reviewing the internal control and risk management in respect of the trading business, formulating possible business model and discussing with potential business partners. For the six months ended 30 September 2023, no turnover of the Group's trading business was generated (30 September 2022: approximately HK\$113.4 million). The Group recorded a loss of approximately HK\$7.3 million (30 September 2022: approximately HK\$6.6 million) in this segment.

## **Money Lending Business**

The Group holds a money lenders licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to prospective customers including enterprises and individuals. The Group earns interest income from the provision of such loan facilities. The money lending customers are mainly referrals from the business partners/existing clients of the Group and business contacts of the Group's senior management, who are high net worth individuals or companies engaged in various industries including investment fund, trader of hi-tech equipment, investor of tourism-related activities, etc. This segment has begun to generate returns to the Group since April 2016. For the six months ended 30 September 2023, the turnover of the Group's money lending business amounted to approximately HK\$2.8 million (30 September 2022: approximately HK\$3.7 million). Corresponding segment profit of approximately HK\$1.2 million was made for the six months ended 30 September 2023 (30 September 2022: approximately HK\$1.8 million).

## **Securities and Futures Brokerage Business**

The Group has been providing brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries since August 2017. For the six months ended 30 September 2023, the turnover of the Group's securities and futures brokerage business amounted to approximately HK\$0.04 million (30 September 2022: approximately HK\$0.2 million). Corresponding segment loss of approximately HK\$2.0 million was incurred for the six months ended 30 September 2023 (30 September 2022: approximately HK\$2.3 million).

## **Freight Forwarding Business**

The freight forwarding business of the Group provides international air and sea freight forwarding and logistic services to local customers in Singapore which consist of small and medium trading companies and forwarders. For the six months ended 30 September 2023, the turnover of the Group's freight forwarding business amounted to approximately HK\$1.1 million (30 September 2022: approximately HK\$0.9 million). Corresponding gross profit of approximately HK\$0.4 million and segment profit of approximately HK\$0.04 million were made for the six months ended 30 September 2023 respectively (30 September 2022: gross profit of approximately HK\$0.3 million and segment loss of approximately HK\$0.1 million).

## **Finance Leasing Business**

As disclosed in the 2022/23 annual report, the Group has no plan to develop new business cooperation in this segment. During the period under review, the Group mainly endeavoured to follow up with existing clients for debts collection. Accordingly, no turnover of the Group's finance leasing business was generated for the six months ended 30 September 2023 (30 September 2022: approximately HK\$0.5 million). The segment loss of approximately HK\$0.3 million was incurred (30 September 2022: approximately HK\$0.2 million).

## **Securities Investment Business**

As disclosed in the 2022/23 annual report, the Group has suspended this business segment in view of the current macro environment and vulnerable stock market. For the six months ended 30 September 2023, the Group did not trade any listed equity securities and hence no turnover and realised gain/loss of the Group's securities investment business was generated (30 September 2022: nil). As the Group did not hold any trading securities during the period and at the end of the reporting period (31 March 2023: nil), the Group did not receive any dividend income (30 September 2022: nil) and record any unrealised fair value gain/loss on the Group's securities investment for the six months ended 30 September 2023 (30 September 2022: nil).

## **OUTLOOK**

Looking forward the second half of the year, the ongoing macroeconomic and geopolitical uncertainties and global megatrends will continue to shape the broader market and business environment. The post-COVID economic recovery of mainland China and Hong Kong slows amid mounting anxiety on the long-term growth. In particular, the property sector of mainland China is still subject to issues relating to defaults of property developers even though the government has been rolling out more proactive and effective policies to stimulate the economy and the real estate industry. The Group will consolidate and stabilize existing real estate related services businesses while it is also seeking new structural adjustments and new development opportunities. By virtue of its development of big data and digital-related businesses in past few years, the Group is exploring possible cooperation with various business partners in potential development of new retailing service, application of artificial intelligence, and metaverse supply chain solutions. Meanwhile, the Group will keep on reviewing and considering its existing resources, including the experience, expertise and social network of the directors and management of the Company, with the aim of further expanding the current principal businesses and exploring possible inter-segment development and collaboration. The Group will endeavour to strengthen its client base and diversify its products and services mix among different business segments.

## **LIQUIDITY AND CASHFLOW RESOURCES**

As at 30 September 2023, the total equity and net current assets of the Group amounted to approximately HK\$915.9 million (31 March 2023: approximately HK\$890.4 million) and approximately HK\$265.8 million (31 March 2023: approximately HK\$138.2 million), respectively. On the same date, the Group had bank and cash balances of approximately HK\$104.1 million (31 March 2023: approximately HK\$50.1 million) and the current ratio was 1.28 (31 March 2023: 1.14). As at 30 September 2023, the Group has (i) secured trust loans of approximately HK\$214.6 million (31 March 2023: approximately HK\$228.5 million) bearing fixed interest rate at 12% per annum and to be repaid by installments by March 2024, (ii) secured bank loans of approximately HK\$88.0 million (31 March 2023: approximately HK\$93.7 million) bearing fixed interest rate ranged from 3.65% to 5.15% per annum and to be repaid from November 2023 to September 2024, (iii) unsecured short-term loans from an independent lender of approximately HK\$3.2 million (31 March 2023: approximately HK\$3.4 million) bearing fixed interest rate at 6% per annum and to be repaid on demand, (iv) interest-free and unsecured advance payments from independent third parties and subcontractors of approximately HK\$3.8 million (31 March 2023: approximately HK\$0.3 million) and HK\$92.1 million (31 March 2023: approximately HK\$102.4 million) respectively to be repaid on demand, and (v) interest-free and secured short-term loan from an independent third party of approximately HK\$2.6 million (31 March 2023: approximately HK\$3.1 million) to be repaid by March 2024.

As at 30 September 2023, the gearing ratio of the Group was approximately 0.22 (31 March 2023: approximately 0.23). The gearing ratio is measured on the basis of the total amount of interest bearing and interest free borrowings/advance payments over the amount of total assets. As at 30 September 2023, the total amount of interest bearing and interest free borrowings/advance payments and the amount of total assets of the Group amounted to approximately HK\$404.3 million (31 March 2023: approximately HK\$431.4 million) and approximately HK\$1,856.3 million (31 March 2023: approximately HK\$1,894.2 million), respectively.

The Group has readily available financial resources for both general working capital purposes and existing business operation.

## **PLEDGE OF ASSETS**

As at 30 September 2023 and 31 March 2023, none of the Group's securities were pledged to brokers to secure the margin loan. As at 30 September 2023, bank deposit of RMB15.0 million (equivalent to approximately HK\$16.1 million) and certain flats of the investment properties held by the Group were pledged to banks to secure the bank loans borrowed by the Group (31 March 2023: certain flats of the investment properties held by the Group were pledged to banks to secure the bank loans borrowed by the Group).

## **CAPITAL EXPENDITURE**

During the six months ended 30 September 2023, the Group incurred approximately HK\$5.2 million (30 September 2022: approximately HK\$0.8 million) as capital expenditure mainly in respect of plant and equipment situated in the PRC.

## **CAPITAL COMMITMENTS**

As at 30 September 2023, the Group had no material capital commitment (31 March 2023: nil).

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 September 2023, the Group held financial assets at fair value through other comprehensive income of approximately HK\$7.9 million (31 March 2023: approximately HK\$8.8 million) which represented unlisted equity securities in Hong Kong. No financial assets at fair value through profit or loss in relation to equity securities were held as at 30 September 2023 (31 March 2023: nil). During the six months ended 30 September 2023, the Group recorded a fair value loss of approximately HK\$0.9 million on securities investments that are not held for trading in other comprehensive income.

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board will continue to closely monitor the performance of its investment portfolio (if any) from time to time.

As at 30 September 2023, the Group did not hold any significant investments in an investee company with a value of 5% or more of the Group's total assets.

## **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the period under review, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had a downward adjustment, resulting in an exchange loss of approximately HK\$23.0 million recognised as other comprehensive expense of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

## **EMPLOYEES AND HUMAN RESOURCES POLICY**

As at 30 September 2023, the Group had 203 staff (30 September 2022: 254 staff). The total staff costs incurred for the six months ended 30 September 2023 was approximately HK\$28.0 million (30 September 2022: approximately HK\$39.0 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programmes and budget.

Pursuant to a share option scheme adopted on 1 September 2021 (the "2021 Share Option Scheme"), the Board may grant options to, among other, directors (including non-executive directors and independent non-executive directors) and employees of the Company and any of its subsidiaries or associated companies, to subscribe for shares of the Company. During the period, no options were granted under the 2021 Share Option Scheme.

## **MATERIAL ACQUISITION OR DISPOSAL**

On 4 September 2023, Guohua Jiaye (Beijing) Enterprise Management Co., Ltd.\* (國華佳業(北京)企業管理有限公司) (“Guohua Jiaye”), a wholly owned subsidiary of the Company, entered into a termination agreement with the other shareholder of Tiandi Youdamei (Beijing) Cultural Tourism Company Limited\* (天地有大美(北京)文旅有限公司) (“Tiandi Youdamei”), an independent third party, to terminate the equity transfer and capital injection cooperation agreement regarding the equity investment in Tiandi Youdamei (the “Tiandi Youdamei Cooperation Agreement”). Pursuant to the termination agreement, Guohua Jiaye agreed to transfer 25% equity interest in Tiandi Youdamei to the other shareholder, and the other shareholder agreed to (i) refund RMB0.5 million to Guohua Jiaye and (ii) release Guohua Jiaye from obligations under the Tiandi Youdamei Cooperation Agreement, including payment of investment sum of RMB20 million. The termination became effective on 4 September 2023 and Tiandi Youdamei has ceased to be an associate of the Group since then.

Save as disclosed above, there was no material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the six months ended 30 September 2023.

## **FUND RAISING ACTIVITIES AND INTENDED USE OF PROCEEDS**

During the period under review, the Company implemented a rights issue (the “Rights Issue”) on the basis of two (2) rights share (the “Rights Share(s)”) for every five (5) existing shares held on 24 August 2023 at the subscription price of HK\$0.16 per Rights Share. The closing price per share of the Company was HK\$0.255 on 26 July 2023, i.e. the last trading day. The net price (after deduction of transaction and issue costs attributable to the Rights Issue) per Rights Share is approximately HK\$0.155. The Rights Issue was conducted for strengthening the Group’s capital base and financial position. In particular, its proceeds would be utilised in developing existing businesses, financing mergers and acquisitions, and enhancing general working capital. The Rights Issue was completed on 21 September 2023 with 566,216,052 Rights Shares allotted and issued and the net proceeds were approximately HK\$88.8 million. Details of the Rights Issue were set out in the prospectus of the Company dated 25 August 2023 and the announcement of the Company dated 20 September 2023. As at 30 September 2023, the Group has yet to utilise the net proceeds from the Rights Issue. Details of the intended use of proceeds are as follows:

- (i) HK\$15 million would be used for the settlement of unpaid balance of the consideration for the acquisition of 42% of the issued shares of Treasure Cart Holdings Limited by the end of the fourth quarter of 2023;

- (ii) HK\$20 million would be used for the operation of the existing businesses of the Group, in particular implementing (a) supply-chain enhancement measures and (b) renovation and upgrading plans of facilities and infrastructure for the Group's centralised heating business and geothermal energy business, by the end of the fourth quarter of 2023;
- (iii) HK\$35 million would be used for the future strategic investments in relation to data analytical service business to facilitate the new retailing business, including but not limited to further investment in subsidiaries of the Company and/or acquisition of other new targets in such fields, by the end of the first quarter of 2024;
- (iv) HK\$10 million would be used for the capital contribution of certain subsidiaries of the Company, including Beijing Gong Sheng Data Technology Co., Ltd.\* (北京共生數據科技有限公司), for the purposes of exploring and developing big data and digital-related businesses, including but not limited to the new retailing business and metaverse-related businesses, by the end of the fourth quarter of 2024; and
- (v) approximately HK\$8 million would be used for general working capital of the Group by the end of the first quarter of 2024.

An amount of approximately HK\$11.0 million out of the net proceeds from a previous rights issue of the Company completed on 14 July 2021 was originally intended to be applied for the settlement of unpaid investment sum to Tiandi Youdamei, and, given the disposal of equity interest in Tiandi Youdamei, was used as general working capital of the Group by the end of the period under review.

## **INTERIM DIVIDEND**

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2023 (30 September 2022: nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges its responsibility for establishing and maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis pursuant to Code Provision D.2.1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code").

The Group has adopted and followed a series of internal control procedures to regulate the money lending business and the finance leasing business to ensure a comprehensive risk management, so as to safeguard the interests of the Company and its shareholders, including (i) credit risk assessment by the business team, (ii) formulation of the preliminary business proposal by the business team, (iii) assessment by the risk control and compliance department, (iv) credit approval, and (v) ongoing monitoring of loan recoverability and loan collection.

## **CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

In the opinion of the Board, save as disclosed below, none of the directors of the Company are aware of any information that would reasonably indicate that the Company was not for any part of the six months ended 30 September 2023 in compliance with the CG Code.

Under Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee is responsible for a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. The Group continues to review the need for an internal audit function annually.

Under Code Provision C.1.6 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Three independent non-executive directors namely, Mr. Liu Tonghui, Ms. Yin Meiqun and Mr. Ye Jianmu, were unable to attend the Company's annual general meeting held on 5 September 2023 due to their other business commitments.

## **AUDIT COMMITTEE**

As at 28 November 2023, the Audit Committee of the Company comprises three independent non-executive directors, namely, Ms. Yin Meiqun, Mr. Liu Tonghui and Mr. Ye Jianmu.

The primary duties of the Audit Committee are to review the financial statements and reports and to review the adequacy and effectiveness of the Group's financial reporting system, internal control system and risk management system and associated procedures.

The Group's unaudited results for the six months ended 30 September 2023 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. All directors of the Company have confirmed, immediately following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

## **PUBLICATION OF INTERIM REPORT**

The interim results announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cbgroup.com.hk](http://www.cbgroup.com.hk)).

The 2023 Interim Report containing all the information required under Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

By Order of the Board  
**China Best Group Holding Limited**  
**Mr. Qin Jie**

*Executive Director and Chief Executive Officer*

Hong Kong, 28 November 2023

*As at the date of this announcement, the Board comprises five executive directors, namely, Ms. Wang Yingqian (Chairman), Mr. Qin Jie (Chief Executive Officer), Mr. Fan Jie, Mr. Li Haitao and Ms. Tao Lei, and three independent non-executive directors, namely, Mr. Liu Tonghui, Ms. Yin Meiqun and Mr. Ye Jianmu.*