



TSUN YIP HOLDINGS LIMITED

進業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8356)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

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

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This announcement, for which the directors (the “Directors”) of Tsun Yip 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.

HIGHLIGHTS

- The Group's revenue for the six months ended 30 September 2024 decreased by approximately 24.0% to approximately HK\$171.6 million (2023: approximately HK\$225.7 million).
- Profit of the Group for the six months ended 30 September 2024 was amounted to approximately HK\$4.1 million (2023: Loss of approximately HK\$2.6 million).
- Basic earnings per Share attributable to the owners of the Company for the six months ended 30 September 2024 was approximately HK6.0 cents (2023: basic loss per Share of approximately HK6.7 cents (restated)).
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2024.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2024, together with the unaudited comparative figures for the corresponding periods in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	<i>4</i>	171,561	225,723
Cost of services		<u>(167,424)</u>	<u>(214,774)</u>
Gross profit		4,137	10,949
Other income	<i>5</i>	3,050	572
Other gains/(losses), net	<i>6</i>	11,961	(70)
Administrative and operating expenses		<u>(11,671)</u>	<u>(7,893)</u>
Profit from operations	<i>8</i>	7,477	3,558
Finance costs	<i>10</i>	<u>(2,886)</u>	<u>(6,038)</u>
Profit/(loss) before income tax		4,591	(2,480)
Income tax	<i>11</i>	<u>(470)</u>	<u>(113)</u>
Profit/(loss) for the period		<u>4,121</u>	<u>(2,593)</u>

	Six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	—	—
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income/(loss) for the period	<u>4,121</u>	<u>(2,593)</u>
Profit/(loss) for the period attributable to:		
– Owners of the Company	4,364	(2,722)
– Non-controlling interests	<u>(243)</u>	<u>129</u>
	<u>4,121</u>	<u>(2,593)</u>
Total comprehensive profit/(loss) for the period attributable to:		
– Owners of the Company	4,364	(2,722)
– Non-controlling interests	<u>(243)</u>	<u>129</u>
	<u>4,121</u>	<u>(2,593)</u>
		(Restated)
Earnings/(loss) per share attributable to the owners of the Company	<i>13</i>	
– Basic and diluted (<i>HK cent(s)</i>)	<u>6.0</u>	<u>(6.7)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	14	19,042	12,810
Right-of-use assets		<u>3,277</u>	<u>3,746</u>
		<u>22,319</u>	<u>16,556</u>
Current assets			
Trade and other receivables	15	103,722	103,065
Contract assets		41,927	51,070
Tax recoverable		–	47
Cash and cash equivalents		<u>63,826</u>	<u>48,222</u>
		<u>209,475</u>	<u>202,404</u>
Total assets		<u>231,794</u>	<u>218,960</u>
Current liabilities			
Trade and other payables	16	112,568	227,800
Contract liabilities		95,799	83,933
Lease liabilities		1,641	1,735
Promissory note		–	44,122
Convertible notes		–	257,030
Employee benefits		6,210	6,210
Tax payable		<u>17</u>	<u>–</u>
		<u>216,235</u>	<u>620,830</u>
Net current liabilities		<u>(6,760)</u>	<u>(418,426)</u>
Total assets less current liabilities		<u>15,559</u>	<u>(401,870)</u>

		As at 30 September 2024 (Unaudited) <i>Notes</i> HK\$'000	As at 31 March 2024 (Audited) <i>Notes</i> HK\$'000
Non-current liabilities			
Lease liabilities		1,156	71
Promissory note		36,293	–
Deferred tax liabilities		<u>1,895</u>	<u>1,489</u>
		<u>39,344</u>	<u>1,560</u>
Total liabilities		<u>255,579</u>	<u>622,390</u>
Net liabilities		<u>(23,785)</u>	<u>(403,430)</u>
Capital and reserves			
Share capital	17	5,722	4,055
Reserves		<u>(30,947)</u>	<u>(409,168)</u>
		<u>(25,225)</u>	<u>(405,113)</u>
Non-controlling interests		<u>1,440</u>	<u>1,683</u>
Total Equity		<u>(23,785)</u>	<u>(403,430)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2024

	Share capital HK\$'000	Share Premium* HK\$'000	Capital reserves* HK\$'000	Convertible notes equity reserves* HK\$'000	Foreign currency translation reserves* HK\$'000	Other reserves* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
As at 1 April 2024	4,055	1,238,195	2,758	14,400	(1,236)	41,214	(1,704,499)	(405,113)	1,683	(403,430)
Profit/(loss) for the period	-	-	-	-	-	-	4,364	4,364	(243)	4,121
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,364	4,364	(243)	4,121
Allotment of shares	1,667	18,333	-	-	-	-	-	20,000	-	20,000
Recognition of equity component of convertible notes upon issuance and extension of convertible notes	-	-	329,333	26,191	-	-	-	355,524	-	355,524
As at 30 September 2024 (unaudited)	<u>5,722</u>	<u>1,256,528</u>	<u>332,091</u>	<u>40,591</u>	<u>(1,236)</u>	<u>41,214</u>	<u>(1,700,135)</u>	<u>(25,225)</u>	<u>1,440</u>	<u>(23,785)</u>
As at 1 April 2023	4,055	1,238,195	2,758	14,400	(1,724)	41,214	(1,695,175)	(396,277)	1,471	(394,806)
(Loss)/profit for the period	-	-	-	-	-	-	(2,722)	(2,722)	129	(2,593)
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(2,722)	(2,722)	129	(2,593)
As at 30 September 2023 (unaudited)	<u>4,055</u>	<u>1,238,195</u>	<u>2,758</u>	<u>14,400</u>	<u>(1,724)</u>	<u>41,214</u>	<u>(1,697,897)</u>	<u>(398,999)</u>	<u>1,600</u>	<u>(397,399)</u>

The aggregate amount of these balances of approximately HK\$30,947,000 in deficit (31 March 2024: approximately HK\$409,168,000) is included as reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Net cash generated from operating activities	5,144	6,398
Investing activities		
Purchase of property, plant and equipment	(8,325)	(3,134)
Other cash flows generated from investing activities	<u>508</u>	<u>372</u>
Net cash used in investing activities	<u>(7,817)</u>	<u>(2,762)</u>
Financing activities		
Proceeds from allotment of shares	20,000	–
Other cash flows used in financing activities	<u>(1,741)</u>	<u>(3,128)</u>
Net cash generated from/(used in) financing activities	<u>18,259</u>	<u>(3,128)</u>
Net increase in cash and cash equivalents	15,586	508
Cash and cash equivalents at the beginning of the period	48,222	51,619
Effects of foreign exchange rate changes	<u>18</u>	<u>4</u>
Cash and cash equivalents at the end of the period	<u><u>63,826</u></u>	<u><u>52,131</u></u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u><u>63,826</u></u>	<u><u>52,131</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office and principal place of business of the Company are located at the offices of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit M & N, 8/F, Hi-Speed Centre 1, 18 On Chuen Street, Fanling, New Territories respectively. Its substantial shareholder is Mr. Kan Kwok Cheung, an executive director and the shareholder of the Company. As at the date of this announcement, Mr. Kan Kwok Cheung owns 54.6% issued share capital of the Company and is the controlling shareholder of the Company.

The Company's ordinary shares (the "Share(s)") were listed on GEM of the Stock Exchange on 30 August 2010 by way of placing.

The principal activities of the Company are investment holding. The subsidiaries are engaged in the provision of civil engineering services for the public sector in Hong Kong.

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 (the "Interim Financial Statements") have been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting", other relevant Hong Kong Accounting Standards, Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules.

(b) Basis of preparation

The accounting policies and method of the computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual report for the year ended 31 March 2024, except for those related to new standards and interpretations effective for the first time periods beginning on 1 April 2024 and expected to be reflected in the forthcoming annual financial statements.

The Interim Financial Statements have been prepared under the historical cost convention at the end of each reporting period and are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

(c) Going Concern

In preparing the Interim Financial Statements, the Directors have given careful consideration to the future liquidity of the Group notwithstanding that the Group has generated an unaudited net profit of approximately HK\$4,121,000 during the six months ended 30 September 2024 and, as of that date, the Group had unaudited net current liabilities and unaudited net liabilities of approximately HK\$6,760,000 and HK\$23,785,000 respectively.

The directors of the Company adopted the going concern basis in the preparation of Interim Financial Statements and implemented certain measures in order to improve the working capital and liquidity and cash flow position of the Group:

1. Mr. Kan Kwok Cheung, an executive director and controlling shareholder of the Company, has granted a loan facility up to HK\$60,000,000 (which has not been utilised up to date of announcement) to the Group to maintain the going concern of the Company; and
2. The management is endeavoring to improve the Group's operating results and cash flows through cost control measures and will focus on the existing business of the Group by actively engaged into new construction projects.

In the opinion of the directors of the Company, in light of the various measures/arrangements implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the Interim Financial Statements.

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

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the other new and amendments to HKASs and HKFRSs in the current period has had no material effect on the amounts reported in Interim Financial Statements and/or disclosures set out in Interim Financial Statements.

4. REVENUE

Revenue recognised during the six months ended 30 September 2024 and 30 September 2023 were as follows:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Construction works	<u>171,561</u>	<u>225,723</u>
Revenue recognised over time	<u><u>171,561</u></u>	<u><u>225,723</u></u>

5. OTHER INCOME

Other income recognised during the six months ended 30 September 2024 and 30 September 2023 were as follows:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	87	3
Sundry income	<u>2,963</u>	<u>569</u>
	<u><u>3,050</u></u>	<u><u>572</u></u>

6. OTHER GAINS/(LOSSES), NET

Other gains/(losses), net recognised during the six months ended 30 September 2024 and 30 September 2023 were as follows:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Exchange gains, net	18	4
Net gains on disposal of property, plant and equipment	408	30
Termination of lease	–	(223)
(Allowance for)/reversal of expected credit losses recognised for trade receivables, net	(264)	82
(Allowance for)/reversal of expected credit losses recognised for contract assets, net	(5,487)	38
Allowance for expected credit losses recognised for other receivables and deposits, net	(4)	(1)
Gains on modification of promissory note (<i>note</i>)	17,290	–
	<u>11,961</u>	<u>(70)</u>

Note:

On 13 June 2024, the Group entered into an extension agreement with the noteholder of the promissory note pursuant to which the maturity date of promissory note was extended from 30 June 2024 to 30 June 2027 and the promissory note will not bear any interest with effect from 1 July 2024 to 30 June 2027 and all accrued and outstanding interest under the promissory notes shall be repaid on the extended maturity date. The fair value of the promissory note, including all accrued and outstanding interest under the promissory notes was reassessed to approximately HK\$34,809,000 at the date of extension and gain on modification of promissory note of approximately HK\$17,290,000 was recognised in profit or loss for the six months ended 30 September 2024.

7. SEGMENT INFORMATION

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the executive Directors, being the chief operating decision maker ("CODM") in order to allocate resources to the segments and assess their performance.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- (i) Provision of civil engineering services – provision of waterworks engineering services, road works and drainage services and site formation works for public sector in Hong Kong; and
- (ii) Media and advertising business – (a) the business of broadcasting television programmes on television channels operated by television broadcasting companies in the Asia-Pacific region (excluding the PRC) and (b) business of promoting digital marketing activities on overseas video platform in return for advertising and related revenue.

Each of these operating segments is managed separately as each of the products and service lines requires different resources as well as marketing approaches.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the six months ended 30 September 2024

	Provision of civil engineering services (Unaudited) HK\$'000	Media and advertising business (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue from external customers	<u>171,561</u>	<u>–</u>	<u>171,561</u>
Reportable segment results	<u>(7,603)</u>	<u>(310)</u>	<u>(7,913)</u>
Unallocated corporate income			17,424
Unallocated corporate expenses			(2,034)
Finance costs			<u>(2,886)</u>
Profit before income tax			<u><u>4,591</u></u>

For the six months ended 30 September 2023

	Provision of civil engineering services (Unaudited) <i>HK\$'000</i>	Media and advertising business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue from external customers	<u>225,723</u>	<u>–</u>	<u>225,723</u>
Reportable segment results	<u>4,991</u>	<u>(173)</u>	4,818
Unallocated corporate income			2
Unallocated corporate expenses			(1,262)
Finance costs			<u>(6,038)</u>
Loss before income tax			<u><u>(2,480)</u></u>

There were no inter-segment sales for the six months ended 30 September 2024 and 30 September 2023.

Segment profit/(loss) represents the profit earned/loss incurred by each segment without allocation of central administration costs, interest income, finance costs, gain on modification of promissory note and income tax expenses. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 30 September 2024

	Provision of civil engineering services (Unaudited) <i>HK\$'0000</i>	Media and advertising business (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment assets	167,710	160	167,870
Unallocated			<u>63,924</u>
Consolidated assets			<u>231,794</u>
Segment liabilities	209,120	7,242	216,362
Unallocated			<u>39,217</u>
Consolidated liabilities			<u>255,579</u>

As at 31 March 2024

	Provision of civil engineering services (Audited) <i>HK\$'000</i>	Media and advertising business (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
Segment assets	170,389	160	170,549
Unallocated			<u>48,411</u>
Consolidated assets			<u>218,960</u>
Segment liabilities	192,425	33,853	226,278
Unallocated			<u>396,112</u>
Consolidated liabilities			<u>622,390</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than cash and cash equivalents, tax recoverable and corporate assets; and
- all liabilities are allocated to operating segments other than convertible notes, tax payable, deferred tax liabilities, promissory note and corporate liabilities.

Information about major customers

Revenue from major customers during the six months ended 30 September 2024 and 30 September 2023 were as follows:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A (note (i))	46,949	41,314
Customer B (note (i))	37,313	64,853
Customer C (note (i))	23,100	57,041
Customer D (note (i) and (ii))	36,354	–
Customer E (note (i) and (ii))	–	26,038
	<u> </u>	<u> </u>

Note:

- (i) Revenue from provision of civil engineering services.
- (ii) No information was disclosed as the corresponding revenue did not contribute over 10% of the Group's revenue for the respective period.

8. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging the following:

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Contract costs recognised as expense	167,424	214,774
Depreciation of property, plant and equipment	3,606	3,983
Depreciation of right-of-use assets	1,550	2,481
Staff costs (<i>note 9</i>)	54,239	53,779
	<u>54,239</u>	<u>53,779</u>

9. STAFF COSTS

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs (including Directors' remuneration) comprise:		
Wages, salaries and other benefits	52,868	52,510
Bonus	–	–
Contribution to defined contribution retirement plan	1,371	1,269
	<u>54,239</u>	<u>53,779</u>

10. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interests on:		
Lease liabilities	111	213
Promissory note	2,458	1,959
Default interest on Convertible notes	317	3,866
	<u>2,886</u>	<u>6,038</u>

11. INCOME TAX

The amount of income tax in the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong profits tax		
– Provision for the period	64	137
Deferred tax		
– Provision for the period	406	(24)
Income tax expense	470	113

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Company and its subsidiaries incorporated in BVI are not subject to any income tax in the Cayman Islands and the BVI respectively.

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the subsidiary of the Company incorporated in the PRC is 25% (2023: 25%).

12. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculations of basic earnings per share for the six months ended 30 September 2024 is based on the unaudited consolidated profit attributable to the owners of the Company of approximately HK\$4,364,000 for the six months ended 30 September 2024 (six months ended 30 September 2023: the unaudited consolidated loss attributable to the owners of the Company of approximately HK\$2,722,000) and the weighted average number of 72,279,956 Shares in issue adjusting with the impact on issuance of mandatory convertible bonds for the six months ended 30 September 2024 (weighted average number of Shares in issue for the six months ended 30 September 2023: 40,553,499 Shares (restated)) as if they had been in issue throughout the periods.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share for the six months ended 30 September 2024 are the same as the basic earnings per share as the Company had assumed all convertible bonds have been converted into ordinary shares of the Company since the date of issuance and therefore there were no dilutive potential ordinary shares outstanding.

The weighted average number of ordinary shares in issue for the six months ended 30 September 2023 has been adjusted retrospectively for the effect of the share consolidation of every hundred (100) existing shares in the share capital of the Company into one (1) consolidated share in the share capital of the Company effected on 19 June 2024. Diluted loss per share for the six months ended 30 September 2023 are the same as the basic loss per share. The computation of diluted loss per share for the six months ended 30 September 2023 does not assume the Company's outstanding convertible notes since the assumed conversion of convertible notes would result in a decrease in loss per share.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment with aggregate cost of approximately HK\$8,325,000 (six months ended 30 September 2023: approximately HK\$3,134,000). During the six months ended 30 September 2024, items of property, plant and equipment with carrying value of approximately HK\$53,000 were disposed of (six months ended 30 September 2023: approximately HK\$340,000).

15. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Trade receivables (<i>Note (i)</i>)	41,893	58,317
Allowance for expected credit losses ("ECL")	(1,193)	(929)
	40,700	57,388
Other receivables	922	926
Deposits	4,150	3,373
Allowance for expected credit losses ("ECL")	(33)	(29)
	5,039	4,270
Prepayment (<i>Note (ii)</i>)	57,983	41,407
	103,722	103,065

Notes:

- (i) Trade receivables as at the end of the reporting period mainly derived from provision of construction works on civil engineering contracts. The related customers are mainly government department/organisation and reputable corporations. The Group does not hold any collateral over these balances.

An aging analysis of the trade receivables as of the end of the reporting period, based on the invoice date and net of allowance of ECL, is as follows:

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Current or less than 1 month	40,700	45,671
More than 1 month but less than 3 months	–	6,108
More than 3 months but less than 12 months	–	5,609
	<u>40,700</u>	<u>57,388</u>

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

- (ii) As at 30 September 2024, prepayments mainly comprised of advance payment to subcontractors of approximately HK\$31,465,000 (31 March 2024: HK\$30,079,000) and prepaid insurance of approximately HK\$25,797,000 (31 March 2024: HK\$10,458,000).

16. TRADE AND OTHER PAYABLES

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Trade payables	44,553	43,128
Retention money payables	33,993	33,592
Amount due to a shareholder (<i>note (i)</i>)	218	362
Interest payables (<i>note (ii)</i>)	–	88,939
Other payables and accruals (<i>note (iii)</i>)	33,804	61,779
	<u>112,568</u>	<u>227,800</u>

Notes:

- (i) Amount due to a shareholder represents amount due to Mr. Kan Kwok Cheung which is unsecured, interest-free and repayable on demand.
- (ii) As at 31 March 2024, interest payables represented interest of promissory note and convertible notes of HK\$7,002,000 and HK\$81,937,000 respectively.

As at 31 March 2024, the Company had default in repayment of principal amount of convertible notes of approximately HK\$257,030,000 (the “Existing Convertible Notes”) and interest thereon of approximately HK\$81,937,000 (the “Overdue Existing CB Interest”). As at 15 April 2024, the Company issued certain convertible bonds, which are due on 9 December 2025 to set off the Overdue Existing CB Interest.

On 13 June 2024, the Group entered into an extension agreement with the noteholder of the promissory note pursuant to which the maturity date of promissory note was extended from 30 June 2024 to 30 June 2027 and the promissory note will not bear any interest with effect from 1 July 2024 to 30 June 2027 and all accrued and outstanding interest under the promissory notes shall be repaid on the extended maturity date. The fair value of the promissory note, including all accrued and outstanding interest under the promissory notes, of approximately HK\$34,809,000 at the date of extension which was determined by the directors of the Company based on the valuation prepared by a professional qualified valuer independent to the Group, was recognised as non-current liabilities in the Interim Financial Statements.

- (iii) As at 30 September 2023, the other payables mainly comprised of amount due to other parties of joint operations of approximately HK\$9,220,000 (31 March 2024: HK\$9,020,000). The amounts are unsecured, interest-free and repayable on demand.

The Group normally settles trade payables within 30 days credit term. Based on the invoice date, ageing analysis of trade payables at the end of the reporting period is as follows:

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Current or less than 1 month	41,664	40,037
More than 1 month but less than 3 months	25	269
More than 3 months but less than 12 months	8	19
More than 12 months	2,856	2,803
	44,553	43,128

17. SHARE CAPITAL

	Number of Shares	Nominal value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.001 each as at 1 April 2024	500,000,000,000	500,000
Share consolidation (<i>note (ii)</i>)	(495,000,000,000)	–
	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.001 each as at 1 April 2024	4,055,349,947	4,055
Issue of shares (<i>note (i)</i>)	1,666,666,667	1,667
Share consolidation (<i>note (ii)</i>)	(5,664,796,448)	–
	<u>57,220,166</u>	<u>5,722</u>

Notes:

- (i) On 5 February 2024, the Company, as issuer and Mr. Kan Kwok Cheung, an executive director the shareholder of the Company, as subscriber, entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Kan Kwok Cheung has conditionally agreed to subscribe for, an aggregate of 1,666,666,667 subscription shares at the share subscription price of HK\$0.012 per subscription share at a total consideration of HK\$20,000,000. The share subscription has been completed on 15 April 2024.
- (ii) The one hundred (100) to one (1) share consolidation has been approved by the shareholders at extraordinary general meeting of the Company on 17 June 2024 and became effective on 19 June 2024.

18. MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the Group entered into the following related party transactions:

Related party relationship	Type of transaction	Transaction amount	
		Six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
China Xinhua News Network Co., Limited	Accrued interests on convertible notes (<i>note (i)</i>)	–	3,866
A Company that is beneficially owned by Mr. Kan Kwok Cheung, the director and controlling shareholder of the Company	Rental expenses	265	–

Notes:

- (i) During the six months ended 30 September 2023, the defaulted convertible notes interest payable to China Xinhua News Network Co., Limited which was the then substantial shareholder of the Company before the completion of change of substantial shareholder on 29 February 2024 was amounted to approximately HK\$3,866,000.

The Directors considered that the above related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of civil engineering services for the public sector in Hong Kong. During the six months ended 30 September 2024 (the “Period”), the Group continued to focus on rendering civil engineering services for the public sector in Hong Kong.

Provision of civil engineering services

During the Period, the Group has been undertaking nine contracts. Among the nine contracts, one of these are related to provision of waterworks engineering services and the remaining contracts are related to provision of drainage services and site formation. Details of the contracts undertaken are set out below:

	Contract number	Particulars of contract
Subcontracts	CV/2016/10	Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery
	PYC-03084BAH-001	Site Formation, Foundation & Substructure Works for the Student Residence Development at The Hong Kong University of Science and Technology
	ND/2018/02	The Establishment of an Agricultural Pak in Kwu Tung South (Phase 1)
	1002EM19A	Design-Build-Operate for the Additional District Cooling System (DCS) at the Kai Tak Development (KTD)
	EP/SP/10/91	South East-New Territories (SENT) Landfill Extension
Joint Operations	CV/2016/10	Site Formation and Association Infrastructural Works For Development of Columbarium at Sandy Ridge Cemetery
	ND/2018/02	The Establishment of an Agricultural Pak in Kwu Tung South (Phase 1)
	4/WSD/19	Development of Anderson Road Quarry site – construction of grey water treatment plant
	CV/2019/04	Site Formation and Infrastructure Works Near Tsz Tin Road and Hing Fu Street in Area 54, Tuen Mun
	CV/2022/08	Site Formation and Infrastructure Works at Area 48, Fanling
	ND/2024/06	Fanling North New Development Area, Remaining Phase: Fresh Water and Flushing Water Service Reservoirs and Associated Works

Among the above nine contracts, a joint venture contract (contract numbered ND/2024/06) was newly awarded during the Period.

During the Period, the two contracts with contract numbered 4/WSD/19 and CV/2022/08 were the main contributors to the Group's revenue, which generated approximately HK\$51.8 million and HK\$64.1 million, constituting approximately 30.2% and 37.4% of the Group's revenue respectively.

Media and advertising business

Media and advertising business remained stagnant during the Period and no revenue was derived.

Financial Review

Revenue

During the Period, the Group reported a revenue of approximately HK\$171.6 million (2023: approximately HK\$225.7 million), representing an decrease of approximately 24.0% as compared with that for the same period of the previous year. All of the Group's revenue were derived from provision of civil engineering services during the Period. The decrease in revenue was mainly due to decrease in works from certain civil engineering projects reaching the maintenance period or nearly completion stage in the Period as well as a delay in certified payments and progress billing from a customer of the Group.

During the Period, the revenue of the Group was primarily generated from the undertaking of civil engineering contracts in the capacity of a subcontractor. The subcontracting revenue generated from undertaking in capacity of a subcontractor amounted to approximately HK\$87.3 million (2023: approximately HK\$127.0 million), representing approximately 51.0% of the total revenue for the Period (2023: approximately 56.3%). On the other hand, the revenue generated from the undertaking of civil engineering contracts in the capacity of a main contractor and a jointly controlled operator amounted to approximately HK\$84.3 million (2023: approximately HK\$98.7 million), representing approximately 49.0% (2023: in the capacity of a main contractor of approximately 43.7%) of the total revenue for the Period.

Cost of services

The Group's cost of services decreased by approximately 22.0% to approximately HK\$167.4 million for the Period (2023: approximately HK\$214.8 million) as compared with that for the same period of the previous year. The Group's cost of services mainly includes costs of construction services. Costs of construction services mainly comprise raw materials, direct labour and subcontracting fee for services provided by the subcontractors. Since the media and advertising business remained stagnant, no significant costs of media and advertising business and other direct operating costs were incurred during the Period.

Gross profit

The gross profit for the Group for the Period decreased by approximately 62.2% to approximately HK\$4.1 million (2023: approximately HK\$10.9 million) as compared with that for the same period of the previous year. The gross profit margin of the Group amounted to approximately 2.4% (2023: approximately 4.9%) for the Period. The decrease in gross profit was mainly due to (i) the extra construction costs employed from certain civil engineering projects reaching nearly completion stage at lower gross profit margin and (ii) increased costs of variation works from projects.

Other income

The Group's other income for the Period increased by approximately 4.3 times to approximately HK\$3.1 million (2023: approximately HK\$0.6 million) as compared with that for the same period of the previous year. The other income mainly consisted of interest income and sales of scrapped materials which was significantly increased during the Period.

Other gains/(losses),net

The Group's other gains, net for the Period was approximately HK\$12.0 million (2023: other losses, net of approximately HK\$70,000). Other gains, net mainly consisted of combining effect of (i) one-off recognition of gain on modification of promissory note of approximately HK\$17.3 million due to the extension of maturity date of promissory note during the Period and (ii) additional loss allowance of expected credit losses on trade receivable and contract assets of totalling HK\$5.7 million due to a delay on progress billing and increased uncertainty on settlement of a customer.

Administrative and operating expenses

The Group's administrative and operating expenses for the Period increased by approximately 47.9% to approximately HK\$11.7 million (2023: approximately HK\$7.9 million) as compared with that for the same period of the previous year. The administrative expenses mainly consisted of legal and professional fees, staff costs (including Directors' remuneration) and depreciation expenses. The increase in administrative expenses was mainly due to the additional legal and professional fee paid for the special deals such extension and issuance of convertible notes, share consolidation and change of names in the Period.

Finance costs

The Group's finance costs for the Period decreased by approximately 52.2% to approximately HK\$2.9 million (2023: approximately HK\$6.0 million) as compared with that for the same period of the previous year. The finance costs mainly consisted of interest expenses for the promissory note and convertible notes. The decrease in finance costs was mainly due to decrease in default interest on convertible notes upon the extension and modification of terms of the Existing Convertible Notes in April 2024 pursuant to which the principal amount and the interest accrued therein would be mandatorily converted into shares at its maturity.

Impairment assessment of trade and other receivables and contract assets

The Group made a provision of additional expected credit losses allowance of approximately HK\$264,000 (2023: reversal of approximately HK\$80,000) and approximately HK\$5,487,000 (2023: reversal of approximately HK\$43,000) for trade receivables and contract assets respectively based on the impairment assessment for the Period. According to the policy of impairment provision of receivables of the Group, the Group: (i) has decided the receivable portfolio by using aging as the credit risk characteristics, and has made provisions for doubtful debts for trade receivables and other receivables based on the aging analysis approach, and (ii) has sorted the customers against whom the provisions for doubtful debts has been made, and has estimated the expected credit loss, taking into account the recoverability of certain receivables, in order to estimate the impairment provisions for receivables. The provision of additional expected credit losses allowance was mainly due to the increase in credit risk arising from a customer who has delayed the settlement as well as the certified payments and progress billing of the project during the Period. The Group holds on-going discussions with the said customer, and may pursue necessary actions for recovery of payment.

Net profit/(loss)

The net profit of the Group for the Period amounted to approximately HK\$4.1 million (2023: net loss of approximately HK\$2.6 million). The turnaround from net loss to net profit for the Period was mainly due to the one-off recognition of gain on modification of promissory note, offset by the combined effect of (i) decrease in gross profit, (ii) provision of additional expected credit losses allowance on trade receivables and contract assets for the Period and (iii) increase in administrative and operating expenses.

Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares outstanding adjusting with the impact on issuance of mandatory convertible bonds for the Period. The basic earnings per Share attributable to the owners of the Company was approximately HK6.0 cents (2023: basic loss per share of approximately HK6.7 cents (restated)).

Prospects

Competition in the construction market is fierce under the challenging economic environment. Amid the uncertain economic outlook, the provision of civil engineering service business will continue to provide a stable revenue source and remain the major contributor to the Group's revenue.

Looking ahead, the Group is actively participating in various contract biddings. Together with the committed work contracts on hand, the Group is cautiously optimistic about the future market conditions. Despite this, the Group has currently been facing increasing costs of operation, including cost of direct labour and subcontracting charges as well as keen competition in the market. As such, the profit margin of the projects is reducing and the operating environments is becoming more difficult. To cope with this, the Group will keep taking a prudent approach and is cautious about the pricing so as to maintain the quality of the projects with a reasonable gross profit margin. At the same time, the Group will continue to seek opportunities to diversify into other types of civil engineering works by tendering projects jointly with partners for contracts which involve various work categories.

In light of the intense competition within the construction sector, the Group will maintain to focus on identifying new business and investment opportunities and expand customer base to diversify business risks. The Group will continue to strengthen the competitive edge of the Group over competitors in the construction industry and expanding the business in order to increase shareholders' return.

Capital Structure

The Shares were listed on GEM of the Stock Exchange on 30 August 2010. The capital of the Group comprises only ordinary shares.

Total equity attributable to the owners of the Company amounted to approximately HK\$25.2 million in deficit as at 30 September 2024 (31 March 2024: approximately HK\$405.1 million). The increase in equity was mainly resulted from allotment of shares, entering of the the fifth supplemental deed (the "Fifth supplemental deed") of the Existing Convertible notes and issuance of certain convertible notes for the Period.

- (i) On 5 February 2024, the Company, as issuer and Mr. Kan Kwok Cheung, an executive director and the shareholder of the Company, as subscriber, entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Kan Kwok Cheung has conditionally agreed to subscribe for, an aggregate of 1,666,666,667 subscription shares at the share subscription price of HK\$0.012 per subscription share at a total consideration of HK\$20,000,000. The subscription price represents (i) the closing price of HK\$0.012 per Share as quoted on the Stock Exchange on 12 August 2022 (last day before resumption of trading on 1 March 2024); (ii) the average closing price of approximately HK\$0.012 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including 12 August 2022; and (iii) a discount of approximately 14.3% to the average closing price of approximately HK\$0.014 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including 12 August 2022. The allotment and issuance of subscription share has been completed on 15 April 2024. The gross proceeds from share subscription are HK\$20,000,000, of which (i) HK\$10,355,700 has been used for the repayment of its outstanding indebtedness of the Group which includes (a) an amount of HK\$2,008,844 due to Xinhua News Agency Audio News Desk (新華音像中心), being a wholly-owned subsidiary of Xinhua News Agency (新華社) and a fellow subsidiary of the China Xinhua News Network Co., Limited (“China Xinhua NNC”), the then substantial shareholder of the Company; and (b) part of outstanding broadcasting fee in the amount of HK\$8,346,856 owed to China Xinhua NNC as a service provider to the Group; and (ii) the remaining amount of approximately HK\$9,500,000 has been used for the general working capital of the Group during the Period.
- (ii) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as bondholder, entered into the Fifth Supplemental Deed to amend certain terms of the Existing Convertible Notes to which the maturity date of the outstanding Existing Convertible Notes was extended to 9 December 2025. The interest rate of the Existing Convertible Notes shall be retrospectively reduced from 3% to 0.8% per annum from 10 December 2021 to 9 December 2025. The Fifth Supplemental Deed took effect on 15 April 2024. Under the terms of the Fifth Supplemental Deed, the principal amount of the Existing Convertible Notes and the interest accrued therein would be mandatorily converted into shares at its maturity. Upon the date of issuance, the Company had assumed all convertible bonds have been converted into ordinary shares of the Company and reclassified as the equity of the Company.

- (iii) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as subscriber, entered into the convertible bonds subscription agreement (the “CB Subscription Agreement A”), pursuant to which the Company has conditionally agreed to issue, and China Xinhua NNC has conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK\$64,127,855 (the “Convertible Bonds A”) due on 9 December 2025 to set off the Overdue Existing CB Interest. The completion of the issuance of the Convertible Bonds A took place on 15 April 2024. Under the terms of the Convertible Bonds A, the principal amount of the Convertible Bonds A and the interest accrued therein would be mandatorily converted into shares at its maturity. Upon the date of issuance, the Company had assumed all convertible bonds have been converted into ordinary shares of the Company and reclassified as the equity of the Company.
- (iv) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as subscriber, entered into the convertible bonds subscription agreement (the “CB Subscription Agreement B”), pursuant to which the Company has conditionally agreed to issue, and China Xinhua NNC has conditionally agreed to subscribe for, the convertible bonds in the principal amount of HK\$16,240,000 (the “Convertible Bonds B”) due on 9 December 2025 to set off part of the outstanding broadcasting fee owed to China Xinhua NNC as a service provider to the Group. The completion of the issuance of the Convertible Bonds B took place on 15 April 2024. Under the terms of the Convertible Bonds B, the principal amount of the Convertible Bonds B and the interest accrued therein would be mandatorily converted into shares at its maturity. Upon the date of issuance, the Company had assumed all convertible bonds have been converted into ordinary shares of the Company and reclassified as the equity of the Company.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations through internally generated cash flows and net proceeds from allotment of shares.

As at 30 September 2024, the Group had net current liabilities of approximately HK\$6.8 million (31 March 2024: approximately HK\$418.4 million), including cash balance of approximately HK\$63.8 million (31 March 2024: approximately HK\$48.2 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 0.97 as at 30 September 2024 (31 March 2024: approximately 0.33). The increase of current ratio was mainly due to (i) the entering of the Fifth Supplemental Deed and issuance of the Convertible Bonds A and the Convertible Bonds B pursuant to which the Existing Convertible Notes, the Convertible Bonds A and the Convertible Bonds B would be mandatorily converted into shares of the Company at its maturity date and therefore classified as equity of the Company; and (ii) the modification and extension of the promissory note and therefore the promissory note was classified as non-current liabilities.

Gearing Ratio

The gearing ratio, which is based on the total amount of promissory note and convertible notes, lease liabilities and contract liabilities divided by total assets, was approximately 58.2% as at 30 September 2024 (31 March 2024: approximately 176.7%). The decrease of gearing ratio was mainly due to decrease in total debts. Upon entering into of the Fifth Supplemental Deed and issuance of the Convertible Bonds A and the Convertible Bonds B, the Existing Convertible Notes, the Convertible Bonds A and the Convertible Bonds B were reclassified as equity of the Company.

Foreign Exchange Exposure

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. During the Period, the Group was mainly exposed to foreign currency exchange risk of Renminbi and the management mainly monitored the foreign currency exchange risk with advices from the Group's major banks.

Capital Commitment

As at 30 September 2024, the Group did not have any significant capital commitment (31 March 2024: nil).

Charges on the Group's Assets

As at 30 September 2024, the Group's machineries with net book values amounted to approximately HK\$1.1 million (31 March 2024: approximately HK\$3.6 million) were held under finance lease.

Contingent Liabilities

As at 30 September 2024, the Group did not have any material contingent liabilities (31 March 2024: Nil).

Dividends

The Board does not recommend the payment of any dividend for the Period.

Information on Employees

As at 30 September 2024, the Group had 224 full-time employees in Hong Kong and over 90% of them are direct labour. Total staff costs (including Directors' remuneration) for the Period amounted to approximately HK\$54.2 million (30 September 2023: approximately HK\$53.8 million), representing an increase of approximately 0.9% over that for the previous year.

Remuneration is determined with reference to the nature of job, performance, qualifications and experience of individual employees, as well as the result of the Group and the market trend. The Group carries out staff performance appraisal once a year and the assessment result is used for salary reviews and promotion decisions. The Group recognises the importance of staff training and thus regularly provides internal and external training for its staff to enhance their skills and knowledge.

Significant Investment Held

Except for investment in subsidiaries, during the Period and as at the end of the reporting period, the Group did not hold any significant investment in equity interest in any company.

Future Plans for Material Investments and Capital Assets

As at 30 September 2024, the Group did not have other plans for material investments and capital assets (31 March 2024: Nil).

CHANGE OF COMPANY NAME

In order to provide the Company with a new corporate image and benefit the Company's future business development, the shareholders of the Company approved to change the name of the Company from "CNC Holdings Limited" to "Tsun Yip Holdings Limited" and the change of the dual foreign name in Chinese of the Company from "中國新華電視控股有限公司" to "進業控股有限公司" (the "Change of Company Name") on the extraordinary general meeting of the Company held on 31 May 2024. The Change of Company Name has become effective following the issue of the certificate of incorporation on change of name by the Registrar of Companies in Cayman Islands on 7 June 2024. For further details, please refer to the announcements of the Company dated 26 July 2024.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Share Option Scheme

A share option scheme was adopted and approved by the shareholders of the Company on 11 August 2010. The share option scheme expired on 10 August 2020. No share options have been granted pursuant to the share option scheme during the Period.

The Board has resolved to propose the adoption of a new share option scheme for the approval by the shareholders of the Company. The purpose of the new share option scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

The new share option scheme will constitute a share option scheme under Chapter 23 of the GEM Listing Rules. The Board will propose the new share option scheme for shareholders' approval at a general meeting of the Company to be convened in due course for the purposes of, among other things, seeking the approval from the shareholders of the Company for the adoption of the share option scheme and authorising the Board to grant the share options pursuant to the share option scheme and to allot and issue the shares of the Company pursuant to the exercise of the share options. At the date of this announcement, the new share option scheme remains subject to the obtaining of (i) the approval from the shareholders of the Company at a general meeting of the Company to be convened in due course; and (ii) the approval from the Stock Exchange for the listing and trading of any Shares to be issued under the share options that may be granted under the new share option scheme.

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

As at 30 September 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which have 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 in which they are taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long position in the Shares:

Name	Number of shares			Percentage of aggregate interests to total issued share capital
	Beneficial interests	Interest in controlled corporation	Total	
Mr. Kan Kwok Cheung (<i>Note</i>)	16,666,666	14,596,813	31,263,479	54.64%
Shunleetat (BVI) Limited	14,596,813	–	14,596,813	25.51%

Note: Mr. Kan Kwok Cheung is the sole beneficial owner of Shunleetat (BVI) Limited, which was interested in 14,596,813 Shares. Under the SFO, Mr. Kan Kwok Cheung is deemed to be interested in all the Shares held by Shunleetat (BVI) Limited.

Saved as disclosed above, as at 30 September 2024, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as was known to the Directors, as at 30 September 2024, the following persons/entities (other than the Directors or chief executive of the Company) had, or are deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO with details as follows:

Long position in the Shares:

Name	Nature of interest	Number of shares interested	Percentage of aggregate interests to total issued share capital
Shunleetat (BVI) Limited	Beneficial owner	14,596,813	25.51%

Saved as disclosed above, as at 30 September 2024, the Directors were not aware of any other person/entity (other than the Directors or chief executive as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations" above) who/which had, or is deemed to have, interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who/which were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or who/which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this announcement, none of the Directors and their respective associates including spouses and children under 18 years of age was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the Period.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares.

CONNECTED TRANSACTIONS

During the Period, the Group entered into the following connected transaction:

- (i) On 5 February 2024, the Company, as issuer and Mr. Kan Kwok Cheung, an executive director and the shareholder of the Company, as subscriber, entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Kan Kwok Cheung has conditionally agreed to subscribe for, an aggregate of 1,666,666,667 subscription shares at the share subscription price of HK\$0.012 per subscription share at a total consideration of HK\$20,000,000. The allotment and issuance of subscription share has been completed on 15 April 2024.
- (ii) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as bondholder, entered into the Fifth Supplemental Deed to amend certain terms of the Existing Convertible Notes to which the maturity date of the outstanding Existing Convertible Notes was extended to 9 December 2025. The interest rate of the Existing Convertible Notes shall be retrospectively reduced from 3% to 0.8% per annum from 10 December 2021 to 9 December 2025. The Fifth Supplemental Deed took effect on 15 April 2024.
- (iii) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as subscriber, entered into the CB Subscription Agreement A, pursuant to which the Company has conditionally agreed to issue, and China Xinhua NNC has conditionally agreed to subscribe for, the Convertible Bonds A due on 9 December 2025 at the initial conversion price of HK\$0.196 per Conversion Share. The completion of the issuance of the Convertible Bonds A took place on 15 April 2024.

- (iv) On 5 February 2024, the Company, as issuer, and China Xinhua NNC, the then substantial shareholder of the Company, as subscriber, entered into the CB Subscription Agreement B, pursuant to which the Company has conditionally agreed to issue, and China Xinhua NNC has conditionally agreed to subscribe for, the Convertible Bonds B due on 9 December 2025 at the initial conversion price of HK\$0.196 per Conversion Share. The completion of the issuance of the Convertible Bonds B took place on 15 April 2024.
- (v) On 13 May 2024, Tsun Yip Waterworks Construction Company Limited (“TYW”) as a lessee entered into a tenancy agreement (the “Tenancy Agreement”) with a company which was beneficially owned by Mr. Kan Kwok Cheung, an executive director and shareholder of the Company for the lease of the property as directors’ quarter for a monthly rent of HK\$53,000 with effect from 13 May 2024 for a term of two years.

GEM Listing Rules Implications

(i) Share Subscription

Mr. Kan Kwok Cheung is an executive Director and shareholder of the Company, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the share subscription constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

(ii) Convertible Bonds

China Xinhua NNC is a substantial shareholder of the Company at the date of entering into of the Fifth Supplemental Deed, CB Subscription Agreement A and CB Subscription Agreement B and therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the (1) entering into of Fifth Supplemental Deed with China Xinhua NNC; and (2) the issue of the Convertible Bonds A and Convertible Bonds B to China Xinhua NNC, constitute connected transactions on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

(iii) Tenancy Agreement

Mr. Kan Kwok Cheung is an executive Director and shareholder of the Company, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the transactions under the Tenancy Agreement constitutes a connected transaction on the part of the Company. As the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the transactions under the Tenancy Agreement are less than 5% and the consideration is less than HK\$3 million and the transactions under the Tenancy Agreement are on normal commercial terms, by virtue of Rule 20.74 of the GEM Listing Rules, such transactions constitute de minimis connected transactions and fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules.

Save as disclosed above, none of the Directors, controlling shareholders and their respective associates has any other conflict of interests with the Group during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms which are the same as the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the required standards of dealings throughout the Period under review. The Company was not aware of any non-compliance in this respect during the Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and enhance the performance of the Group. The Company has applied the principles and code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Period, except paragraphs C.1.6 and C.1.8 of the Code. This announcement further illustrates in detail as to how the Code was applied, inclusive of the considered reasons for any deviation throughout the Period.

Pursuant to code provision C.1.8 of the Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Such directors' liability insurance will be reviewed and renewed annually. Upon the expiry of the insurance cover on 30 August 2020, the Company did not arrange appropriate insurance cover in respect of legal action against its Directors. On 16 September 2024, the Company has rearranged an appropriate insurance coverage in respect of legal action against its Directors and re-complied with code provision C.1.8 of the Code.

Paragraph C.1.6 of the Code requires that independent non-executive directors and non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. An executive Director, namely Mr. Kan Chun Ting Max, did not attend the annual general meeting of the Company held on 26 September 2024 due to pre-arranged business engagements. Other Board members and the chairmen of the relevant Board committees also attended the annual general meeting to inter-face with, and answer questions from the Shareholders.

The then non-executive Director, namely Ms. Tang Li, did not attend the extraordinary general meeting of the Company held on 8 April 2024 due to pre-arranged business engagements. Other Board members and the chairmen of the relevant Board committees also attended the extraordinary general meeting to inter-face with, and answer questions from the Shareholders.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 11 August 2010 with terms of reference in compliance with paragraph D.3.3 of the Code. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the financial statements and the quarterly, interim and annual reports of the Group, and reviewing the terms of engagement and scope of audit work of the external auditors.

As at the date of this announcement, the members of the Audit Committee were Mr. Chin Chi Ho Stanley, Mr. Kwok Man To Paul, Mr. Wong Chung Yip Kenneth and Mr. Law Cheuk Hung. Mr. Chin Chi Ho Stanley was the chairman of the Audit Committee. The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that the preparation of such results complied with the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.tsunyip.hk). The interim report of the Company for the six months ended 30 September 2024 containing all the information required by the GEM Listing Rules will be despatched to the Company's shareholders and available on the above websites before 31 December 2024.

By Order of the Board
Tsun Yip Holdings Limited
Kan Kwok Cheung
Chairman and Executive Director

Hong Kong, 28 November 2024

As at the date of this announcement, the Directors are Mr. Kan Kwok Cheung¹ (Chairman), Mr. Hui Ka Tsun¹, Mr. Kan Chun Ting Max¹, Mr. Law Cheuk Hung², Mr. Chin Chi Ho Stanley³, Mr. Kwok Man To Paul³, Mr. Wong Chung Yip Kenneth³ and Mr. Lai Ah Ming Leon³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent non-executive Director*

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for at least seven days from the date of its posting and the Company's website at <http://www.tsunyip.hk>.