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HARBOUR EQUINE HOLDINGS LIMITED

維港育馬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8377)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures for the corresponding period in 2023, which are presented in Hong Kong dollars (“**HK\$**”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
	Note	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	20,715	42,526
Cost of sales		<u>(22,745)</u>	<u>(44,999)</u>
Gross loss		(2,030)	(2,473)
Other gains and losses, net	5	(860)	126
Selling and distribution expenses		(1,101)	(1,894)
Administrative expenses		(7,317)	(10,359)
Finance costs	6	<u>(2,175)</u>	<u>(1,920)</u>
LOSS BEFORE TAX	7	(13,483)	(16,520)
Income tax expense	8	<u>–</u>	<u>–</u>
LOSS FOR THE PERIOD		<u>(13,483)</u>	<u>(16,520)</u>
LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(13,483)</u>	<u>(16,520)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	10		
Basic and diluted (expressed in HK cents per share)		<u>(3.30)</u>	<u>(4.04)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	<u>(13,483)</u>	<u>(16,520)</u>
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign operations	<u>(1,577)</u>	<u>(3,438)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(1,577)</u>	<u>(3,438)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(15,060)</u>	<u>(19,958)</u>
ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(15,060)</u>	<u>(19,958)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		800	4,544
Investment property		–	4,300
Right-of-use assets		748	1,385
Financial assets at fair value through profit or loss		5,226	5,226
Biological assets		1,042	5,864
Goodwill		6,683	6,683
Intangible assets		3,788	3,788
		<hr/> 18,287	<hr/> 31,790
CURRENT ASSETS			
Inventories		4,073	5,780
Biological assets		2,980	9,550
Trade receivables	<i>11</i>	7,530	7,595
Contract assets		8,218	7,755
Prepayments, other receivables and other assets		12,231	12,175
Tax recoverable		160	561
Cash and cash equivalents		4,087	4,123
		<hr/> 39,279	<hr/> 47,539
CURRENT LIABILITIES			
Trade payables	<i>12</i>	8,070	12,857
Other payables and accruals		15,635	9,399
Borrowings		26,125	33,445
Lease liabilities		771	1,046
Tax payable		1,210	1,323
		<hr/> 51,811	<hr/> 58,070

		As at 30 June 2024 <i>Notes</i> HK\$'000 (unaudited)	As at 31 December 2023 <i>Notes</i> HK\$'000 (audited)
NET CURRENT LIABILITIES		<u>(12,532)</u>	<u>(10,531)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,755</u>	<u>21,259</u>
NON-CURRENT LIABILITIES			
Lease liabilities		452	896
Deferred tax liabilities		677	677
Retirement benefit obligations		298	298
		<u>1,427</u>	<u>1,871</u>
NET ASSETS		<u><u>4,328</u></u>	<u><u>19,388</u></u>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	20,457	20,457
Reserves		(16,129)	(1,069)
TOTAL EQUITY		<u><u>4,328</u></u>	<u><u>19,388</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory surplus reserve HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 January 2023 (audited)	<u>20,457</u>	<u>130,674</u>	<u>(1,000)</u>	<u>5,670</u>	<u>4,942</u>	<u>6,911</u>	<u>(99,726)</u>	<u>67,928</u>
Loss for the period	-	-	-	-	-	-	(16,520)	(16,520)
Other comprehensive loss for the period:								
Exchange difference on translation of foreign operation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,438)</u>	<u>-</u>	<u>(3,438)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,438)</u>	<u>(16,520)</u>	<u>(19,958)</u>
As at 30 June 2023 (unaudited)	<u><u>20,457</u></u>	<u><u>130,674</u></u>	<u><u>(1,000)</u></u>	<u><u>5,670</u></u>	<u><u>4,942</u></u>	<u><u>3,473</u></u>	<u><u>(116,246)</u></u>	<u><u>47,970</u></u>
As at 1 January 2024 (audited)	<u>20,457</u>	<u>130,674</u>	<u>(1,000)</u>	<u>5,670</u>	<u>4,942</u>	<u>5,196</u>	<u>(146,551)</u>	<u>19,388</u>
Loss for the period	-	-	-	-	-	-	(13,483)	(13,483)
Other comprehensive loss for the period:								
Exchange difference on translation of foreign operation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,577)</u>	<u>-</u>	<u>(1,577)</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,577)</u>	<u>(13,483)</u>	<u>(15,060)</u>
Lapse of equity-settled share option	-	-	-	-	(2,485)	-	2,485	-
As at 30 June 2024 (unaudited)	<u><u>20,457</u></u>	<u><u>130,674</u></u>	<u><u>(1,000)</u></u>	<u><u>5,670</u></u>	<u><u>2,457</u></u>	<u><u>3,619</u></u>	<u><u>(157,549)</u></u>	<u><u>4,328</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(13,483)	(16,520)
Adjustments for:		
Finance costs	2,175	1,920
Bank interest income	(1)	(1)
Depreciation of right-of-use assets	408	1,013
Depreciation of fixed assets	544	755
Loss on written-off of property, plant and equipment	–	1,519
Loss on disposal of investment property	100	–
(Gain)/loss on disposal of items of property, plant and equipment	(976)	12
Fair value loss on investment property	700	–
Loss on disposal of biological assets	2,622	578
Gain on termination of lease contract	(19)	–
	(7,930)	10,724
Decrease in inventories	1,707	2,374
Decrease in trade receivables	65	6,168
(Increase)/decrease in prepayments, other receivables and other assets	(56)	457
Increase in contract assets	(463)	(5,560)
Decrease in biological assets	8,770	25,758
Decrease in trade payables	(4,787)	(11,024)
(Increase)/decrease in other payables and accruals	6,236	(2,649)
Cash used in operations	3,542	4,800
Interest received	1	1
Interest paid	(2,175)	(1,920)
Tax refund	288	1,306
Net cash flows used in operating activities	1,656	4,187

**For the six months
ended 30 June**

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of investment property	3,500	–
Proceeds from disposal of fixed assets	4,380	137
Purchase of fixed assets	(203)	–
Repayment of lease liabilities	(472)	(1,187)
	<u>7,205</u>	<u>(1,050)</u>

Net cash flows used in investing activities

7,205 **(1,050)**

CASH FLOWS FROM FINANCING ACTIVITIES

New borrowings	8,702	6,648
Repayments of borrowings	(16,022)	(5,779)
	<u>(7,320)</u>	<u>869</u>

Net cash flows generated from financing activities

(7,320) **869**

**NET INCREASE IN CASH AND CASH
EQUIVALENTS**

	1,541	4,006
Cash and cash equivalents at beginning of period	4,123	2,166
Effect of foreign exchange rate changes, net	(1,577)	(3,438)
	<u>4,087</u>	<u>2,734</u>

**CASH AND CASH EQUIVALENTS AT END OF
PERIOD**

4,087 **2,734**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 18 August 2016. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the manufacture and selling of sewing threads and broad categories of garment accessories, provision of interior design, interior decoration and furnishing services, provision of trading of bloodstock, stallion services and equine handling services and provision of advisory on securities, corporate finance and asset management services.

In the opinion of the Directors, the ultimate holding company of the Group is Three Gates Investment Limited, which was incorporated in the British Virgin Islands ("BVI") with limited liability and is controlled by Mr. Wong Kwok Wai, Albert.

As at the date of this announcement, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ paid-up/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Strat Tech Holdings Limited	BVI	US\$1	100%	–	Investment holding
Shen You (China) Limited	Hong Kong	HK\$10,000,000	100%	–	Investment holding
Tseyu International Trading Company Limited	Hong Kong	HK\$60,000,000	–	100%	Trading of sewing threads and broad categories of garment accessories
Newchamp Industries Limited	Hong Kong	HK\$30,000,000	–	100%	Trading of sewing threads
Clolab International Limited	Hong Kong	HK\$10,000	–	100%	Dormant
Cheerful Keen Limited	BVI	US\$1	–	100%	Trading of sewing threads and broad categories of garment accessories

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ paid-up/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Xinhua Thread Company Limited*	People's Republic of China (the "PRC")/ Mainland China	HK\$64,250,000	–	100%	Manufacture and trading of sewing threads and broad categories of garment accessories
申酉辰鑫企業(上海)有限公司*	PRC/Mainland China	HK\$10,000,000	–	100%	Investment holding
杭州新裕線業有限公司	PRC/Mainland China	RMB500,000	–	100%	Trading of sewing threads and broad categories of garment accessories
Diamond Motto Limited	Hong Kong	US\$300	100%	–	Investment holding
LMP International Limited	Hong Kong	HK\$1	–	100%	Provision of interior design, fitting out and decoration services
Better Dynasty Limited	Hong Kong	HK\$10,000	100%	–	Investment holding
Harbour Equine Limited	Hong Kong	HK\$100	–	100%	Investment holding
Thrill Rank Company Limited	BVI	US\$100	100%	–	Investment holding
Harbour Equine Pty Ltd	Australia	AUS\$100	–	100%	Horse breeding
Harbour Stallion Pty Ltd	Australia	AUS\$100	–	100%	Horse breeding
Harbour Racing Limited	Hong Kong	HK\$100	100%	–	Equine management services
Hua Yu Investment Management Limited	Hong Kong	HK\$1,750,000	100%	–	Provision of corporate financial advisory services and asset management services

* Registered as wholly-foreign-owned enterprises under PRC law.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Companies Ordinances.

The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2023.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with the consolidated financial statements of the Group for the year ended 31 December 2023.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an 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.

4. OPERATING SEGMENT INFORMATION

The Group identifies its operating segments and prepared segment information based on the regular internal financial information reported to the Group’s executive directors for their decisions about resources allocation to the Group’s business components and review of these components’ performance.

The Group has four reportable segments as follows:

Manufacture and selling of threads	–	manufacture and selling of high performance sewing threads and broad categories of garment accessories
Interior design and decoration	–	provision of interior design, interior decoration and furnishing services
Equine services	–	provision of trading of bloodstocks, stallion services and equine handling service
Advisory on securities, corporate finance and asset management	–	provision of advisory on securities, corporate financial advisory services and asset management services

Information about reportable segment profit or loss:

	Six months ended 30 June 2024				Total HK\$'000 (unaudited)
	Manufacturing and selling of threads HK\$'000 (unaudited)	Interior design and decoration HK\$'000 (unaudited)	Equine services HK\$'000 (unaudited)	Advisory on securities, corporate finance and asset management HK\$'000 (unaudited)	
Turnover					
Revenue from external customers	4,125	10,450	4,646	1,494	20,715
Result					
Segment profit/(loss)	(5,176)	253	(5,961)	1,424	(9,460)
Corporate and unallocated expenses					(4,023)
Loss before tax					<u>(13,483)</u>

	Six months ended 30 June 2023				Total HK\$'000 (unaudited)
	Manufacturing and selling of threads HK\$'000 (unaudited)	Interior design and decoration HK\$'000 (unaudited)	Equine services HK\$'000 (unaudited)	Advisory on securities, corporate finance and asset management HK\$'000 (unaudited)	
Turnover					
Revenue from external customers	13,442	10,294	18,790	–	42,526
Result					
Segment profit/(loss)	(4,007)	1,172	(8,439)	(90)	(11,364)
Corporate and unallocated expenses					(5,156)
Loss before tax					<u>(16,520)</u>

An analysis of revenue by geographic location, based on the location of customer and service provided, is set out below:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Overseas		
PRC	260	9,023
Hong Kong	12,047	11,043
Overseas	8,408	22,460
	20,715	42,526

Information about reportable segment assets and liabilities:

	Manufacturing and selling of threads		Interior design and decoration		Equine services		Advisory on securities, corporate finance and asset management		Total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Assets										
Segment assets	18,789	21,631	20,807	26,675	4,732	16,403	3,919	4,069	48,247	68,778
Unallocated corporate assets									9,319	10,551
Consolidated total assets									57,566	79,329
Liabilities										
Segment liabilities	(14,568)	(14,810)	(5,459)	(9,402)	(22,056)	(26,496)	(6)	(632)	(42,089)	(51,340)
Unallocated corporate liabilities									(11,149)	(8,628)
Consolidated total liabilities									(53,238)	(59,968)

5. OTHER GAINS AND LOSSES, NET

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Other gains and losses, net		
Bank interest income	1	1
Exchange gains (loss), net	849	1,241
Fair value loss on investment property	(700)	–
Gross rental income	84	982
Loss on written-off of fixed asset	–	(1,519)
Gain/(loss) on disposal of fixed assets	976	(12)
Loss on disposal of investment property	(100)	–
Loss on disposal of biological assets	(2,622)	(578)
Insurance compensation of biological assets	591	–
Gain on termination of lease contract	19	–
Other	42	11
	<u>(860)</u>	<u>126</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest on lease liabilities	40	72
Interest on borrowings	2,135	1,848
	<u>2,175</u>	<u>1,920</u>

7. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Cost of inventories sold	13,544	27,408
Depreciation of fixed assets	544	755
Depreciation of right-of-use assets	408	1,013
Lease payments not included in the measurement of lease liabilities	620	314
Employees' benefit expenses (excluding directors' remuneration)	6,262	7,697
Net exchange gain	(849)	(1,241)
Gain/loss on disposal of fixed assets	(976)	12
Loss on written-off of fixed assets	–	1,519
Loss on disposal of biological assets	2,622	578
Loss on disposal of investment property	100	–
Gain on termination of lease contract	(19)	–
Fair value loss on investment property	700	–
	<u>700</u>	<u>–</u>

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2020/2021. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income.

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current — Hong Kong and Mainland China	—	—
Deferred	—	—
	<u>—</u>	<u>—</u>
Tax (credit)/expense	<u>—</u>	<u>—</u>

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

	For the six months	
	ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Loss attributable to owners of the parent (HK\$'000)	<u>(13,483)</u>	<u>(16,520)</u>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>409,141,860</u>	<u>409,141,860</u>
Basic and diluted loss per share (HK cents)	<u>(3.30)</u>	<u>(4.04)</u>

11. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Within 1 month	3,687	1,644
1 to 2 months	291	1,086
2 to 3 months	2,868	1,742
Over 3 months	<u>1,108</u>	<u>3,547</u>
	7,954	8,019
Less: Allowance for credit losses	<u>(424)</u>	<u>(424)</u>
	<u><u>7,530</u></u>	<u><u>7,595</u></u>

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the transaction date, is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (unaudited)	As at 31 December 2023 <i>HK\$'000</i> (audited)
Within 1 month	2,906	3,853
1 to 2 months	85	1,022
2 to 3 months	153	2,143
Over 3 months	<u>4,926</u>	<u>5,839</u>
	8,070	12,857
	<u><u>8,070</u></u>	<u><u>12,857</u></u>

13. SHARE CAPITAL

Movements of the share capital of the Company during the reporting period are as follows:

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
1,000,000,000 Ordinary shares at HK\$0.05 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
409,141,860 ordinary shares at HK\$0.05 each	<u>20,457</u>	<u>20,457</u>

BUSINESS REVIEW

The Group is principally engaged in the manufacturing and trading of sewing threads and board categories of garment accessories, provision of interior design, interior decoration services and furnishing services, and provision of trading of bloodstock, stallion services and equine handling services and provision of advisory on securities, corporate finance and asset management services.

The Group currently manufactures polyester sewing threads, which are mainly used for garments. The major product of the Group is 100% spun polyester sewing threads. Other types of sewing threads are also offered, including textured polyester series, elastic filament sewing threads and weft yarn. The Group's customers are located in the People's Republic of China (the "PRC"), Hong Kong as well as overseas countries, including the United Arab Emirates ("UAE"), Mauritius and Switzerland. While the Group's customers in the PRC and Hong Kong are mainly garment manufacturers, its overseas customers are mainly wholesalers.

For the business line of interior design, fitting out and decoration services, the Group consider that there is a growing popularity of interior design, fitting-out and decoration in commercial, residential and public sectors in Hong Kong and the Greater Bay Area to seek individuality and style. Hence, the Group expected this line of business can diversify its existing business portfolio and to increase source of income.

For the segment of the equine business, we have taken the opportunities to dispose of certain non performing and out of flavour stock in order to reduce our future upkeeping and maintenance costs. A certain level of loss has been recorded as a result.

The management team also looked to consolidate our portfolio as we seek to identify and eliminate underperforming stock which in turn positively impacts on day to day operational costs. The entire portfolio is reviewed weekly and assets are selected to be retained or disposed.

For the segment of advising on securities, corporate finance and asset management, it started up for the six months ended 30 June 2024 and it generated the segment profit. Hence, the management expected this line business can provide a stable source of income of the Group.

For the six months ended 30 June 2024, the Group's recorded an unaudited revenue of approximately HK\$20.7 million, representing a decrease of approximately 51.3% as compared with approximately HK\$42.5 million for the six months ended 30 June 2023. The decrease in revenue is mainly attributable to the decrease of the revenue generated from the equine services and threads segment. The Group recorded a gross loss of HK\$2.0 million for the six months ended 30 June 2024. On the same period in preceding year, the Group recorded a gross loss of HK\$2.5 million, representing a decrease of HK\$0.5 million of gross loss.

The loss attributable to the owners of the parent decreased to approximately HK\$13.5 million for the six months ended 30 June 2024 from approximately HK\$16.5 million for the same period in 2023, representing a decrease of approximately 18.4%. Such decrease was primarily due to decrease of the staff cost and rental expenses.

FINANCIAL REVIEW

Revenue

The revenue was generated from the segment of manufacturing and trading of threads product and interior design and decoration, equine services and advising on securities, corporate finance and asset management. The following table sets out a breakdown of the Group's revenue attributable to two segments of the Group of the six months ended 30 June 2024 and 2023:

	Six months ended 30 June				Rate of change %
	2024		2023		
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	
Manufacturing and trading of threads	4,125	19.9	13,442	31.6	-69.3
Interior design and decoration	10,450	50.5	10,294	24.2	1.5
Equine services	4,646	22.4	18,790	44.2	-75.3
Advising on securities, corporate finance and asset management	1,494	7.2	–	–	N/A
	<u>20,715</u>	<u>100.0</u>	<u>42,526</u>	<u>100.0</u>	<u>-51.3</u>

Manufacturing and selling of threads

The revenue attributable to the manufacturing and selling of threads decreased to approximately HK\$4.1 million for the six months ended 30 June 2024 from approximately HK\$13.4 million for the six months ended 30 June 2023, representing a decrease of approximately 69.3%. The revenue decrease was mainly attributable to the decrease in sales in the oversea market for the six months ended 30 June 2024.

Interior design and decoration

The revenue attributable to the interior design and decoration slightly increased to approximately HK\$10.5 million for the six months ended 30 June 2024 from approximately HK\$10.3 million for the six months ended 30 June 2023, representing an increase of approximately 1.5%. The revenue is maintain at the same level compared with the same period in the preceding year. The management is negotiating and finalizing the new big project and the management expected the turnover will increase significantly during the second half of the year.

Equine services

The revenue attributable to the equine services decreased to approximately HK\$4.6 million for the six months ended 30 June 2024 from approximately HK\$18.8 million for the six months ended 30 June 2023, representing a decrease of approximately HK\$14.1 million. The management seen price weakness in selected segments of the thoroughbreds market. As a result, decision has been made to accelerate to disposal of certain bloodstock at the same period in the preceding year. Also, the management will reduce the resources on this segment as the downturn of the thoroughbreds market.

Advising on securities, corporate finance and asset management

The revenue attributable to this segment is HK\$1.5 million for the six months ended 30 June 2024. As the segment was still in initial stage on year 2023, therefore, no revenue recorded for the six months ended 30 June 2023.

Cost of sales

The Group's cost of sales primarily consists of direct material costs, processing fees, direct labour costs, welfare and social insurance, agistment costs, bloodstock insurance and direct cost of bloodstock. The following table sets out a breakdown of the Group's cost of sales attributable to three segments of the Group of the six months ended 30 June 2024 and 2023:

	Six months ended 30 June		Rate of change %
	2024 HK\$'000	2023 HK\$'000	
Manufacturing and trading of threads	5,526	11,663	-52.6
Interior design and decoration	8,525	7,562	12.7
Equine services	8,694	25,774	-66.3
Advising on securities, corporate finance and asset management	—	—	—
	<u>22,745</u>	<u>44,999</u>	<u>-49.5</u>

Manufacturing and selling of threads

The cost of sales attributable to the manufacturing and selling of threads decreased to approximately HK\$5.5 million for the six months ended 30 June 2024 from approximately HK\$11.7 million for the six months ended 30 June 2023, representing a decrease of 52.6%. The cost of sales for the manufacturing and selling of threads decrease was in line with the decrease of the revenue of this segment.

Interior design and decoration

The cost of sales attributable to the interior design and decoration increased to approximately HK\$8.5 million for the six months ended 30 June 2024 from approximately HK\$7.6 million for the six months ended 30 June 2023 representing an increase of 12.7%. The cost of sales for the interior design and decoration increase is mainly due to increase of the direct material cost compare with the same period in the preceding year.

Equine services

The cost of sales attributable to the equine services decreased to approximately HK\$8.7 million for the six months ended 30 June 2024 from approximately HK\$25.8 million for the six months ended 30 June 2023, representing a decrease of 66.3%. The cost of sales for the equine services decrease significantly is mainly due to most of bloodstock was disposed at the same period in the preceding year. Therefore, the cost of sales decrease was in line with the decrease of the revenue of this segment.

Advising on securities, corporate finance and asset management

There is no cost of sales for this segment for the six months ended 30 June 2024 and 30 June 2023. As the income generated from the services provided by the customers and no direct cost attributable to this segment.

Gross profit and gross profit margin

The Group recorded a gross loss of HK\$2.0 million for the six months ended 30 June 2024. On the same period 2023, the Group recorded a gross loss of HK\$2.5 million, which representing a decrease of HK\$0.5 million of gross loss compared with the same period in preceding year. The gross margin deteriorated to negative 9.8% for the six months ended 30 June 2024 from negative 5.8% for the six months ended 30 June 2023. The segment of the equine services and threads segment recorded a gross loss of HK\$1.4 million and HK\$4.0 million for the six months ended 30 June 2024. As the interest rate maintained at high level by the Reserve Bank of Australia, the management has seen price weakness in selected segments of the thoroughbreds market. As a result, decision has been made to disposed of certain bloodstock at loss in order to keep future operating expenses at a manageable level. For the threads segment, as the rental contact of the factory expired during the period, the factory moved during the period. Therefore, the scale of the production was temporary reduced and recorded a gross loss.

Other gain and losses, net

The Group's record other loss, net of approximately HK\$0.9 million for the six months ended 30 June 2024. On the same period in the preceding year, the Group recorded other gain, net of approximately HK\$0.1 million. Such changed was mainly due to the loss on disposal of increase of biological assets which offset by the effect of insurance compensation of biological assets and gain on disposal of fixed assets.

Selling and distribution expenses

Selling and distribution expenses mainly consist of staff costs of the sales department and transportation expenses. Selling and distribution expenses decreased to approximately HK\$1.1 million for the six months ended 30 June 2024 from approximately HK\$1.9 million for the six months ended 30 June 2023, representing a decrease of approximately 41.1%. The decrease in the Group's selling expenses was mainly attributable to the decrease in the staff cost and transportation cost for the six months ended 30 June 2024.

Administrative expenses

Administrative expenses primarily consist of staff costs, audit fee, directors' remuneration and legal and professional fees. Administrative expenses decreased to approximately HK\$7.3 million for the six months ended 30 June 2024 from approximately HK\$10.4 million for the six months ended 30 June 2023, representing a decrease of approximately 29.4%. Such decrease was mainly attributable to the decrease in staff costs and rental expenses for the same period of the preceding year.

Loss before income tax

As a result of the aforesaid, the Group recorded a loss before income tax of approximately HK\$13.5 million for the six months ended 30 June 2024, representing a decrease of approximately 18.4% from approximately HK\$16.5 million for the corresponding period in the preceding year.

Total comprehensive loss attributable to owners of the parent

The total comprehensive loss attributable to owners of the parent was approximately HK\$15.1 million for the six months ended 30 June 2024. In comparison, for the corresponding period in 2023, a total comprehensive loss of approximately HK\$20.0 million was recorded. Such change was mainly due to the decrease of loss recorded by the equine segment compared with the same period of the preceding year and the combined effect of increase in the Group's loss for the six months ended 30 June 2024 mentioned above.

Basic and diluted loss per Share

The Company's basic and diluted loss per share for the six months ended 30 June 2024 was approximately HK3.30 cents (2023: HK4.04 cents), representing a decrease of approximately HK0.74 cents, or approximately 18.3%, which was primarily due to the decrease in loss for the six months ended 30 June 2024.

Interim dividend

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2024 (2023: Nil).

Liquidity and financial resources

For the six months ended 30 June 2024, the Group's operations were primarily financed through its operating and financing activities. The Directors believe that in the long term, the Group's operations will continue to be funded by a combination of cash generated from the Group's operating and financing activities.

The Group's cash and bank balances amounted to approximately HK\$4.1 million and approximately HK\$4.1 million as at 30 June 2024 and 31 December 2023, respectively. The functional currency of the Group is Hong Kong dollars. As at 30 June 2024, 65.7% of the Group's cash and bank balances were denominated in the functional currency (31 December 2023: 93.4%) and the remaining 34.3% (31 December 2023: 6.6%) in other currencies, mainly Renminbi and Australian Dollars.

As at 30 June 2024 and 31 December 2023, the Group had net current liabilities of approximately HK\$12.5 million and approximately HK\$10.5 million, respectively, which included trade receivables, prepayments, other receivables other assets, inventories, biological assets and cash and cash equivalents. The Group current ratio is maintained to approximately 0.8 as at 30 June 2024 which is same level of 0.8 as at 31 December 2023.

Gearing ratio

The Group's gearing ratio is calculated based on net debt (including borrowings, trade payables, other payables and accruals and lease liabilities, less cash and cash equivalents) divided by the total equity plus net debt at the respective reporting date. The gearing ratio as at 30 June 2024 and 31 December 2023 was approximately 91.6% and 73.5%, respectively. The Group believes that the cash at banks provide adequate liquidity to satisfy the Group's funding requirements.

Commitments

As at 30 June 2024, the Group did not have any capital commitments (as at 31 December 2023: Nil).

CAPITAL STRUCTURE

During the six months ended 30 June 2024, there was no change in the capital structure of the Group and the share capital of the Group only comprises ordinary shares of the Company (the "Shares").

As at 30 June 2024, the Company's issued share capital amounted to approximately HK\$20.5 million, divided by 409,141,860 Shares of HK\$0.05 each.

Significant investments

There were neither significant investment held as at 30 June 2024 nor material acquisitions during the six months ended 30 June 2024.

There is no plan for material investment or capital assets as at 30 June 2024.

Material acquisitions or disposals of subsidiaries and affiliated companies

For the six months ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Contingent liabilities

As at 30 June 2024, the Group did not have material contingent liabilities (as at 31 December 2023: Nil).

Foreign exchange exposure

The Group is exposed to foreign currency risk when it enters into transactions which are not denominated in the Group's functional currency. Such exposure mainly relates to the distribution and sale of the Group's products and purchases of raw materials in the PRC and the acquisition and disposal of broodmares and stallions and the equine services income in Australia. The Group currently does not have a foreign currency hedging policy. Nevertheless, the Group's management will continue to closely the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of assets

As at 30 June 2024 and 31 December 2023, the following assets were pledged to lenders to secure certain borrowings granted to the Group:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Property, plant and equipment	–	3,384
Investment property	–	4,300
All biological asset	–	39,303
	<hr/>	<hr/>
	–	46,987
	<hr/> <hr/>	<hr/> <hr/>

Employees and remuneration policies

As at 30 June 2024, the Group employed a total of 135 employees (2023: 135), of whom 75 were located in the PRC and 15 were located in Hong Kong. The Group's staff costs mainly comprised wages and salaries, social insurance, housing provident fund and severance payments. For the six months ended 30 June 2024 and 2023, the Group's total staff costs (excluding Directors' emoluments) amounted to approximately HK\$6.3 million and HK\$7.7 million, respectively. The Group offers remuneration packages comprising basic salaries, discretionary bonuses and allowances to its management and office staffs. For the workers at the Guangzhou Production Facilities, the Group offers them with salaries above the minimum wage, promotion opportunities and budgets for social events.

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the “**Retirement Benefit Scheme**”) organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately.

There was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the contribution payable in the future years.

The remuneration committee of the Company is responsible for reviewing and determining the remuneration packages of the Directors and senior management members with reference to the salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members.

FUTURE PROSPECTS

For the existing principal business of manufacturing and selling of sewing threads, the Group has experienced some difficulties and uncertainties due to the ongoing trade conflict between the People's Republic of China (the "PRC") and the United States of America ("U. S.") as well as the gradual slowdown of the PRC economy. In coming year, we expect that the trade conflict between the PRC and the US and the high interest rate environment will still continue impacting our business. The Group will continue to pay close attention to the trade conflict and high interest rate environment and to evaluate its impact on the financial position, cashflows and operating result of this business line.

For the business line of interior design, fitting out and decoration services, the Group consider that there is a growing popularity of interior design, fitting-out and decoration in commercial, residential and public sectors in Hong Kong and the Greater Bay Area to seek individuality and style. Hence, the Group expected this line of business can diversify its existing business portfolio and to increase source of income. And the management will utilise more resource on this segment on second half of the year.

For the equine services, as the resistance of the high interest rate in Australia, the management seen price weakness in segments of the thoroughbreds market and it expected the market would not rebound in the coming year. As a result, decision has been made to keep as low level of biological assets as possible and reduce the investment on this segment. On the other hand, the group will maintain and focus on the equine handling services as the investment and operating cost of this area is manageable level.

For the advising on securities, corporate finance and asset management segment, the group recorded a profit of this segment during the six months ended 30 June 2024. And the management will utilise internal resources to seek more project on this segment to increase the source of income.

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

As at 30 June 2024, the interests or short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), which were required (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 and short positions which they were taken or deemed to have under such provisions of the SFO); (b) recorded in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares and Underlying Shares

(a) Ordinary shares of the Company

Name of Director	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
Mr. Wong Kwok Wai, Albert	Interest of a controlled corporation	120,000,000 (L) (Note 2)	29.33%
Mr. Leung King Yue, Alex	Beneficial interest	10,100,000 (L)	2.47%

(b) *Share options of the Company*

Name of category of participant	Date of grant of share option	Exercisable period	Exercise price HK\$	Number of underlying shares in respect of which share option were granted				
				Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2023
Directors								
Mr. Ma Pok Man, Josiah (Note 1)	13 May 2021	13 May 2021 – 12 May 2024	0.57	3,500,000	-	-	(3,500,000)	-
Mr. Ma Pok Man, Josiah (Note 1)	31 August 2022	31 August 2022 – 30 August 2025	0.59	4,000,000	-	-	(4,000,000)	-
Mr. Shane McGrath	3 January 2022	3 January 2022 – 2 January 2025	0.492	4,091,418	-	-	-	4,091,418
Mr. Leung King Yue, Alex	31 August 2022	31 August 2022 – 30 August 2025	0.59	4,000,000	-	-	-	4,000,000
Other eligible participants								
Nil	-	-	-	-	-	-	-	-
				<u>15,591,418</u>	<u>-</u>	<u>-</u>	<u>(7,500,000)</u>	<u>8,091,418</u>

Notes:

- As at the date of this announcement, the Company's issued ordinary share capital was HK\$20,457,093 divided into 409,141,860 Shares of HK\$0.05 each.
- Three Gates Investment Limited ("**Three Gates Investment**"), a company incorporated in the British Virgin Islands on 15 August 2016, is wholly and beneficially owned by Mr. Wong Kwok Wai, Albert, who is the chairman and an executive Director of the Company. Therefore, Mr. Wong is deemed to be interested in 120,000,000 Shares held by Three Gates Investment by virtue of the SFO.
- During the period, 7,500,000 share options mentioned above were lapsed.
- Mr. Ma Pok Man, Josiah resigned as an executive director of the Company on 29 February 2024.

Except as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange according to rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Directors, as at 30 June 2024, the following persons or corporations (other than the Directors and the chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and Underlying Shares

Name of Substantial Shareholder	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
Three Gates Investment	Beneficial owner	120,000,000 (Notes 2, 3)	29.33%
Gold-Face Finance Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%
Upbest Credit and Mortgage Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%
Good Foundation Company Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%
Upbest Strategic Company Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%

Name of Substantial Shareholder	Nature of interest/ Holding capacity	Number of ordinary shares held	Percentage of issued share capital of the Company (Note 1)
Upbest Financial Holdings Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%
Upbest Group Limited	Person having a security interest in Shares	80,000,000 (Notes 3, 4)	19.55%
Fung Wing Cheung, Tony	Beneficial owner	40,800,000	9.97%

Notes:

- As at the date of this announcement, the Company's issued ordinary share capital was HK\$20,457,093 divided into 409,141,860 Shares of HK\$0.05 each.
- Three Gates Investment is wholly and beneficially owned by Mr. Wong, who is the chairman and an executive Director of the Company. Therefore, Mr. Wong is deemed to be interested in 120,000,000 Shares held by Three Gates Investment by virtue of his 100% shareholding interest in Three Gates Investment.
- 80,000,000 Shares held by Three Gates Investment have been charged in favour of Gold-Face Finance Limited ("**Gold-Face**") as security for a loan granted in favour of Mr. Wong Kwok Wai, Albert, the chairman, chief executive officer, executive director and controlling shareholder of the Company.
- As Gold-Face is wholly-owned by Upbest Credit and Mortgage Limited, which in turn is wholly-owned by Upbest Strategic Company Limited and Good Foundation Company Limited in equal parts, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which in turn is wholly-owned by Upbest Group Limited, Upbest Credit and Mortgage Limited, Upbest Strategic Company Limited, Good Foundation Company Limited, Upbest Financial Holdings Limited and Upbest Group Limited are all deemed to be interested in the security interest in the 80,000,000 Shares charged in favour of Gold-Face by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any interests and short positions owned by any other parties, other than a Director or the chief executive of the Company who held interests or short positions in the shares and the underlying shares of the Company which were required to be recorded under the provision of Divisions 2 and 3 of Part XV of the SFO, or, who was interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

For the six months ended 30 June 2024 and up to the date of this announcement, none of the Directors, controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any businesses that competes or may compete with the business of the Group, or had any other conflict of interest with the Group.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to rule 17.50A(1) of the GEM Listing Rules, the changes in the information of Directors subsequent to the date of the Company's 2023 annual report are as follows:

Directors	Changes in position held with the Company
Mr. Chow Chin Hang, Joel	On May 2024, Mr. Chow re-joined as a portfolio manager at Perpetuum Wealth Management Limited, he served as a responsible officer to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

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

CORPORATE GOVERNANCE PRACTICES

The Board believes that cultivating and maintaining a culture focused on good corporate governance is essential to effect strong business growth and continue the efficient management of the Company. The Directors are of the view that strong corporate governance practices can safeguard the interests of and ensure accountability to the shareholders of the Company (the "**Shareholders**") as a whole.

The corporate governance code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules has been adopted by the Board. Nevertheless, the Directors of the Company are committed to regularly reviewing its corporate governance practices to ensure conformity with the standard set out in the CG Code, as well as meeting the rising expectation of the Shareholders and other stakeholders of the Company.

Except for the deviation from code provision A.2.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules, the Board is of the view that the Company has complied with the code provisions of the CG code for the period from the Listing Date up to the date of this announcement (the "**Relevant Period**").

Mr. Wong Kwok Wai, Albert is the chairman of the Board and the chief executive officer of the Company and has been involved in the daily operations management of the Group since 2008. The Directors believe that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Wong will ensure strong and consistent leadership, facilitate the Group's business strategies and boost the effectiveness of its operation. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company when such role splitting is beneficial to the Group as a whole.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard of dealings regarding securities transactions by the Directors equivalent to the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Directors have all confirmed, having been made specific enquiry by the Company, that they have complied with the required standard of dealings and the required standard concerning securities transactions by the Directors during the Relevant Period.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this announcement.

SHARE OPTION SCHEME

The Company has adopted a new share option scheme ("**Share Option Scheme**") on 8 February 2023 and the previous share option scheme of the Company adopted on 24 November 2017 was terminated on the same date. More information of Share Option Scheme can be referred in the section headed "Share Option Scheme" in the page 58 of Annual Report 2023 dated on 28 March 2024.

Movements of share options under the both share option scheme held by the Directors can be referred in the section headed "Share Options of the Company" in page 30 of this announcement.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the six months ended 30 June 2024, no Director or connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group, to which the Company or any of its subsidiaries was a party.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after 30 June 2024 up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established pursuant to rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee is mainly responsible for reviewing financial information, monitoring the Company’s financial reporting system and internal control procedures and maintaining the relationship with the Company’s auditors.

The Audit Committee consists of two independent non-executive Directors, namely, Mr. Chan Tsun Choi, Arnold and Mr. Chow Chin Hang, Joel. No member of the current Audit Committee is a member of the previous independent auditor of the Company. The Audit Committee has reviewed this announcement as well as the consolidated results of the Group for the six months ended 30 June 2024.

By order of the Board
Harbour Equine Holdings Limited
Wong Kwok Wai, Albert
*Chairman, chief executive officer
and executive Director*

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Wong Kwok Wai, Albert, Mr. Chan Yiu Tung, Enoch, Mr. Leung King Yue, Alex and Mr. Shane McGrath; and two independent non-executive Directors, namely, Mr. Chan Tsun Choi, Arnold and Mr. Chow Chin Hang, Joel.

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

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication on the website of the Company at www.harbourequine.com.