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**SIN  STAR**

**中國華星**

**China Sinostar Group Company Limited**

**中國華星集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 485)**

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

**INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Sinostar Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 which has been reviewed by the audit committee of the Company (the “**Audit Committee**”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>
Revenue	3	<b>14,740</b>	22,397
Cost of sales		<u><b>(11,965)</b></u>	<u>(18,237)</u>
Gross profit		<b>2,775</b>	4,160
Other gain	5	<b>250</b>	79
Administrative expenses		<b>(5,002)</b>	(4,751)
Finance costs		<u><b>(1,445)</b></u>	<u>(1,251)</u>
<b>Loss before tax</b>	6	<b>(3,442)</b>	(1,763)
Income tax expenses	7	<u><b>(166)</b></u>	<u>(732)</u>
<b>Loss for the period</b>		<b>(3,588)</b>	(2,495)
<b>Other comprehensive income (loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u><b>7,820</b></u>	<u>(17,925)</u>
<b>Total comprehensive income(loss) for the period</b>		<u><b>4,232</b></u>	<u>(20,420)</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
– Basic and diluted	9	<u><b>(1.69)</b></u>	<u>(1.17)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2024*

	<i>Notes</i>	<b>30 September 2024 HK\$'000 (unaudited)</b>	31 March 2024 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	10	27,358	26,577
Property, plant and equipment	10	26,323	26,450
Right-of-use assets	10	400	571
		<u>54,081</u>	<u>53,598</u>
<b>Current assets</b>			
Trade receivables, deposits and other receivables	11	40,782	34,629
Properties for sale under development	12	14,518	14,103
Properties held for sale		148,309	155,224
Bank balances and cash		8,495	4,571
		<u>212,104</u>	<u>208,527</u>
<b>Current liabilities</b>			
Amount due to immediate holding company	13	1,705	963
Trade payables and accrued charges	14	27,683	26,919
Lease liabilities		408	337
Contract liabilities		2,364	4,289
Current tax liabilities		5,348	5,338
Borrowings	15	21,096	20,493
Bonds payable	16	6,760	6,960
		<u>65,364</u>	<u>65,299</u>
<b>Net current assets</b>		<u>146,740</u>	143,228
<b>Total assets less current liabilities</b>		<u>200,821</u>	196,826
<b>Non-current liabilities</b>			
Lease liabilities		–	237
<b>NET ASSETS</b>		<u>200,821</u>	<u>196,589</u>
<b>Capital and reserves</b>			
Share capital	17	2,128	2,128
Reserves		198,693	194,461
<b>TOTAL EQUITY</b>		<u>200,821</u>	<u>196,589</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2024 (audited)	2,128	394,379	(28,869)	577,204	64,349	(812,602)	196,589
Loss for the period	-	-	-	-	-	(3,588)	(3,588)
<b>Other comprehensive income:</b>							
Exchange difference arising on translation of foreign operations	-	-	7,820	-	-	-	7,820
<b>Total comprehensive income (loss) for the period</b>	-	-	7,820	-	-	(3,588)	4,232
<b>At 30 September 2024 (unaudited)</b>	<b>2,128</b>	<b>394,379</b>	<b>(21,049)</b>	<b>577,204</b>	<b>64,349</b>	<b>(816,190)</b>	<b>200,821</b>
At 1 April 2023 (audited)	2,128	394,379	(12,280)	577,204	64,349	(794,013)	231,767
Loss for the period	-	-	-	-	-	(2,495)	(2,495)
<b>Other comprehensive loss:</b>							
Exchange difference arising on translation of foreign operations	-	-	(17,925)	-	-	-	(17,925)
<b>Total comprehensive loss for the period</b>	-	-	(17,925)	-	-	(2,495)	(20,420)
<b>At 30 September 2023 (unaudited)</b>	<b>2,128</b>	<b>394,379</b>	<b>(30,205)</b>	<b>577,204</b>	<b>64,349</b>	<b>(796,508)</b>	<b>211,347</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
<b>Net cash generated from operating activities</b>	<u>2,251</u>	<u>12,273</u>
<b>INVESTING ACTIVITIES</b>		
Interest received	3	3
Purchase of property, plant and equipment	<u>(71)</u>	<u>(453)</u>
<b>Net cash used in investing activities</b>	<u>(68)</u>	<u>(450)</u>
<b>FINANCING ACTIVITIES</b>		
Advance from (Repayment to) immediate holding company	742	(7,385)
Repayment to a director	–	(82)
Interest paid on bonds payable	(148)	–
Interest paid on lease liabilities	(17)	(6)
Repayment of bonds payable	(200)	(1,518)
Repayment of lease liabilities	<u>(166)</u>	<u>(191)</u>
<b>Net cash from (used in) financing activities</b>	<u>211</u>	<u>(9,182)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE REPORTING PERIOD</b>	<b>4,571</b>	<b>4,196</b>
Effect of foreign exchange rate changes	<u>1,530</u>	<u>(2,337)</u>
<b>Cash and cash equivalents at end of the reporting period, represented by bank balances and cash</b>	<u><u>8,495</u></u>	<u><u>4,500</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

### 1. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 March 2024 except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA effective as of 1 April 2024.

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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

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

### 3. REVENUE

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Revenue from contracts with customers within HKFRS 15:		
Development and sale of properties	<b>11,041</b>	18,442
Properties management	<b>118</b>	301
Operation and management of hydroelectric power stations	<b>2,969</b>	2,941
	<b>14,128</b>	21,684
Revenue from other sources:		
Rental income from operating leases:		
– fixed lease payments	<b>501</b>	593
– variable lease payments	<b>111</b>	120
	<b>612</b>	713
	<b>14,740</b>	22,397

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

	<b>Six months ended 30 September 2024</b>			
	<b>Development and sale of properties</b>	<b>Properties management</b>	<b>Operation and management of hydroelectric power stations</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Type of transaction price:</i>				
At fixed price	<b>11,041</b>	<b>118</b>	<b>2,969</b>	<b>14,128</b>
<i>Timing of revenue recognition:</i>				
At a point in time	<b>11,041</b>	–	–	<b>11,041</b>
Over time	–	<b>118</b>	<b>2,969</b>	<b>3,087</b>
	<b>11,041</b>	<b>118</b>	<b>2,969</b>	<b>14,128</b>

Six months ended 30 September 2023

	Development and sale of properties <i>HK\$'000</i> (unaudited)	Properties management <i>HK\$'000</i> (unaudited)	Operation and management of hydroelectric power stations <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
<i>Type of transaction price:</i>				
At fixed price	18,442	301	2,941	21,684
<i>Timing of revenue recognition:</i>				
At a point in time	18,442	–	–	18,442
Over time	–	301	2,941	3,242
	18,442	301	2,941	21,684

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

#### 4. SEGMENT INFORMATION

The Group's operating divisions are as follows:

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

##### Segment revenue and results

	For the six months ended 30 September 2024				
	Properties development <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Properties management <i>HK\$'000</i> (unaudited)	Hydroelectric power business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue	11,041	612	118	2,969	14,740
Segment results	(441)	(48)	(50)	419	(120)
Interest income					3
Unallocated expenses					(1,860)
Finance costs					(1,445)
Loss before tax					(3,422)



For the six months ended 30 September 2023

	Properties development <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Properties management <i>HK\$'000</i> (unaudited)	Hydroelectric power business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue	18,442	713	301	2,941	22,397
Segment results	(24)	32	28	688	724
Interest income					3
Unallocated expenses					(1,239)
Finance costs					(1,251)
Loss before tax					(1,763)

**5. OTHER GAIN**

Six months ended 30 September

	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Interest income	3	3
Others	247	76
	<b>250</b>	<b>79</b>

**6. LOSS BEFORE TAX**

This is stated after charging:

Six months ended 30 September

	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Staff costs (including directors' remuneration):		
– wages and salaries	1,683	801
– contribution to defined contribution schemes	194	145
Cost of inventories sold	10,954	17,552
Depreciation:		
– property, plant and equipment	1,478	1,483
– right-of-use assets	171	181
Interest expenses on:		
– borrowings	1,238	1,245
– bonds payable	190	–
– lease liabilities	17	6

## 7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2023: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for each of the six months ended 30 September 2024 and 2023.

The PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate of 25% (six months ended 30 September 2023: 25%) on the estimated assessable profits for the six months ended 30 September 2024 based on existing legislation, interpretations and practices in respect thereof.

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current period		
LAT	<u>166</u>	<u>732</u>

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 September 2024 (six months ended 30 September 2023: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

## 9. LOSS PER SHARE

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	<u>(3,588)</u>	<u>(2,495)</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the basic and diluted loss per share	<u>212,839,878</u>	<u>212,839,878</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted loss per share	<u>(1.69)</u>	<u>(1.17)</u>

Diluted loss per share is same as the basic loss per share for the six months ended 30 September 2024 and 2023. The Company did not have any dilutive potential ordinary shares during the six months ended 30 September 2024 and 2023.

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

During the six months ended 30 September 2024, the Group has not acquired or disposed of any items of investment properties and right-of-use assets (six months ended 30 September 2023: nil).

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment with a cost of HK\$71,000 (six months ended 30 September 2023: HK\$453,000).

## 11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

The ageing analysis of trade receivables, net of loss allowance, based on invoice dates which approximate the respective recognition dates, at the end of the reporting period is as follows:

	<b>30 September 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31 March 2024 <i>HK\$'000</i> (audited)
0 – 30 days	217	46
31 – 60 days	–	710
61 – 90 days	–	14
Over 90 days	<u>13,894</u>	<u>12,718</u>
	<u><b>14,111</b></u>	<u><b>13,488</b></u>

The Group allows an average credit period ranging from 0 to 365 days (31 March 2024: 0 to 365 days) to its trade customers.

## 12. PROPERTIES FOR SALE UNDER DEVELOPMENT

At 30 September 2024, properties for sale under development of HK\$14,518,000 (31 March 2024: HK\$14,103,000) were pledged to secure banking facility with an aggregate principal amount of HK\$26,370,000 (31 March 2024: HK\$25,617,000) granted to third parties. All properties for sale under development are located in the PRC.

## 13. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due is interest-free, unsecured and repayable on demand.

## 14. TRADE PAYABLES AND ACCRUED CHARGES

The ageing analysis of trade payables based on invoice dates at the end of the reporting period is as follows:

	<b>30 September 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31 March 2024 <i>HK\$'000</i> (audited)
0 – 30 days	–	–
31 – 60 days	3	–
61 – 90 days	–	–
Over 90 days	<u>2,076</u>	<u>2,620</u>
	<u><b>2,079</b></u>	<u><b>2,620</b></u>

The average credit period is 90 days (31 March 2024: 90 days) and certain suppliers grant longer credit period on a case-by case basis.

## 15. BORROWINGS

	<b>30 September 2024</b> <i>HK\$'000</i> (unaudited)	31 March 2024 <i>HK\$'000</i> (audited)
Other borrowings, secured		
Current liabilities	<u><b>21,096</b></u>	<u>20,493</u>

As at 30 September 2024, other borrowings are interest-bearing at 12% per annum (31 March 2024: 12%), secured by investment properties of HK\$18,120,000 (31 March 2024: HK\$17,603,000) and repayable on 2 May 2025 (31 March 2024: 2 May 2024).

## 16. BONDS PAYABLE

	<b>30 September 2024</b> <i>HK\$'000</i> (unaudited)	31 March 2024 <i>HK\$'000</i> (audited)
Corporate bonds		
Current liabilities	<u><b>6,760</b></u>	<u>6,960</u>

As at 30 September 2024, the Company had corporate bonds with principal amount of HK\$6,760,000 (31 March 2024: HK\$6,960,000) issued under the placing agreement dated 13 November 2018 for bonds issuance with an aggregate principal amount of up to HK\$200,000,000 (the “**Placing Agreement**”). Pursuant to the Placing Agreement, the bonds carry fixed interest rates ranging from 6% to 6.5% per annum. The bonds are with a maturity period ranging from three to five years from the issue date, and the interests are paid semi-annually in arrears on 30 June and 31 December in each year and on the maturity date.

On 1 March 2024, the Company received statutory demands from certain bond holders for certain outstanding principal amount and interest payables. Please refer to the announcement of the Company dated 21 March 2024 for details.

As at 31 March 2024, all bonds payable were overdue and unsecured. Certain bonds payable amounting to HK\$6,187,000 was interest bearing at judgement interest rate ranging from 8.53% to 8.58% as determined by order by the Chief Justice of Hong Kong, whereas the remaining bonds payable amounting to HK\$773,000 was interest free.

On 17 May 2024, the Company received a winding-up petition (the “**Petition**”) which was filed against the Company on the same date at the High Court of the Hong Kong Special Administrative Region (the “**Hong Kong High Court**”) by a bond holder (the “**Petitioner**”) for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition is relating to the outstanding amount of certain bonds payable in an aggregate amount of HK\$3,902,000 (the “**Outstanding Amount**”). On 28 June 2024, the Petitioner has entered into an agreement with a third party and completed the transfer of the Outstanding Amount to such third party who is independent of and not connected with the Company and its connected person and not otherwise a connected person of the Company. As such, the Petitioner has ceased to be a bond holder of the Company and has agreed to withdraw the Petition. The Company received a court order from the Hong Kong High Court dated 22 July 2024, which ordered, among other things, that the Petition be withdrawn. Please refer to the announcements of the Company dated 20 May 2024, 24 May 2024, 28 June 2024 and 31 July 2024 for details.

On 1 July 2024, the Company entered into supplemental deed polls with a bond holder to extend the maturity date of certain bonds payable in an aggregate principal amount of HK\$5,987,000 to 30 September 2024 and amended the interest rate from 6% per annum to 0.7% per month during the extended period.

As at 30 September 2024, all bonds payable were unsecured. The bonds of an aggregate principal amount of HK\$5,987,000 was matured, and the repayment date was further extended to 31 December 2024 at the interest rate of 0.7% per month. The remaining bonds of an aggregate principal amount of HK\$773,000 was overdue and interest free.

The Company has been actively communicating and maintaining constructive dialogue with the bond holders and is in the process of amicable negotiation with the bond holders in respect of the repayment plans.

## 17. SHARE CAPITAL

	<b>Nominal value per share HK\$</b>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>			
At 1 April 2023, 31 March 2024 and 30 September 2024	0.01	50,000,000,000	500,000
<b>Issued and fully paid:</b>			
At 1 April 2023, 31 March 2024 and 30 September 2024	0.01	212,839,878	2,128

## 18. CAPITAL COMMITMENTS

	<b>30 September 2024 HK\$'000 (unaudited)</b>	<b>31 March 2024 HK\$'000 (audited)</b>
Properties for sale under development: Contracted but not provided for in the condensed consolidated financial statements	596	579

## 19. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions:

	<b>Six months ended 30 September 2024 HK\$'000 (unaudited)</b>	<b>2023 HK\$'000 (unaudited)</b>
Remuneration of key management personnel	989	418

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

To align with the Group's business strategies and directions, the Group has reallocated its resources and reorganised its asset portfolio to enlarge its business scale in properties development and related services sectors in the past years. For the year ended 30 September 2024, most of the Group's revenue were derived from properties development and hydroelectric power business, with a small proportion of revenue derived from properties investment and properties management business.

During the six months ended 30 September 2024, the market sentiments stayed far from recovery and the sluggish market trading remained, the national real estate development investment, sales area and volume continued to decline. According to the National Bureau of Statistics in the PRC, from January to September 2024, the national investment in real estate development amounted to approximately RMB7,868 billion, representing a year-on-year decrease of 10%, of which approximately RMB5,970 billion was invested in residential housing, representing a year-on-year decrease of 11%; and all major indicators declined. The sales of commodity housing in the PRC were approximately RMB6,888 billion, representing a year-on-year decrease of 23%, of which the sales of residential housing decreased by 24%; and the sales area of commodity housing in the PRC was approximately 703 million sq.m., representing a year-on-year decrease of 17%, of which the sales area of residential housing decreased by 19%. This negative trend reflecting the severity of the downturn that plagued the real estate market in the PRC, adding the impacts of an oversupplied market, a heavily indebted sector and a tepid sales outlook, the property sector woes to continue during the period. As a result, the operations and financial performance of the Group were inevitably affected during the six months ended 30 September 2024.

For the six months ended 30 September 2024, the Group recorded a revenue of approximately HK\$14,740,000, representing a decrease of approximately 34% as compared to the revenue of approximately HK\$22,397,000 for the corresponding period in 2023. The Group recorded administrative expenses of approximately HK\$5,002,000 for the six months ended 30 September 2024, which was maintained at a similar level as compared to approximately HK\$4,751,000 for the six months ended 30 September 2023. For the six months ended 30 September 2024, the Group recorded finance costs of approximately HK\$1,445,000, representing an increase of approximately 16% as compared to that of approximately HK\$1,251,000 for the corresponding period in 2023, which was resulted from the borrowings and bonds payable for the Group's refinancing and general corporate purpose.

As a result, the Group recorded a loss for the period at the amount of approximately HK\$3,588,000 for the six months ended 30 September 2024, representing an increase of approximately 44% as compared to that of approximately HK\$2,495,000 for the six months ended 30 September 2023.

## **Properties Development**

Leveraging on the experience and connection of the management and following the business directions of the Company, the Group started to engage in properties development business since the financial year of 2018. During the six months ended 30 September 2024, the Group owned three properties development projects in the PRC, namely Xiguan Project, Bagua Town Project I and Bagua Town Project II. For the six months ended 30 September 2024, revenue from properties development were derived from the sale of remaining completed properties of the Xiguan Project.

### ***Xiguan Project***

It is located at Xiguan Village, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 46,243 sq.m. and a construction area of approximately 80,462 sq.m.. Xiguan Project contained 19 buildings that created 775 residential and 30 commercial units and 121 parking units. The construction work of the Xiguan Project was completed during the financial year of 2019.

For the six months ended 30 September 2024, the Group sold approximately 4% of the gross floor area and achieved total contracted sales of approximately HK\$11,041,000, while approximately 6% of the gross floor area was sold and total contracted sales of approximately HK\$18,442,000 was recorded for the six months ended 30 September 2023.

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

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 5,023 sq.m. and a construction area of approximately 7,543 sq.m. for other commercial use. Bagua Town Project I comprises 3 main buildings and 38 commercial units that creates a marketplace for the community. The construction work of Bagua Town Project I was completed during the financial year of 2024.

The sale of Bagua Town Project I commenced in mid-2023 but yet to contribute any revenue to the Group during the six months ended 30 September 2024.

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

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 9,188 sq.m. and a construction area of approximately 14,700 sq.m. for other commercial use. The Bagua Town Project II is at the preliminary stage of preparation ahead of construction.

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

For the six months ended 30 September 2024, the property market in the PRC remained under downward pressure and the housing supply and price continued to be dragged down by the weakened demands. The buyers were adopting a conservative and wait-and-see attitude on the property purchases in the PRC. Segment loss increased from approximately HK\$24,000 for the six months ended 30 September 2023 to approximately HK\$441,000 for the six months ended 30 September 2024.

Sales performance has not witnessed significant improvement yet, however, policy relaxations and support measures for both supply and demand sides are expecting to take effect. The government of the PRC continues to promote the positive and healthy development of the real estate industry, as well as adhere to the national strategies that “houses are built to be inhabited, not for speculation”, implement city-specific policies to achieve the “three stabilities” of “stabilising land prices”, “stabilising housing prices” and “stabilizing expectations”. Stability in real estate, economy and growth still remained the keynote of the macro-policy advocated by the state. The Board is positive towards the properties development industry in the PRC and will proactively align and respond to the adjustment and calling of such policies and capture the potential opportunities in the properties development market in order to enhance shareholder’s value. Further, the Group will also enhance its portfolio of the existing projects and strive to generate a better result for the Group.

### **Properties Investment**

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

For the six months ended 30 September 2024, revenue was approximately HK\$612,000, representing a decrease of 14% as compared to approximately HK\$713,000 for the six months ended 30 September 2023. Segment loss of approximately HK\$48,000 for the six months ended 30 September 2024 was recorded as compared to a segment profit of approximately HK\$32,000 for the six months ended 30 September 2023, which was mainly resulted from the decrease in rental income from operating leases.



## **Properties Management**

To complement the properties development business, the Group started to engage in properties management business and delivered comprehensive property management services for residential and commercial properties since the financial year of 2020.

The revenue and segment loss for the six months ended 30 September 2024 were approximately HK\$118,000 and approximately HK\$50,000, respectively, whereas the revenue and segment profit for the six months ended 30 September 2023 were approximately HK\$301,000 and approximately HK\$28,000, respectively.

## **Hydroelectric Power Business**

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

The revenue and segment profit for the six months ended 30 September 2024 was approximately HK\$2,969,000 and approximately HK\$419,000, respectively, whereas the revenue and segment profit for the six months ended 30 September 2023 was approximately HK\$2,941,000 and approximately HK\$688,000, respectively.

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

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 September 2024, bank balances and cash denominated mainly in Hong Kong dollars and Renminbi amounted to approximately HK\$8,495,000, representing an increase of approximately 86% as compared to approximately HK\$4,571,000 as at 31 March 2024, which was mainly resulted from the appreciation of Renminbi during the six months ended 30 September 2024.

As at 30 September 2024, gearing ratio was 0.14 (31 March 2024: 0.14), which was calculated based on the total borrowings and bonds payable divided by total equity. The Group will continue to monitor and manage its financial structure and their potential risks in the course of development.

As at 30 September 2024, the current ratio was 3.24 (31 March 2024: 3.19), which was calculated by dividing the total current assets by the total current liabilities.

## **Financing and Capital Structure**

The Group finances its operations by a combination of equity and borrowings. As at 30 September 2024, the Group had borrowings of approximately HK\$21,096,000 (31 March 2024: HK\$20,493,000) and bonds payable of approximately HK\$6,760,000 (31 March 2024: HK\$6,960,000), which were for the Group's refinancing and general corporate purpose. Details regarding the borrowings and bonds payable of the Group are set out in notes 15 and 16 to the condensed consolidated financial statements.

## **Exposure to Fluctuation in Exchange Rates**

For the six months ended 30 September 2024, the Group's transactions were mostly denominated in Hong Kong dollars and Renminbi. No foreign currency hedge was made during the six months ended 30 September 2024. The Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currencies closely and will consider hedging for significant foreign currency exposure, if necessary.

## **Pledge of Assets**

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

## **Contingent Liabilities**

As at 30 September 2024, the Group had no material contingent liabilities (31 March 2024: nil).

## **STAFF**

As at 30 September 2024, the Group had a total of 19 employees (31 March 2024: 17), of which 15 (31 March 2024: 13) were employed in the PRC. Details regarding the total amount of staff costs of the Group are set out in note 6 to the condensed consolidated financial statements.

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

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisitions or disposals during the six months ended 30 September 2024.

## **SIGNIFICANT INVESTMENT HELD**

Save as disclosed in the paragraphs headed “Business Review”, the Group did not have any significant investment held as at 30 September 2024.

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

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

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend in respect of six months ended 30 September 2024.

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

During the six months ended 30 September 2024, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

## **EVENT AFTER REPORTING PERIOD**

### **Change of Director**

On 15 November 2024, Mr. Zhao Shuang resigned as executive Director and Ms. Zhao Hongxia was appointed as non-executive Director. For details, please refer to the announcement of the Company dated 15 November 2024.

Save as disclosed, the Board is not aware of any important event affecting the Group which occurred after the end of the reporting period and up to the date of this announcement.

## **PROSPECT**

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

## **CORPORATE GOVERNANCE**

The Company adopted all the code provisions in Corporate Governance Code (the “**Code Provisions**”) set out in Appendix C1 to the Listing Rules on the Stock Exchange as its own code on corporate governance practices and guidance. During the six months ended 30 September 2024 and up to the date of this announcement, the Company has complied with the Code Provisions except the following:

1. Pursuant to Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wang Jing, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 20 September 2024 (the “**2024 AGM**”) due to his other business commitments. Mr. Wang Xing Qiao, the executive Director acted as the chairman of the 2024 AGM, and attended the 2024 AGM with other members of the management. At the 2024 AGM, there was sufficient caliber for answering questions at the 2024 AGM and answered questions at the 2024 AGM competently.
2. Pursuant to Code Provision C.1.6, independent non-executive director and other non-executive director should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Su Bo and Mr. Zeng Guanwei, the independent non-executive Directors, were unable to attend the 2024 AGM due to other business commitments.

In order to comply with the Code Provisions, the Company will continue to furnish all the Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a caution that may enable all the Directors to attend the general meeting as far as possible.

Save as disclosed above, in the opinion of the Directors, the Company has complied with all Code Provisions during the six months ended 30 September 2024 and, where appropriate, the applicable recommended best practices of the Code Provisions.

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

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all the Directors that they have complied with the Model Code throughout the six months ended 30 September 2024.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors and reports directly to the Board. The Audit Committee meets regularly with the Group's senior management and the external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 September 2024.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.00485.hk](http://www.00485.hk). The interim report of the Company for the six months ended 30 September 2024 containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on above websites in due course.

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

Hong Kong, 28 November 2024

*As at the date of this announcement, the Board comprises Mr. Wang Jing and Mr. Wang Xing Qiao as executive Directors; Ms. Zhao Hongxia as non-executive Director; and Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei as independent non-executive Directors.*