



中國文旅農業集團

China Cultural Tourism and Agriculture Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2024

Interim Report

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

YANG Lijun
(Chairman & Chief Executive Officer)
GAO Jingyao
TAM Ka Wai

NON-EXECUTIVE DIRECTOR

WONG Yuk Lun, Alan

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Chu Hoi
CHAN Hoi Ling
TSUI Wai Ting, Rosalie

COMPANY SECRETARY

WOO Chung Ping

PRINCIPAL BANKERS

China CITIC Bank International Limited
Bank of Communications (Hong Kong) Limited

AUDITOR

CCTH CPA Limited
Unit 1510–1517, 15/F., Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
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16 Harcourt Road
Hong Kong

REGISTERED OFFICE

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2nd Floor, 94 Solaris Avenue
Camana Bay, P.O. Box 30745
Grand Cayman KY1-1203
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 402, Kowloon City Plaza
128 Carpenter Road
Kowloon City
Kowloon
Hong Kong

UNAUDITED INTERIM RESULTS

The Board of Directors (the “**Board**”) of China Cultural Tourism and Agriculture Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the six months ended 30 June	
		2024	2023
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	5	13,489	32,058
Cost of sales		(7,702)	(21,019)
Gross profit		5,787	11,039
Other income and gains	6	1,060	1,048
Selling expenses		(1,411)	(246)
Administrative and other expenses		(46,455)	(62,794)
Finance costs	7	(52,715)	(70,526)
LOSS BEFORE TAX	8	(93,734)	(121,479)
Income tax credit/(expense)	9	224	(840)
LOSS FOR THE PERIOD		(93,510)	(122,319)
Loss for the period attributable to:			
Owners of the Company		(88,185)	(113,403)
Non-controlling interests		(5,325)	(8,916)
		(93,510)	(122,319)
		HK cents	HK cents
LOSS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF PARENT	<i>10</i>		
— Basic		(1.15)	(1.63)
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024	2023
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
LOSS FOR THE PERIOD	(93,510)	(122,319)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	8,488	(7,423)
Other comprehensive income/(loss) for the period, net of tax	8,488	(7,423)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(85,022)	(129,742)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(79,731)	(116,678)
Non-controlling interests	(5,291)	(13,064)
	(85,022)	(129,742)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	142,574	153,237
Right-of-use assets		41,670	42,769
Properties under development	<i>12</i>	1,591,409	1,623,860
Licensing rights		377	480
		<hr/>	
TOTAL NON-CURRENT ASSETS		1,776,030	1,820,346
CURRENT ASSETS			
Properties held for sale	<i>13</i>	1,026,706	1,026,602
Inventory		2,758	3,433
Trade receivables	<i>14</i>	1,602	1,021
Prepayments, deposits and other receivables		411,539	391,323
Amount due from a director		161	165
Amount due from a non-controlling shareholder		354	363
Restricted bank balances		124,724	131,912
Cash and cash equivalents		10,410	13,370
		<hr/>	
TOTAL CURRENT ASSETS		1,578,254	1,568,189
		<hr/>	
TOTAL ASSETS		3,354,284	3,388,535
		<hr/>	

		As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables, other payables and accruals	15	556,144	519,459
Contract liabilities	16	200,030	178,623
Amount due to a non-controlling shareholder	17	2,154	2,206
Loans and borrowings		308,695	320,905
Tax payable		281,788	281,788
		<hr/> 1,348,811	1,302,981
TOTAL CURRENT LIABILITIES			
		229,443	265,208
NET CURRENT ASSETS			
TOTAL ASSETS LESS			
CURRENT LIABILITIES			
		<hr/> 2,005,473	2,085,554
NON-CURRENT LIABILITIES			
Loans and borrowings		1,121,358	1,160,820
Other payables		508,899	468,013
Amount due to a director	18	150,564	148,580
Promissory note payable	19	134,947	133,182
Deferred tax liabilities		86,813	87,045
		<hr/> 2,002,581	1,997,640
TOTAL NON-CURRENT LIABILITIES			
NET ASSETS			
		<hr/> 2,892	87,914
Share capital	20	76,872	76,872
Reserves		(100,527)	(20,796)
		<hr/> (23,655)	56,076
Equity attributable to owners of the Company		26,547	31,838
Non-controlling interests		<hr/> 2,892	87,914
TOTAL EQUITY			
		<hr/> 2,892	87,914

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company								Total
	Share capital	Share premium account	Foreign currency translation reserve	Capital reduction reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (Audited)	76,872	919,646	(5,328)	191,925	26,533	(1,153,572)	56,076	31,838	87,914
Loss for the period	-	-	-	-	-	(88,185)	(88,185)	(5,325)	(93,510)
Other comprehensive income for the period	-	-	8,454	-	-	-	8,454	34	8,488
Total comprehensive income/(loss) for the period	-	-	8,454	-	-	(88,185)	(79,731)	(5,291)	(85,022)
At 30 June 2024 (Unaudited)	76,872	919,646	3,126	191,925	26,533	(1,241,757)	(23,655)	26,547	2,892
At 1 January 2023 (Audited)	69,464	778,892	(3,316)	191,925	26,533	(960,861)	102,637	46,309	148,946
Loss for the period	-	-	-	-	-	(113,403)	(113,403)	(8,916)	(122,319)
Other comprehensive loss for the period	-	-	(3,275)	-	-	-	(3,275)	(4,148)	(7,423)
Total comprehensive loss for the period	-	-	(3,275)	-	-	(113,403)	(116,678)	(13,064)	(129,742)
At 30 June 2023 (Unaudited)	69,464	778,892	(6,591)	191,925	26,533	(1,074,264)	(14,041)	33,245	19,204

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
NET CASH GENERATED FROM/(USED IN)		
OPERATING ACTIVITIES	73,117	(180,864)
Cash flows from investing activities		
Bank and other interest income received	131	301
Purchase of property, plant and equipment	(77)	(13)
Proceeds from disposal of property, plant and equipment	–	31
Addition to properties under development	(1,071)	–
NET CASH (USED IN)/GENERATED FROM		
INVESTING ACTIVITIES	(1,017)	319
Cash flows from financing activities		
Payment of lease liabilities	–	(299)
Drawdown of other borrowings	5,321	343,642
Repayment of loan and borrowings	(29,463)	(86,881)
Drawdown of loans from a director	2,365	18,812
Interest paid	(53,096)	(75,373)
NET CASH (USED IN)/GENERATED FROM		
FINANCING ACTIVITIES	(74,873)	199,901
NET (DECREASE)/INCREASE IN CASH		
AND CASH EQUIVALENTS	(2,773)	19,356
Cash and cash equivalents at the beginning of the period	13,370	16,127
Effect of foreign exchange rate changes, net	(187)	(1,324)
CASH AND CASH EQUIVALENTS AT THE		
END OF THE PERIOD	10,410	34,159
ANALYSIS OF BALANCES OF CASH AND		
CASH EQUIVALENTS		
Cash and bank balances	10,410	34,159

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

China Cultural Tourism and Agriculture Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are located at the offices of JTC (Cayman) Limited, 2nd Floor, 94 Solaris Avenue, Camana Bay, P.O. Box 30745, Grand Cayman KY1-1203, Cayman Islands and Unit 402, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period, the Group’s activities mainly comprised properties development and hotel business in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2023, except for the adoption of the revised HKFRSs as disclosed in Note 3 below.

These condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared under the historical cost convention. These condensed consolidated financial statements are presented in Hong Kong Dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. CHANGE IN ACCOUNTING POLICIES

New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this consolidated interim financial statements for the current accounting period:

<i>Amendments to HKAS1</i>	<i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>
<i>Amendments to HKFRS 16</i>	<i>Lease Liability in Sale and Leaseback</i>
<i>Amendments to HKAS7 and HKFRS7</i>	<i>Supplier Finance Arrangements</i>
<i>Amendments to HKAS 1</i>	<i>Classification of Liabilities as current or Non-current and related amendments to Hong Kong Interpretations 5 (2020)</i>

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The directors anticipate that the adoption of these new or amendments to HKFRSs will have no material impact on the results and financial position of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are three reportable operating segments identified as follows:

- (a) Property Development Business: Property development and provision of ancillary services including agency and clubhouse operating service;*
- (b) Hotel Business: Sub-licensing rights to hotel operators and related hotel management activities; and*
- (c) Other Business: Retail sales.*

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors' remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment.

For the six months ended 30 June								
Property Development		Hotel Business		Others		Total		
2024	2023	2024	2023	2024	2023	2024	2023	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Revenue from contracts with customers								
— recognised at a point in time	10,507	21,896	-	-	1,250	5,627	11,757	27,523
— recognised over time	1,423	4,213	309	322	-	-	1,732	4,535
Total segment revenue	11,930	26,109	309	322	1,250	5,627	13,489	32,058
Segment loss	(24,564)	(30,182)	(11,560)	(13,898)	(2,845)	(3,244)	(38,969)	(47,324)
Reconciliation:								
Bank interest income							131	300
Other income							354	371
Other unallocated expenses							(2,535)	(4,300)
Finance costs							(52,715)	(70,526)
Loss before tax							(93,734)	(121,479)

Note: There were no inter-segment sales for both of the six months ended 30 June 2024 and 30 June 2023.

Geographical information

The Group operates in one main geographical area — the PRC.

For the six months ended 30 June	
2024	2023
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000
REVENUE	
— PRC	
13,489	32,058

Revenue from customers contributing over 10% of the total revenue of the Group

Revenue from individual customers contributed over 10% of the total revenue of the Group is as follow:

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Customer A (Note)	2,245	N/A
Customer B (Note)	1,428	N/A

Note: Customer A and Customer B contributed 27% of the total revenue of the Group during the six months ended 30 June 2024.

5. REVENUE

Revenue represents the aggregate of income from sales of properties held for sale, sales of goods, sub-licensing of operating rights and property agency income and is analysed as follows:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Sales of properties held for sale	10,507	21,896
Sales of goods	1,250	5,627
Licensing income	309	322
Property agency income	1,423	4,213
	13,489	32,058

Disaggregated by timing of revenue recognition

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue recognised:		
— Point in time	11,757	27,523
— Over time	1,732	4,535
	13,489	32,058

6. OTHER INCOME AND GAINS

	<i>For the six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Bank interest income</i>	<i>131</i>	<i>301</i>
<i>Rental income</i>	<i>354</i>	<i>371</i>
<i>Others</i>	<i>575</i>	<i>376</i>
	<hr/>	<hr/>
	<i>1,060</i>	<i>1,048</i>
	<hr/>	<hr/>

7. FINANCE COSTS

	<i>For the six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Interests on</i>		
<i>Loans and borrowings</i>	<i>44,083</i>	<i>69,131</i>
<i>Amounts due to directors</i>	<i>9,013</i>	<i>508</i>
<i>Promissory note</i>	<i>1,915</i>	<i>5,103</i>
<i>Lease liabilities</i>	<i>–</i>	<i>20</i>
	<hr/>	<hr/>
	<i>55,011</i>	<i>74,762</i>
<i>Less: Amount capitalised on properties under development</i>	<i>(2,296)</i>	<i>(4,236)</i>
	<hr/>	<hr/>
	<i>52,715</i>	<i>70,526</i>
	<hr/>	<hr/>

The borrowing costs have been capitalised at the rates ranged from 6.5% to 8.5% (six months ended 30 June 2023: from 8.8% to 13%) per annum.

8. *LOSS BEFORE TAX*

The Group's loss before tax is arrived at after charging:

	<i>For the six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Cost of sales</i>		
<i>Cost of properties sold</i>	6,674	15,483
<i>Cost of inventories sold</i>	929	5,074
<i>Amortisation of licensing rights</i>	99	462
	7,702	21,019
<i>Depreciation of property, plant and equipment</i>	9,276	9,387
<i>Depreciation of right-of-use assets</i>	943	1,200
<i>Rental expenses for short-term leases</i>	573	316
<i>Auditors' remuneration</i>	62	125
<i>Employee benefit expenses (including directors' remuneration)</i>		
— <i>Wages and salaries</i>	8,199	10,201
— <i>Retirement benefits scheme contributions</i>	655	661
	8,854	10,862
<i>Exchange loss, net</i>	21,425	26,775

9. *INCOME TAX CREDIT/(EXPENSE)*

	<i>For the six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Current tax expense</i>		
<i>PRC enterprise income tax</i>		
— <i>Provision for the year</i>	(8)	(1,040)
<i>Deferred tax credit</i>	232	200
<i>Income tax credit/(expense)</i>	224	(840)

No provision for Hong Kong profits tax has been made in the consolidated interim financial statements as the Group has no assessable profit arising in Hong Kong for both of the periods presented.

PRC enterprise income tax is calculated at 25% (six months ended 30 June 2023: 25%) of the profits of the group entities in the PRC.

10. *LOSS PER SHARE*

The calculation of the basic loss per share is based on the loss attributable to owners of the Company amounted to HK\$88,185,000 (six months ended 30 June 2023: loss of HK\$113,403,000), and 7,687,158,040 (six months ended 30 June 2023: 6,946,350,040) ordinary shares in issue during the period.

No diluted loss per share for both of the periods ended 30 June 2024 and 2023 was presented as there were no potential ordinary shares in issue for both of the periods.

11. *PROPERTY, PLANT AND EQUIPMENT*

During the six months ended 30 June 2024, additions and disposal of items of property, plant and equipment amounted to HK\$77,000 and Nil respectively (six months ended 30 June 2023: HK\$13,000 and HK\$31,000 respectively).

12. *PROPERTIES UNDER DEVELOPMENT*

	<i>30 June</i> <i>2024</i> <i>(Unaudited)</i> <i>HK\$'000</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>HK\$'000</i>
<i>Properties under development, at cost</i>	<u>1,591,409</u>	<u>1,623,860</u>

The properties are located in Hengqin and Doumen district, Zhuhai City, the PRC.

13. *PROPERTIES HELD FOR SALE*

	<i>30 June</i> <i>2024</i> <i>(Unaudited)</i> <i>HK\$'000</i>	<i>31 December</i> <i>2023</i> <i>(Audited)</i> <i>HK\$'000</i>
<i>Properties held for sale</i>		
— <i>Under development</i>	<u>1,026,706</u>	<u>1,062,602</u>

14. TRADE RECEIVABLES

	30 June 2024 <i>(Unaudited)</i> HK\$'000	31 December 2023 <i>(Audited)</i> HK\$'000
Trade receivables, gross	84,135	85,765
Impairment loss recognised	(82,533)	(84,744)
	1,602	1,021

Credit period normally granted to customers of the Group is 30 days.

An aged analysis of the trade receivables after impairment loss recognised, based on invoice date, is as follows:

	30 June 2024 <i>(Unaudited)</i> HK\$'000	31 December 2023 <i>(Audited)</i> HK\$'000
Within 1 month	592	317
1–3 months	108	55
4–12 months	902	649
	1,602	1,021

Movements in impairment loss recognised on trade receivables are as follows:

	30 June 2024 <i>(Unaudited)</i> HK\$'000	31 December 2023 <i>(Audited)</i> HK\$'000
At the beginning of the period/year	84,744	87,467
Impairment loss recognised, net	–	–
Exchange realignment	(2,211)	(2,723)
At the end of the period/year	82,533	84,744

15. *TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS*

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
<i>Trade payables for property development expenditure (Note a)</i>	285,041	277,835
<i>Value-added tax payable</i>	112,918	117,037
<i>Interest payable</i>	10,309	4,423
<i>Other payables and accruals</i>	147,876	120,164
	556,144	519,459

Note:

(a) *The following is an aged analysis of trade payables for property development expenditure presented based on the invoice date:*

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
<i>Within 1 month</i>	125,982	81,093
<i>1–3 months</i>	159,059	196,742
	285,041	277,835

16. *CONTRACT LIABILITIES*

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
<i>Advance payments received for sales of properties</i>	200,030	178,623

The Group received payments from customers based on billing schedules as stipulated in the property sale contracts. Payments are usually received in advance of the performance under the sale contracts.

17. *AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER*

The amount due to a non-controlling shareholder is unsecured, interest free and repayable on demand.

18. *AMOUNT DUE TO A DIRECTOR*

<i>30 June</i>	<i>31 December</i>
<i>2024</i>	<i>2023</i>
<i>(Unaudited)</i>	<i>(Audited)</i>
<i>HK\$'000</i>	<i>HK\$'000</i>

Amount due to a director repayable:

*— Within a period of more than one year
but not exceeding two years*

<i>150,564</i>	<i>148,580</i>
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Analysed for reporting purpose:

— Non-current liabilities

<i>150,564</i>	<i>148,580</i>
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The amount due to a director, Mr. Yang Lijun is unsecured, carries interest at the rates ranged from 12% to 13% per annum (31 December 2023: from 12% to 13% per annum).

19. *PROMISSORY NOTE PAYABLE*

<i>30 June</i>	<i>31 December</i>
<i>2024</i>	<i>2023</i>
<i>(Unaudited)</i>	<i>(Audited)</i>
<i>HK\$'000</i>	<i>HK\$'000</i>

Promissory note payable:

*— Within a period of more than
one year but not exceeding eight years*

<i>134,947</i>	<i>133,182</i>
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20. SHARE CAPITAL

	30 June 2024 (Unaudited) HK\$'000	<i>31 December 2023 (Audited) HK\$'000</i>
<i>Authorised:</i>		
100,000,000,000 (31 December 2023: 100,000,000,000) ordinary shares of HK\$0.01 each	1,000,000	<i>1,000,000</i>
<i>Issued and fully paid:</i>		
7,687,158,040 (31 December 2023: 7,687,158,040) ordinary shares of HK\$0.01 each	76,872	<i>76,872</i>

21. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2024, nor had any dividend been proposed since the end of the reporting period (31 December 2023: Nil).

22. PROJECT COMMITMENTS

As at 30 June 2024, the Group had outstanding commitments for property development expenditure and acquisition of land for development contracted but not provided for amounted to approximately HK\$239,120,000 (31 December 2023: HK\$221,041,000).

23. CAPITAL COMMITMENTS

The Group did not have any significant capital commitment as at 30 June 2024 and 31 December 2023.

24. CONTINGENT LIABILITIES

As at 30 June 2024, the Group had contingent liabilities amounting to approximately HK\$284,975,000 (31 December 2023: HK\$301,082,000) in respect of the buy-back guarantee in favour of banks to secure mortgage loan facilities granted to the purchasers of the Group's properties.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2024, the Group's revenue was approximately of HK\$13.5 million, compared to HK\$32.0 million for the corresponding period 2023. The significant decrease in the Group's revenue was mainly due to most of the properties are in the construction stage so that revenue recognition will be scheduled to the second half of 2024. The Group recorded a loss before tax of approximately HK\$93.7 million, compared to the loss of HK\$121.5 million for the corresponding period 2023. The loss, amongst other things, was mainly attributable to financial costs and exchange differences arising from the depreciation of Renminbi in the first half of 2024.

Loss attributable to the owners of the Company for the six months ended 30 June 2024 was approximately of HK\$88.2 million, compared to a loss of HK\$113.4 million for the corresponding period in 2023.

PROPERTY DEVELOPMENT SEGMENT

Revenue of the property development segment for the six months ended 30 June 2024 was approximately of HK\$11.9 million, compared to HK\$26.1 million for the corresponding period 2023. Loss of the property development segment for the six months ended 30 June 2024 and 2023 was HK\$24.6 million and HK\$30.2 million, respectively. The loss was due to most of the properties are in the construction stage. Revenue cannot be recognised until the completed properties are to be delivered to property buyers.

During the six months ended 30 June 2024, the Group had three projects under development, namely German City project located in Hengqin, Fuyuan Junting project located in Chengdu, and Fuyuan Square project located in Doumen, respectively.

German City project holds a land parcel of gross floor area of approximately 145,176 sq.m., of which approximately 49,999 sq.m. is available for sale. The land parcel is located in Hengqin New District, Zhuhai City, the PRC and is designated to be developed into a research and commercial complex. The pre-sale activities of German City project had started in the fourth quarter of 2019. Up to 30 June 2024, German City project had achieved sales contracts amounted to 55.4% of its gross saleable areas available for sale. Construction work of the project is expected to be completed by the end of 2024.

Fuyuan Junting project holds two land parcels of total gross floor area of approximately 120,500 sq.m., of which 84,425 sq.m. is available for sale. The land parcel is located in Ande Zhen, Pidu District, Chengdu City, the PRC and is designated to be developed into a residential and commercial complex. The pre-sale activities of Fuyuan Junting project had started in the 4th quarter of 2019. Up to 30 June 2024, first phase and second phase of Fuyuan Junting project had achieved sales contracts approximately 100% and 77.8% of its respective total gross saleable areas available for sale. Construction work of the second phase will be completed in 2024.

Fuyuan Square project holds a land parcel of gross floor area of approximately 197,391 sq.m., of which 61,654 sq.m. is available for sale. The land parcel is located in Doumen District, Zhuhai City, the PRC and is designated to be developed into a commercial complex comprising office towers, a 5-star standard hotel and a shopping center with basement car parks. The pre-sale activities of Fuyuan Square project had started in July 2020. Up to 30 June 2024, Fuyuan Square project had achieved sales contracts approximately 60.1% of its total gross saleable areas available for sale. Construction work of the project will be completed in 2024.

The Group is striving to accelerate the progress of pre-sale of properties.

HOTEL BUSINESS

For the six months ended 30 June 2024, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$0.3 million, compared to HK\$0.3 million for the corresponding period 2023. Loss of the segment amounted to HK\$11.6 million and HK\$13.9 million for the six months ended 30 June 2024 and 2023, respectively. The loss is mainly attributable to the depreciation of property, plant and equipment, amortisation of licensing rights, and finance costs incurred during the period.

Geographical Segment

During the period, the Group did not have revenue generated from Hong Kong, and the revenue so generated elsewhere in the PRC mainly related to hotel business, property development, and sales of food and beverage.

REVIEW OF FINANCIAL POSITION

OVERVIEW

Non-current assets of the Group as at 30 June 2024 mainly comprised properties under development, property, plant and equipment, right-of-use assets, and licensing rights amounting to HK\$1,776.0 million, compared to HK\$1,820.3 million as at 31 December 2023. Current assets as at 30 June 2024 amounted to HK\$1,578.3 million, compared to HK\$1,568.2 million as at 31 December 2023. Current liabilities as at 30 June 2024 amounted to HK\$1,348.8 million, compared to HK\$1,303.0 million as at 31 December 2023. Non-current liabilities as at 30 June 2024 amounted to HK\$2,002.6 million, compared to HK\$1,997.6 million as at 31 December 2023.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group's total interest bearing borrowings amounted to HK\$1,715.6 million (31 December 2023: HK\$1,763.5 million) which comprised borrowings from financial institutions approximately of HK\$553.6 million (31 December 2023: HK\$573.0 million), borrowings from independent third parties of HK\$812.2 million (31 December 2023: HK\$844.50 million), promissory note payable of HK\$134.9 million (31 December 2023: HK\$133.2 million), other loans of HK\$64.3 million (31 December 2023: HK\$64.2 million), and amount due to a director of HK\$150.6 million (31 December 2023: HK\$148.6 million).

The Group's total equity as at 30 June 2024 amounted to HK\$2.9 million (31 December 2023: HK\$87.9 million).

The Group's gearing ratio as at 30 June 2024 is 59,321.0% (31 December 2023: 2,005.9%). The gearing ratio was calculated on the basis of total interest-bearing borrowings over the total equity of the Group. The significant increase in the gearing ratio is mainly due to a substantial amount of interest-bearing borrowings raised to finance the operations of a property development project of the Group and the decrease in total equity of the Group during the period.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Renminbi, which is derived from its hotel business, the sales of the property units in Zhongshan, and other property development projects in the PRC.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitment as at 30 June 2024 and 31 December 2023.

PROJECT COMMITMENTS

As at 30 June 2024, the Group had outstanding commitments in respect of the property development expenditure and acquisition of land for development, which were contracted but not provided for, amounted to approximately HK\$239.1 million (31 December 2023: HK\$221.0 million).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had contingent liabilities amounting to approximately HK\$285.0 million (31 December 2023: HK\$301.1 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the property buyers of the Group. The Board considered that in case of default in payments, the related properties will be sold at prices which exceed the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

CHARGES ON GROUP ASSETS

As at 30 June 2024, part of the Group's leasehold land and buildings with a carrying amount of approximately HK\$183.9 million (31 December 2023: HK\$195.6 million) had been pledged to a financial institution to secure mortgage loans. Restricted bank balance of approximately HK\$124.7 million (31 December 2023: HK\$131.9 million) were pledged to certain banks for facilities granted to the Group.

GOING CONCERN AND MITIGATION MEASURES

The Company's auditor expressed a disclaimer of opinion on the Company's audited consolidated financial statements for the year ended 31 December 2023 in respect of uncertainties relating to going concern (the "**Disclaimer**").

The Disclaimer, amongst other things, was due to the net loss of the Group for the year ended 31 December 2023 of approximately HK\$204.4 million, financial obligations of the Group as at 31 December 2023 of approximately HK\$1,303.0 million, which are due for repayment within the next twelve months. Among these obligations, approximately HK\$256.2 million of bank borrowings are repayable on demand while the Group's available cash and cash equivalents as at 31 December 2023 amount to approximately HK\$13.4 million. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors and the management had carried out certain action plans and measures to improve the Group's liquidity and financial performance during the first six months ended 30 June 2024, which included:

1. Active negotiations among the Group and certain financial institutions and/or independent third-party lenders to extend and/or revise the repayment schedules of certain loans and borrowings of the Group have been executed during the first half of 2024.
2. The Group's plans to hand over completed properties to property buyers in the second half of 2024 have been formulated and implemented.

The management is striving to carry out all possible action plans and measures to improve the financial position and performance of the Group.

STAFF ANALYSIS

The total number of staff employed by the Group as at 30 June 2024 was 90, compared to 176 as at 31 December 2023. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

OUTLOOK AND PLANNING

In the first half of 2024, the international geo-political instability and high interest rates created a complex and unstable global operating environment. China's overall economy in the first half of 2024 was adversely affected by fragile domestic demand, weak labor market, stagnancy in the real estate market, and low consumer sentiment, which directly caused severe pressures on the Group's property sales.

Looking forward to the second half of 2024, China's operating environment remains unstable and challenging. Nevertheless, the Group welcomes that the Chinese central government has adopted certain economic policies and measures to stimulate the economy, and wishes that the relevant policies and measures will lead to a more prosperous market which will facilitate the Group's property sales.

SHARE OPTION SCHEME

A share option scheme was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 8 June 2011 (the “**2011 Share Option Scheme**”). The 2011 Share Option Scheme has been terminated upon adoption of a new share option scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 28 May 2021 (“**2021 Share Option Scheme**”). Upon termination of the 2011 Share Option Scheme, no further options of the 2011 Share Option Scheme shall be offered thereunder.

The purpose of the 2021 Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity of the Group.

The total number of shares which may be issued upon exercise of all options which may be granted under the 2021 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 28 May 2021 (the “**Adoption Date**”) (the “**Scheme Mandate Limit**”) unless the Company obtains a fresh approval from the shareholders in general meeting.

With the approval of the shareholders in general meeting to refresh the Scheme Mandate Limit, the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the refreshment by the shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the 2021 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. Under the 2021 Share Option Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto.

The Board may grant options to any participant if the total number of shares issued and to be issued upon exercise of all options granted and to be granted in excess of 1% of the shares in issue in any 12-month period subject to the approval of shareholders in general meeting (with the proposed participant and his associates abstaining from voting).

According to the new share option plan, the Board has the absolute discretion to determine a period not exceeding ten (10) years within which an option to be held by a participant before exercise, subject to the requirements of the 2021 Share Option Scheme. During the six months ended 30 June 2024 and as of the date of this report, no options were granted, exercised, forfeited, cancelled or lapsed nor were there any option outstanding under the 2021 Share Option Scheme.

The exercise price will be determined by the Board at its absolute discretion. The minimum exercise price shall not be less than the highest of: (A) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (B) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (C) the nominal value of a share on the date of grant. A participant shall pay HK\$1.00 to the Company by way of consideration for the grant.

The 2021 Share Option Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board and approval of shareholders by an ordinary resolution in a general meeting. The 2021 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options will be granted. As of the date of this report, the remaining life of the 2021 Share Option Scheme is approximately of 7 years.

Up to the date of this report, there is no options granted under the 2021 Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the 2021 Share Option Scheme may not exceed 694,635,004 shares, which represents 10% of the shares in issue of the Company at the Adoption Date.

DIRECTORS' INTERESTS IN THE SECURITIES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of 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") as recorded in the register required to be kept under section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

Long position in shares of the Company and its associated corporations:

Name of directors	Name of company	Capacity	Number of ordinary shares	Percentage of issued ordinary shares
YANG Lijun (Note 1)	The Company	Held by controlled corporations	2,940,475,152	38.25%
	The Company	Beneficial owner	11,608,000	0.15%
TAM Ka Wai	The Company	Beneficial owner	5,000,000	0.07%

Note 1: As at 30 June 2024, All Great International Holdings Limited ("All Great") was owned as to 51% by Jade Leader International Investment Limited ("Jade Leader"), 35% by Honor Huge Investment Holdings Limited ("Honor Huge") and 14% by Ever Star International Investment Limited ("Ever Star"). Mr. YANG Lijun, an executive Director and Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. YANG Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Accordingly, Mr. YANG Lijun was deemed to be interested in the 2,940,475,152 shares of the Company held by All Great pursuant to the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PERSONS HOLDING 5% OR MORE INTERESTS

As at 30 June 2024, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the shares of the Company:

Name of shareholders	Capacity	Notes	Number of ordinary shares	Percentage of issued share capital
All Great International Holdings Limited	Beneficial Owner	2	2,940,475,152	38.25%
Jade Leader International Investment Limited	Held by controlled corporation	2	2,940,475,152	38.25%
Honor Huge Investment Holdings Limited	Held by controlled corporation	2	2,940,475,152	38.25%
LIN Ruijie	Interest of Spouse	3	2,952,083,152	38.40%
HUANG Anfeng	Held by controlled corporation	4	1,317,520,000	17.14%
Bright Goal Investment Holding Limited	Beneficial Owner	4	1,317,520,000	17.14%
HUANG Anfeng	Beneficial Owner	4	23,768,000	0.31%
CHEN Kaijun	Held by controlled corporation	5	740,808,000	9.64%
High Summit Global Limited	Beneficial Owner	5	740,808,000	9.64%

Notes:

2. *As at 30 June 2024, All Great was owned as to 51% by Jade Leader, 35% by Honor Huge and 14% by Ever Star. Mr. YANG Lijun, an executive Director and Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. YANG Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Mr. YANG Lijun, Jade Leader and Honor Huge were deemed to be interested in the 2,940,475,152 shares of the Company held by All Great pursuant to the SFO, and such number of shares had duplicated with equivalent number of shares as disclosed in note 1 to the section headed “Directors’ interests in the securities and debentures of the Company and its associated corporations” above.*
3. *Ms. LIN Rujie, spouse of Mr. YANG Lijun was deemed to be interested in the shares of the Company deemed to be interested in by Mr. YANG Lijun, an executive Director and Chairman of the Board.*
4. *As at 30 June 2024, Mr. HUANG Anfeng was interested in 100% issued share capital of Bright Goal Investment Holding Limited.*
5. *As at 30 June 2024, Ms. CHEN Kaijun was interested in 100% issued share capital of High Summit Global Limited.*

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high corporate governance standards and uphold accountability and transparency.

During the six months ended 30 June 2024, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, except for the below deviation:

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. YANG Lijun (“**Mr. YANG**”) is the chairman of the Board and the chief executive officer of the Company. As Mr. YANG has extensive experience in the businesses of property development and investment, the Board believes that by holding both roles of the chairman and the chief executive officer, Mr. YANG will be able to provide strong leadership for the Board and effective and efficient business decisions for the Group. The Board believes that the present structure of the Board would provide adequate checks and balances, and a variety of opinions relating to the affairs and the businesses of the Group.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant provisions of the Corporate Governance Code during the period and up to the date of this announcement.

Further information on the Company’s corporate governance practices during the period under review will be set out in the Corporate Governance Report contained in the Company’s 2024 Interim Report.

CHANGE IN DIRECTOR’S INFORMATION

The change in Director’s information, required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules, is set out below:

- Mr. WONG Yuk Lun, Alan has resigned as an independent non-executive Director, the chairman of each of the audit committee, the remuneration committee, the nomination committee, and the investment and treasury committee of Huisheng International Holdings Limited (stock code 1340) with effect from 6 February 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry to the directors, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Board has established the audit committee of the Company (the "**Audit Committee**") which comprises three independent non-executive directors.

The Audit Committee, the Company's auditor and the management of the Company have reviewed the Group's unaudited condensed consolidated financial information for the six months ended 30 June 2024.

By order of the Board
China Cultural Tourism and Agriculture Group Limited
YANG Lijun
Chairman

Hong Kong, 28 August 2024