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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 370)**

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

The board (the “Board”) of directors (the “Directors”) of China Best Group Holding Limited (the “Company”) would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2024 together with the comparative figures for the six months ended 30 September 2023.

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

*For the six months ended 30 September 2024*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Notes</i>	<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>Continuing operations</b>			
Revenue	4	<b>64,175</b>	105,562
Operating costs	7	<b>(48,086)</b>	(80,953)
Other income		<b>3,414</b>	1,209
Administrative and other expenses		<b>(19,864)</b>	(22,652)
Staff costs	7	<b>(21,280)</b>	(27,332)
Finance costs	7	<b>(14,448)</b>	(15,492)
Gain on disposal of associates		<b>–</b>	239
Loss before tax		<b>(36,089)</b>	(39,419)
Income tax expense	6	<b>(474)</b>	(2,859)
Loss for the period from continuing operations		<b>(36,563)</b>	(42,278)
<b>Discontinued operations</b>			
Profit/(Loss) for the period from discontinued operations	15	<b>240</b>	(72)
Loss for the period	7	<b>(36,323)</b>	(42,350)

\* For identification purpose only

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
<b>Other comprehensive income/(expense):</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>6,038</b>	(22,994)
Translation reserve released upon disposal of a subsidiary	–	(84)
Translation reserve released upon disposal of associates	–	877
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Fair value loss on financial assets at fair value through other comprehensive income	<u>(1,010)</u>	<u>(860)</u>
	<u><b>5,028</b></u>	<u>(23,061)</u>
<b>Total comprehensive expense for the period</b>	<u><b>(31,295)</b></u>	<u><b>(65,411)</b></u>
<b>Profit/(Loss) for the period attributable to owners of the Company:</b>		
– Continuing operations	<b>(32,915)</b>	(40,771)
– Discontinued operations	<u>240</u>	<u>(74)</u>
	<u><b>(32,675)</b></u>	<u>(40,845)</u>
<b>(Loss)/Profit for the period attributable to non-controlling interests:</b>		
– Continuing operations	<b>(3,648)</b>	(1,507)
– Discontinued operations	<u>–</u>	<u>2</u>
	<u><b>(3,648)</b></u>	<u>(1,505)</u>
	<u><b>(36,323)</b></u>	<u><b>(42,350)</b></u>

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
			(Restated)
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(28,465)	(61,295)
Non-controlling interests		<u>(2,830)</u>	<u>(4,116)</u>
		<u><b>(31,295)</b></u>	<u><b>(65,411)</b></u>
<b>(Loss)/Earnings per share</b>	<i>9</i>		
From continuing and discontinued operations			
Basic and diluted ( <i>HK cents</i> )		<u><b>(1.56)</b></u>	<u><b>(2.39)</b></u>
From continuing operations			
Basic and diluted ( <i>HK cents</i> )		<u><b>(1.57)</b></u>	<u><b>(2.38)</b></u>
From discontinued operations			
Basic and diluted ( <i>HK cents</i> )		<u><b>0.01</b></u>	<u><b>(0.01)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		30 September 2024	31 March 2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>258,324</b>	271,102
Right-of-use assets		<b>8,403</b>	10,901
Investment properties		<b>112,640</b>	110,142
Goodwill		<b>250,938</b>	249,374
Intangible asset		<b>811</b>	811
Financial assets at fair value through other comprehensive income		<b>4,250</b>	5,260
Regulatory deposits		<b>205</b>	205
		<hr/> <b>635,571</b>	<hr/> 647,795
<b>Current assets</b>			
Inventory		<b>6,113</b>	3,682
Loans and interest receivables	<i>12</i>	<b>300,164</b>	311,896
Other loan and interest receivables		<b>10,458</b>	10,226
Trade and other receivables	<i>13</i>	<b>363,821</b>	387,508
Contract assets		<b>323,128</b>	307,394
Amounts due from an associate		<b>241</b>	186
Pledged bank deposit		<b>16,597</b>	16,229
Bank balances and cash – trust and segregated accounts		<b>3,715</b>	3,786
Bank balances and cash – general accounts		<b>17,397</b>	34,235
		<hr/> <b>1,041,634</b>	<hr/> 1,075,142

		<b>30 September</b>	31 March
		<b>2024</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	14	562,784	572,696
Contract liabilities		14,744	16,029
Lease liabilities		5,106	5,095
Trust loans		221,297	216,389
Short term loans		22,896	17,250
Bank loans		67,495	99,539
Tax liabilities		32,694	31,691
		<u>927,016</u>	<u>958,689</u>
<b>Net current assets</b>		<u>114,618</u>	<u>116,453</u>
<b>Total assets less current liabilities</b>		<u>750,189</u>	<u>764,248</u>
<b>Non-current liabilities</b>			
Long-term loan		18,669	–
Lease liabilities		3,719	6,176
		<u>22,388</u>	<u>6,176</u>
<b>NET ASSETS</b>		<u><u>727,801</u></u>	<u><u>758,072</u></u>
<b>Capital and reserves</b>			
Share capital		209,150	209,150
Share premium and reserves		482,397	509,914
<b>Equity attributable to owners of the Company</b>		<u>691,547</u>	719,064
Non-controlling interests		36,254	39,008
<b>TOTAL EQUITY</b>		<u><u>727,801</u></u>	<u><u>758,072</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated financial statements should be read in conjunction with the 2023/24 annual consolidated financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2024.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2024. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

### 3. GOING CONCERN

The Group incurred a loss attributable to owners of the Company under its continuing operations of approximately HK\$32,915,000 for the six months ended 30 September 2024. Further, the Group had not repaid trust loans of approximately HK\$221,297,000 and accrued interests of approximately HK\$42,572,000 thereon upon maturity on or before 30 September 2024 while it is still negotiating with the lender for extension of loan period. Therefore, it might be difficult for the Group to realise its assets and discharge its liabilities in a short time under the normal course of business. These condensed consolidated financial statements have been prepared on a going concern basis as the Directors have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

- (a) The Group is negotiating with the lender to repay the trust loans based on a mutually agreed repayment schedule.
- (b) The Directors considered that even in any event that the Group could not reach a mutually agreed repayment schedule with lender in future, it would not significantly affect the continuity of most of the Group's businesses. It is expected that value of securities pledged to the lender for the trust loans is sufficient to cover substantial portion of the trust loans, and the remaining portion of the trust loans could be settled by cash inflow generated from the Group's future operation.
- (c) The Company has received a supporting letter from one of its substantial shareholders in relation to prospective financing of no less than HK\$50,000,000 to support the Group's business development in 12 months from the letter date.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

#### 4. REVENUE

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

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Continuing operations</b>		
Interest income from money lending	2,346	2,817
Brokerage commission and consultancy income from securities and futures brokerage related services	–	42
Heating and cooling supply by geothermal energy	3,803	3,355
Construction contracting services fee income	37,835	68,173
Interior design service income	–	193
Project management service income	–	6,336
Heating supply and industrial steam income	10,003	11,862
Rental income	3,157	3,174
Data analytical service income	7,031	9,610
	<b>64,175</b>	105,562
<b>Discontinued operations</b>		
Provision of international air and sea freight forwarding services	–	1,124
Consultancy income from finance leases	–	–
	–	1,124
	<b>64,175</b>	106,686
Representing:		
– Continuing operations	64,175	105,562
– Discontinued operations	–	1,124
	<b>64,175</b>	106,686
	<b>64,175</b>	106,686



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

	For the six months ended 30 September					
	2024			2023		
	Continuing operations <i>HK\$'000</i> (Unaudited)	Discontinued operations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Continuing operations <i>HK\$'000</i> (Unaudited)	Discontinued operations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customers <i>(Note)</i>	58,672	–	58,672	99,571	1,124	100,695
Revenue from other sources						
– Interest income from money leading	2,346	–	2,346	2,817	–	2,817
– Rental income from investment properties	3,157	–	3,157	3,174	–	3,174
	<b>64,175</b>	<b>–</b>	<b>64,175</b>	<b>105,562</b>	<b>1,124</b>	<b>106,686</b>
Timing of recognition of revenue from contracts with customers						
At a point in time	–	–	–	1	1,124	1,125
Over time	58,672	–	58,672	99,570	–	99,570
	<b>58,672</b>	<b>–</b>	<b>58,672</b>	<b>99,571</b>	<b>1,124</b>	<b>100,695</b>

Note: Disaggregation of revenue from contracts with customers:

	Continuing operations								Discontinued operations	Total HK\$'000
	Trading of goods HK\$'000	Securities and futures brokerage HK\$'000	Heating and cooling supply of geothermal energy HK\$'000	Building construction contracting HK\$'000	Customised technical support HK\$'000	Project management HK\$'000	Centralised heating HK\$'000	Property brokerage HK\$'000	Finance leasing HK\$'000	
<b>Six months ended 30 September 2024 (Unaudited):</b>										
<b>Geographical markets</b>										
Hong Kong	-	-	-	-	-	-	-	-	-	-
The People's Republic of China (the "PRC")	-	-	3,803	37,835	7,031	-	10,003	-	-	58,672
	<u>-</u>	<u>-</u>	<u>3,803</u>	<u>37,835</u>	<u>7,031</u>	<u>-</u>	<u>10,003</u>	<u>-</u>	<u>-</u>	<u>58,672</u>
<b>Major products/services</b>										
Trading of electronic products	-	-	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-	-	-
Heating and cooling supply by geothermal energy	-	-	3,803	-	-	-	-	-	-	3,803
Building construction contracting services	-	-	-	37,835	-	-	-	-	-	37,835
Interior design services	-	-	-	-	-	-	-	-	-	-
Data analytical services	-	-	-	-	7,031	-	-	-	-	7,031
Project management services	-	-	-	-	-	-	-	-	-	-
Heating supply and industrial steam	-	-	-	-	-	-	10,003	-	-	10,003
Property brokerage and consultancy services	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,803</u>	<u>37,835</u>	<u>7,031</u>	<u>-</u>	<u>10,003</u>	<u>-</u>	<u>-</u>	<u>58,672</u>
<b>Timing of recognition of revenue from contracts with customers</b>										
At a point in time	-	-	-	-	-	-	-	-	-	-
Over time	-	-	3,803	37,835	7,031	-	10,003	-	-	58,672
	<u>-</u>	<u>-</u>	<u>3,803</u>	<u>37,835</u>	<u>7,031</u>	<u>-</u>	<u>10,003</u>	<u>-</u>	<u>-</u>	<u>58,672</u>

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

## **Trading of goods**

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

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

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

## **Finance leasing**

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

## **Securities and futures brokerage**

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

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

## **Property brokerage**

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

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

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

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

### **Building construction contracting**

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

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

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

### **Customised technical support**

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

### **Project management**

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

### **Centralised heating**

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

## 5. SEGMENT INFORMATION

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

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

- (a) Trading of goods segment engages in trading of products including but not limited to electronic appliance in the PRC;
- (b) Finance leasing segment engages in finance leasing of plant and machinery as well as providing consultancy services with respect of finance leasing in the PRC. Due to the failure of fulfilment of the licence requirements (details refer to note 15 (a)), this segment was discontinued during the period;
- (c) Money lending segment engages in money lending in Hong Kong;
- (d) Securities and futures brokerage segment engages in securities and futures dealing services as well as providing consultancy services with respect of securities and futures brokerage in Hong Kong;
- (e) Property investment segment engages in investments of properties for rental income and capital appreciation in the PRC;
- (f) Customised technical support segment engages in provision of building architecture and interior design services and data analytical services in the PRC;
- (g) Property brokerage segment engages in provision of property agency and consultancy service in the PRC;
- (h) Project management segment engages in entrusted construction and projects management services in the PRC;
- (i) Geothermal energy segment engages in provision of heating and cooling supply by geothermal energy to buildings in the PRC;
- (j) Building construction contracting segment engages in provision of building construction contracting service on project basis in the PRC; and
- (k) Centralised heating segment engages in the business of using coal-fired boilers to provide centralised heating, including industrial steam, through centralised pipe networks in the PRC. In July 2024, the Management Committee of Yuncheng Economic and Technological Development Zone\* (運城經濟技術開發區管理委員會) (the "Yuncheng Management Committee") served a notice dated 22 July 2024 to the Group and decided to unilaterally terminate the franchise agreement pursuant to the termination provisions thereof (the "Termination"). As a result, this segment has been suspended since 23 July 2024. Up to the date of this announcement, the Group has requested an administrative review against the Termination and the administrative review is currently in progress. The Directors are of the view that the continuity of this segment operation will be subject to the final and conclusive result of the objection against the Termination.

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

The following tables present revenue and segment results regarding the Group's operating segments for the six months ended 30 September 2024 and 2023, respectively.

	Continuing operations										Discontinued operations	Total HK\$'000
	Trading of goods HK\$'000	Money lending HK\$'000	Securities and futures brokerage HK\$'000	Property investment HK\$'000	Customised technical support HK\$'000	Property brokerage HK\$'000	Project management HK\$'000	Geothermal energy HK\$'000	Building construction contracting HK\$'000	Centralised heating HK\$'000	Finance leasing HK\$'000	
Six months ended 30 September 2024 (Unaudited):												
Revenue from the external customers	-	2,346	-	3,157	7,031	-	-	3,803	37,835	10,003	-	64,175
Reportable segment profit/(loss)	(8,391)	1,196	(2,142)	2,268	1,974	(625)	(6,908)	(5,990)	310	(1,087)	240	(19,155)
Unallocated corporate income												1,222
Unallocated corporate expenses												(17,916)
Loss before tax												(35,849)

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

## 6. INCOME TAX EXPENSE

	For the six months ended 30 September					
	2024			2023		
	Continuing operations (Unaudited) <i>HK\$'000</i>	Discontinued operations (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>	Continuing operations (Unaudited) <i>HK\$'000</i>	Discontinued operations (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Current tax:						
– PRC Enterprise Income Tax (“EIT”)	474	–	474	2,859	–	2,859

Hong Kong Profits Tax has not been provided for the six months ended 30 September 2024 and 2023 as no assessable profit after offsetting against tax losses brought forward is estimated during both periods.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries, except for Beijing Shuwu Big Data Research Company Limited\* (北京數巫大數據研究有限公司) (“Beijing Shuwu”), is 25%.

Beijing Shuwu, which is principally engaged in provision of financial information, solution and data analytical services in the PRC and qualified as high-tech enterprise that needs key support, is entitled to enjoy a lower tax rate of 15% pursuant to Article 28 of the EIT Law.



## 7. LOSS FOR THE PERIOD

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

	For the six months ended 30 September					
	Continuing operations (Unaudited) HK\$'000	Discontinued operations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Continuing operations (Unaudited) HK\$'000	Discontinued operations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Operating costs</b>						
Cost of providing international air and sea freight forwarding services	-	-	-	-	727	727
Cost of providing securities and futures brokerage related services	-	-	-	1	-	1
Cost of providing property brokerage and consultancy services	484	-	484	17	-	17
Cost of heating and cooling supply by geothermal energy	4,657	-	4,657	4,528	-	4,528
Cost of providing construction contracting services	34,808	-	34,808	61,648	-	61,648
Cost of providing heating supply and industrial steam	7,999	-	7,999	12,475	-	12,475
Cost of providing project management service	136	-	136	2,284	-	2,284
Cost of providing data analytical services	2	-	2	-	-	-
	<u>48,086</u>	<u>-</u>	<u>48,086</u>	<u>80,953</u>	<u>727</u>	<u>81,680</u>
<b>Finance costs</b>						
Interest expense on lease liabilities	293	-	293	102	-	102
Interest expense on bank loans	1,119	-	1,119	2,285	-	2,285
Interest expense on trust loans	13,036	-	13,036	13,105	-	13,105
	<u>14,448</u>	<u>-</u>	<u>14,448</u>	<u>15,492</u>	<u>-</u>	<u>15,492</u>
<b>Other items</b>						
Auditor's remuneration	650	-	650	650	-	650
Cost of inventories sold	-	-	-	-	-	-
Depreciation of						
– property, plant and equipment	5,293	-	5,293	5,833	2	5,835
– right-of-use assets	2,554	-	2,554	4,105	-	4,105
Loss on disposal of fixed assets	1,774	-	1,774	912	-	912
Government grant	(2,195)	-	(2,195)	(218)	(2)	(220)
Interest income from						
– bank	(31)	(1)	(32)	(46)	-	(46)
– other loan receivables	-	-	-	(943)	-	(943)
Net foreign exchange loss	1	-	1	58	-	58
Staff costs (including directors' remuneration)	21,280	288	21,568	27,332	682	28,014

## 8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

## 9. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

#### *For continuing and discontinued operations*

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$32,675,000 (six months ended 30 September 2023: approximately HK\$40,845,000) and the weighted average number of ordinary shares of approximately 2,091,501,000 (six months ended 30 September 2023: approximately 1,708,216,000).

#### *For continuing operations*

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the period from continuing operations attributable to owners of the Company of approximately HK\$32,915,000 (six months ended 30 September 2023: approximately HK\$40,771,000) and the denominator used is the same as that detailed above for basic loss per share.

#### *For discontinued operations*

The calculation of basic earnings per share from discontinued operations attributable to owners of the Company of HK0.01 cents (six months ended 30 September 2023: basic loss per share: HK0.01 cents) is based on the profit for the period from discontinued operations attributable to owners of the Company of approximately HK\$240,000 (six months ended 30 September 2023: loss of approximately HK\$74,000) and the denominator used is the same as that detailed above for basic loss per share.

### Diluted (loss)/earnings per share

There was no dilutive potential ordinary shares during the period, and therefore, diluted (loss)/earnings per share is equal to basic (loss)/earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

Following the Termination (details refer to note 5(k)) and at demand of the Yuncheng Management Committee, those plant and equipment for operating centralised heating business (the “Operating Assets”), primarily comprising centralised pipe networks and relevant infrastructures, were handed over to the Yuncheng Management Committee for the coming heating supply season while the ownership of the Operating Assets is still resided in the Group. As at 30 September 2024, the carrying value of the Operating Assets is approximately RMB123,322,000 (equivalent to approximately HK\$136,929,000). The Group will further communicate with the Yuncheng Management Committee to seek for possible compensation regarding the handling and transfer of the Operating Assets.

## 11. FINANCE LEASE RECEIVABLES

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

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Finance lease receivables	<b>42,073</b>	41,849
Less: allowance for impairment of finance lease receivables	<b>(42,073)</b>	(41,849)
Finance lease receivables, net	<b>–</b>	–

As at 30 September 2024, there were a total of 4 (31 March 2024: 4) outstanding finance leases, with outstanding principal amount from approximately HK\$4,404,000 (31 March 2024: approximately HK\$4,306,000) to approximately HK\$19,316,000 (31 March 2024: approximately HK\$19,598,000), amounting to a total outstanding principal amount of approximately HK\$42,073,000 (31 March 2024: approximately HK\$41,849,000). To the best knowledge, information and belief of the Directors, all these corporate borrowers and their respective ultimate beneficial owners are independent of the Company and its connected persons (as ascribed under the Listing Rules).

Effective interest rates of the above finance leases is 6% (31 March 2024: 6%) per annum. As at 30 September 2024 and 31 March 2024, all the finance leases are secured by the leased assets, such as motor vehicle, plant and machinery and/or share pledges, and/or are guaranteed by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate client.

As at 30 September 2024, finance lease receivables before allowance for impairment of approximately RMB38,024,000, equivalent to approximately HK\$42,073,000 (31 March 2024: approximately RMB38,680,000, equivalent to approximately HK\$41,849,000) was past due. For such overdue finance lease receivables, full impairment loss were made in past years due to customers' default in payment and/or having severe liquidity problem. The Group had either taken legal actions against these customers or assessed the customers' latest operating and financial position by site visit and considered the legal opinion from independent legal advisers during impairment assessment. As a result, the entire overdue amount of finance lease receivables approximately RMB38,024,000 (equivalent to approximately HK\$42,073,000) remained fully impaired as at 30 September 2024 (31 March 2024: approximately RMB38,680,000, equivalent to approximately HK\$41,849,000).

Management closely monitors the credit quality of finance lease receivables. As at 30 September 2024, the age of the finance lease receivables was over three years (31 March 2024: over three years) based on the effective dates of the relevant lease contracts.

## 12. LOANS AND INTEREST RECEIVABLES

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Loans receivables:		
Secured	<b>40,000</b>	40,000
Unsecured	<b>348,114</b>	358,462
	<b>388,114</b>	398,462
Interest receivables	<b>45,611</b>	46,995
Less: allowance for impairment of loans and interest receivables	<b>(133,561)</b>	(133,561)
	<b>300,164</b>	311,896
Analysed for reporting purposes as current assets:	<b>300,164</b>	311,896

As at 30 September 2024, there were a total of 15 (31 March 2024: 15) outstanding loans, out of which 7 (31 March 2024: 7) loans were loans to individuals and 8 (31 March 2024: 8) loans were loans to corporations, with principal amount per loan ranging from HK\$3,101,000 (31 March 2024: HK\$3,101,000) to approximately HK\$43,782,000 (31 March 2024: approximately HK\$44,093,000). Loans to the largest customer and top 5 customers constituted approximately 10% and 51% (31 March 2024: approximately 10% and 50%) of the total outstanding principal and interest amount of the loans respectively as at 30 September 2024. To the best knowledge, information and belief of the Directors, all these borrowers and their respective ultimate beneficial owners (in case of corporate clients) are independent of the Company and its connected persons (as ascribed under the Listing Rules).

The loans to individuals in aggregate amount of approximately HK\$143,970,000 (31 March 2024: approximately HK\$144,282,000) are unsecured and unguaranteed. Considering the corporation is in the nature of limited liability, the loans to corporations in aggregate amount of approximately HK\$244,144,000 (31 March 2024: approximately HK\$254,180,000) are either secured or guaranteed. Among the loans to corporations, one loan in the amount of HK\$40,000,000 (31 March 2024: HK\$40,000,000) is secured by a segregated portfolio account of an investment fund and the remaining loans in the total amount of approximately HK\$204,144,000 (31 March 2024: approximately HK\$214,180,000) are backed by guarantees respectively provided by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate borrower.

The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 54 months (31 March 2024: 6 to 54 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (31 March 2024: 8% – 15% per annum), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly, yearly or on maturity.

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

	<b>30 September 2024 HK\$'000 (Unaudited)</b>	31 March 2024 HK\$'000 (Audited)
Within 90 days	<b>11,881</b>	12,791
91-180 days	<b>224</b>	896
181-365 days	<b>1,805</b>	1,673
Over 365 days	<b>286,254</b>	296,536
	<b><u>300,164</u></b>	<b><u>311,896</u></b>

As at 30 September 2024, loans and interest receivables before allowance for impairment of approximately HK\$433,725,000 (31 March 2024: approximately HK\$397,810,000) were past due. Included in the carrying amount of the above loans and interest receivables as at 30 September 2024, receivables of approximately HK\$133,561,000 (31 March 2024: approximately HK\$133,561,000) which impairment was made based on the credit risk assessed. The Group assessed the credit risks associated with loan and interest receivable of each borrower by assigning the credit rating with reference to the repayment track record, the financial position and market benchmark to compute the impairment ratio (or expected credit loss ratio). Subsequent to the end of the reporting period, approximately HK\$760,000 were settled. The remaining past due amount of approximately HK\$299,404,000 are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. Accordingly, the Directors considered that no further impairment loss is necessary. Save for the aforesaid secured loans, the Group does not hold collateral over other balances.

### 13. TRADE AND OTHER RECEIVABLES

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables arising from trading business	<b>173,688</b>	169,836
<i>Less: allowance for impairment</i>	<b>(173,688)</b>	(169,836)
	–	–
Trade receivables arising from finance leasing business	<b>4,924</b>	4,815
<i>Less: allowance for impairment</i>	<b>(498)</b>	(487)
	<b>4,426</b>	4,328
Trade receivables arising from project management business	<b>43,207</b>	42,249
<i>Less: allowance for impairment</i>	<b>(5,310)</b>	(5,193)
	<b>37,897</b>	37,056
Trade receivables arising from customised technical support business	<b>13,905</b>	21,386
Trade receivables arising from property brokerage business	<b>2,932</b>	2,894
Trade receivables arising from the securities and futures brokerage business	<b>227</b>	227
Trade receivables arising from geothermal energy business	<b>1,567</b>	1,292
Trade receivables arising from property investment business	<b>3,505</b>	1,446
Trade receivables arising from building construction contracting business	<b>9,320</b>	15,129
Trade receivables arising from centralised heating business	<b>1,312</b>	945
Prepayments	<b>71,444</b>	88,635
Value-added tax recoverable	<b>3,181</b>	3,834
Deposit and other receivables	<b>74,172</b>	73,506
Receivables from disposal of a subsidiary	<b>23,753</b>	23,226
Construction deposits	<b>116,180</b>	113,604
	<b>363,821</b>	387,508

The Group allows an average credit period normally ranging from 30 days to 180 days (31 March 2024: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Trading business HK\$'000	Finance leasing business HK\$'000	Geothermal energy business HK\$'000	Building construction contracting business HK\$'000	Centralised heating business HK\$'000	Project management business HK\$'000	Customised technical support business HK\$'000	Property brokerage business HK\$'000	Property investment business HK\$'000
<b>30 September 2024</b>									
<b>(Unaudited):</b>									
Within 30 days	-	-	-	-	-	-	-	-	584
31-60 days	-	-	-	-	256	-	-	-	584
61-90 days	-	-	-	-	373	-	-	-	584
Over 90 days	-	4,426	1,567	9,320	683	37,897	13,905	2,932	1,753
	<u>-</u>	<u>4,426</u>	<u>1,567</u>	<u>9,320</u>	<u>1,312</u>	<u>37,897</u>	<u>13,905</u>	<u>2,932</u>	<u>3,505</u>
<b>31 March 2024 (Audited):</b>									
Within 30 days	-	-	-	-	116	622	-	-	571
31-60 days	-	-	-	-	110	622	-	-	571
61-90 days	-	-	-	-	239	622	-	-	304
Over 90 days	-	4,328	1,292	15,129	480	35,190	21,386	2,894	-
	<u>-</u>	<u>4,328</u>	<u>1,292</u>	<u>15,129</u>	<u>945</u>	<u>37,056</u>	<u>21,386</u>	<u>2,894</u>	<u>1,446</u>

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

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK\$74,864,000 (31 March 2024: HK\$82,393,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt. The Group does not hold any collateral over these balances.

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

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	<b>584</b>	687
31-60 days	<b>840</b>	681
61-90 days	<b>957</b>	543
Over 90 days	<b>72,483</b>	80,482
	<u><b>74,864</b></u>	<u>82,393</u>

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

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



The allowances of impairment recognised as at 30 September 2024 are mainly as follows:

- (a) In January 2023, two customers of the Group's trading business, namely, Shenzhen Wu Feng Ying Technology Co., Ltd.\* (深圳市五豐盈科技有限公司) ("Wu Feng Ying") and Shenzhen Feng Lei Industrial Co., Ltd.\* (深圳市風雷實業有限公司) ("Feng Lei"), were found deregistered. All sales to Wu Feng Ying and Feng Lei were guaranteed by Shenzhen Shi Jia Hao Commercial Operation Co., Ltd.\* (深圳市世佳豪商業運營有限公司) ("Shi Jia Hao", together with Wu Feng Ying, Feng Lei and their respective ultimate beneficial owners referred as the "Defaulted Persons"). In February 2023, Shi Jia Hao was also found deregistered. Further details are set out in the Company's announcement dated 23 March 2023. The Group had engaged the PRC legal adviser and initiated court proceedings against the ultimate beneficial owners of Wu Feng Ying, Feng Lei and Shi Jia Hao (the "Defendants") in front of the courts located at Shenzhen. For the civil proceedings in relation to Feng Lei, the Group received a civil ruling (民事裁定書) from Luohu District People's Court in Shenzhen (深圳市羅湖區人民法院) in October 2023 adjudicating in favor of the Group. For the civil proceedings in relation to Wu Feng Ying, the Group has proceeded the lawsuit to Shenzhen Intermediate People's Court (深圳市中級人民法院) in May 2024 but the relevant case has not yet been heard. Having consulted with the PRC legal adviser, the possibility of collecting overdue amounts owed by the Defaulted Persons is subject to the result of the courts' judgement and the traceability and possibility in enforcement of the assets or properties of the Defendants. Despite the result of the courts' judgement, the Group does not have concrete information about traceable and enforceable assets or properties of the Defendants for the time being. Considering high uncertainty in the enforcement, impairment loss on the entire amount due from the Defaulted Persons of approximately RMB156,973,000 (equivalent to approximately HK\$173,688,000) had been recognised in the Group's consolidated financial statements for the year ended 31 March 2023 and remained unchanged for the six months ended 30 September 2024.
- (b) One of the Group's customers under real estate related businesses, namely, Ningbo Tiegong Real Estate Co., Ltd.\* (寧波鐵工置業有限公司) ("Ningbo Tiegong") was filed a winding-up petition by its creditors on the ground of insolvency and the court appointed a manager for its liquidation accordingly. As at 30 September 2024, the total amount before allowance for impairment due by Ningbo Tiegong was approximately RMB83,142,000 (equivalent to approximately HK\$91,996,000), representing (i) receivables under building construction contracting business in amount of approximately RMB52,008,000 (equivalent to approximately HK\$57,546,000) in nature of construction debts; and (ii) contract assets in amount of approximately RMB31,134,000 (equivalent to approximately HK\$34,450,000) in nature of construction debt. Based on the liquidation status of Ningbo Tiegong, the result of lawsuits against Ningbo Tiegong and the manager of liquidation, and the estimated value of assets of Ningbo Tiegong available for liquidation, the Group had recognised the impairment loss of approximately RMB8,189,000 (equivalent to approximately HK\$9,061,000) on contract assets. For the remaining amount due by Ningbo Tiegong of approximately RMB74,593,000 (equivalent to approximately HK\$82,935,000), taking into account (i) their nature of construction debts which could enjoy the priority to recover the debts and (ii) additional guarantee and collaterals provided by the shareholder of Ningbo Tiegong, the Directors considered that no further impairment loss is necessary.

#### 14. TRADE AND OTHER PAYABLES

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade payables arising from the securities and futures brokerage business	<b>3,941</b>	4,013
Trade payables arising from property brokerage business	<b>933</b>	436
Trade payables arising from geothermal energy business	<b>32,241</b>	48,827
Trade payables arising from centralised heating business	<b>68,493</b>	62,094
Trade payables arising from building construction contracting business	<b>255,421</b>	239,676
Accrued charges	<b>15,606</b>	15,119
Consideration payables	<b>6,000</b>	18,000
Advance from subcontractors	<b>76,377</b>	92,930
Trust loans interest payable	<b>42,572</b>	28,644
Other payables	<b>61,200</b>	62,957
	<b>562,784</b>	572,696

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

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

For trade payables arising from geothermal energy business, centralised heating business and building construction contracting business, they are mainly accrued and settled based on the progress of performance and the settlement obligation as stipulated in the respective contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	<b>Geothermal energy business <i>HK\$'000</i></b>	<b>Centralised heating business <i>HK\$'000</i></b>	<b>Building construction contracting business <i>HK\$'000</i></b>
<b>30 September 2024 (Unaudited):</b>			
Within 30 days	–	–	–
31-60 days	408	–	–
61-90 days	–	1,143	16,564
Over 90 days	<u>31,833</u>	<u>67,350</u>	<u>238,857</u>
	<u><b>32,241</b></u>	<u><b>68,493</b></u>	<u><b>255,421</b></u>

	<b>Geothermal energy business <i>HK\$'000</i></b>	<b>Centralised heating business <i>HK\$'000</i></b>	<b>Building construction contracting business <i>HK\$'000</i></b>
<b>31 March 2024 (Audited):</b>			
Within 30 days	80	5,230	901
31-60 days	15	9,621	–
61-90 days	17	4,742	20,868
Over 90 days	<u>48,715</u>	<u>42,501</u>	<u>217,907</u>
	<u><b>48,827</b></u>	<u><b>62,094</b></u>	<u><b>239,676</b></u>

## 15. DISCONTINUED OPERATIONS

- (a) During the period, Shenzhen Rongjinda Equipment Leasing Co., Ltd.\* (深圳市融金達設備租賃有限公司) (“Rongjinda”) (formerly known as Rongjinda Finance Lease Company Limited\* (融金達融資租賃有限公司)) failed to fulfill regulation requirements of operating finance leasing business and was demanded by the government authority to amend its business scope for prohibition of such operation. Accordingly, the Group discontinued its finance leasing business.

Rongjinda is a reportable segment of the Group – finance leasing. This segment engages in finance leasing of plant and machinery as well as providing consultancy services with respect of finance leasing in the PRC. This segment is separately reported with the comparative figures restated accordingly.

The results of the discontinued operations (finance leasing) for the six months ended 30 September 2024, which have been included in consolidated profit or loss, are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue:		
– Consultancy income from finance leases	—	—
Operating costs:		
– Cost of providing consultancy service from finance leases	—	—
Other income	<b>714</b>	251
Administrative and other expenses	<b>(186)</b>	(161)
Staff costs	<b>(288)</b>	(393)
Gain on disposal of a subsidiary	—	205
Share of loss of associates	—	(9)
Profit/(Loss) before tax	<b>240</b>	(107)
Income tax expense	—	—
Profit/(Loss) for the period	<b>240</b>	(107)

- (b) In January 2024, the Group entered into a share transfer agreement with an independent third party to dispose 93% equity interest in Jet Air (Singapore) Private Limited (“Jet Air Singapore”) at a consideration of SGD1 (approximately HK\$6). The disposal was completed on 16 January 2024 and the Group ceased to hold interest in Jet Air Singapore. Upon completion of the disposal transaction, the Group discontinued its international air and sea freight forwarding services.

Jet Air Singapore is a reportable segment of the Group –international air and sea freight forwarding services. This segment engages in the provision of international air and sea freight forwarding and logistic services to customers in Singapore. This segment is separately reported accordingly.

The results of the discontinued operations (international air and sea freight forwarding services) for the six months ended 30 September 2023, which have been included in consolidated profit or loss, are as follows:

	Six months ended 30 September 2023 <i>HK\$'000</i> (Unaudited)
Revenue:	
– Provision of international air and sea freight forwarding services	<u>1,124</u>
Operating costs:	
– Cost of providing international air and sea freight forwarding services	<u>(727)</u>
	397
Other income	2
Administrative and other expenses	(75)
Staff costs	<u>(289)</u>
Profit before tax	35
Income tax expense	<u>–</u>
Profit for the period	<u><u>35</u></u>

The results of the discontinued operations for the six months ended 30 September 2024, which have been included in consolidated profit or loss, are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue:		
– Provision of international air and sea freight forwarding services	–	1,124
– Consultancy income from finance leases	–	–
	<u>–</u>	<u>–</u>
	<b><u>–</u></b>	<b><u>1,124</u></b>
Operating costs:		
– Cost of providing international air and sea freight forwarding services	–	(727)
– Cost of providing consultancy service from finance leases	–	–
	<u>–</u>	<u>–</u>
	<b><u>–</u></b>	<b><u>(727)</u></b>
Other income	–	397
Administrative and other expenses	<b>(714)</b>	253
Staff costs	<b>(288)</b>	(682)
Gain on disposal of a subsidiary	–	205
Share of loss of associates	–	(9)
	<u>–</u>	<u>(9)</u>
Profit/(Loss) before tax	<b>240</b>	(72)
Income tax expense	–	–
	<u>–</u>	<u>–</u>
Profit/(Loss) for the period	<b><u>240</u></b>	<b><u>(72)</u></b>

## 16. CONTINGENT LIABILITIES/LITIGATIONS

- (a) A wholly-owned subsidiary of the Company, Huaihua Qinneng Technology Development Co., Ltd.\* (懷化勤能科技開發有限公司) (“Huaihua Qinneng”) was under dispute with Beijing Aoke Ruifeng New Energy Co., Ltd.\* (北京奧科瑞豐新能源股份有限公司) (“Beijing Aoke”) regarding the value of assets of approximately RMB18,850,000 which were transferred from Beijing Aoke to the Group. Such assets, mainly consisting of plant and machinery, were utilised in the Group’s centralised heating business operated by Yuncheng Baoshihua Regional Energy Technology Co., Ltd.\* (運城寶石花區域能源科技有限公司) (“Yuncheng Baoshihua”), Yuncheng Baoshihua is wholly-owned by Huaihua Qinneng. Beijing Aoke won the case in the arbitration proceedings for claiming back, inter alia, the value of the transferred assets and applied for the court’s enforcement. The Intermediate People’s Court of Yuncheng\* (運城市中級人民法院) (“The Intermediate People’s Court”) ordered Huaihua Qinneng to enforce the arbitration award and to, inter alia, freeze entire equity interests in Yuncheng Baoshihua held by Huaihua Qinneng. The Group has accounted for the value of the transferred assets in its consolidated financial statements but has not yet agreed on the settlement plan with Beijing Aoke. In September 2024, the Group received a notice from The Intermediate People’s Court in which it was required to provide information for evaluation of total value of all the equity interests and income of Yuncheng Baoshihua. As at the date of this announcement, the Group has filed an objection with The Intermediate People’s Court and the relevant objection has not yet been responded. Since the operation of Yuncheng Baoshihua was suspended as set out in note 5(k) and the possible compensation plan (the “Possible Compensation Plan”) is still subject to negotiation with the Yuncheng Management Committee as set out in note 10, the Directors are of the view that the settlement of the disputed amounts to Beijing Aoke will depend on the final and conclusive result of the objection against the Termination and the outcome of the Possible Compensation Plan.
- (b) Certain suppliers of geothermal energy business brought lawsuits to the court against Henan Province Baoshihua Geothermal Energy Development Co., Ltd.\* (河南省寶石花地熱能開發有限公司) (“Henan Province Baoshihua”) and Wujixian Baoshihua Geothermal Energy Development Co., Ltd.\* (無極縣寶石花地熱能開發有限公司) (“Wujixian Baoshihua”) (both being non-wholly owned subsidiaries of the Company) and Xian Baoshihua Energy Technology Group Co., Ltd.\* (西安寶石花能源科技集團有限公司) (“Xian Baoshihua”) (a wholly-owned subsidiaries of the Company) with total contracts sum of approximately RMB26,071,000. As there were contract disputes with such suppliers, Henan Province Baoshihua, Wujixian Baoshihua and Xian Baoshihua did not pay the suppliers even though the payment had been due. After receiving the judgement from the courts, Henan Province Baoshihua and Wujixian Baoshihua have settled approximately RMB2,170,000 in total and the remaining outstanding contracts sum of approximately RMB23,901,000 have been accrued in trade payables arising from geothermal energy business as at 30 September 2024. Due to the abovementioned lawsuits, the assets of Wujixian Baoshihua totaling approximately RMB2,000 were frozen as at 30 September 2024. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.

- (c) A wholly-owned subsidiary of the Company, Shaanxi Jiangwei Construction Engineering Co., Ltd.\* (陝西江威建築工程有限公司) (“Shaanxi Jiangwei”), has also been involved in a number of lawsuits with total contracts sum of approximately RMB34,649,000. As there were contract disputes with suppliers under building construction contracting business, Shaanxi Jiangwei did not pay the suppliers even though the payment had been due. After receiving the judgement from the courts, Shaanxi Jiangwei has paid the suppliers approximately RMB6,228,000 in total and the remaining outstanding contracts sum of approximately RMB28,421,000 have been accrued in trade payables arising from building construction contracting business as at 30 September 2024. Due to the abovementioned lawsuits, the assets of Shaanxi Jinagwei amounted to approximately RMB115,000 were freezed as at 30 September 2024. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.
- (d) Yuncheng Baoshihua, has also been involved in a number of lawsuits with total contracts sum of approximately RMB36,744,000. Given contract disputes with suppliers under centralised heating business and uncertainty of the final and conclusive result of the objection against the Termination and the Possible Compensation Plan, Yuncheng Baoshihua did not pay the suppliers even though the payment had been due. After receiving the judgement from the courts, Yuncheng Baoshihua has paid the suppliers approximately RMB200,000 in total and the remaining outstanding contracts sum of approximately RMB36,544,000 have been accrued in trade payables arising from centralised heating business as at 30 September 2024. The Directors are of the view that the settlement of these lawsuits will depend on the final and conclusive result of the objection against the Termination and the outcome of the Possible Compensation Plan.
- (e) A wholly-owned subsidiary of the Company, Shanghai Xuanmei Property Agency Company Limited\* (上海軒美房地產經紀有限公司) (“Shanghai Xuanmei”), has been involved in a number of lawsuits with total contracts sum of approximately RMB845,000. As there were contract disputes with agents under property brokerage business, Shanghai Xuanmei did not pay the agents even though the payment had been due. The outstanding contracts sum of approximately RMB169,000 have been accrued in trade payables arising from property brokerage business as at 30 September 2024. The Directors are of the view that these lawsuits do not have material impact on the Group’s financial position and operation.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Highlights

Six months ended	
30 September	
2024	2023
<i>HK\$'M</i>	<i>HK\$'M</i>
(Unaudited)	(Unaudited)

## Financial Results Highlight

### Continuing operations

Revenue	64.2	105.6
Total operating costs	(48.1)	(81.0)
Total expenses	(55.6)	(65.5)
Net profit (loss) before taxation and non-controlling interests		
– from continuing operations	(36.1)	(39.4)
– from discontinued operations	0.2	(0.1)
Profit (Loss) for the period attributable to owners of the Company		
– from continuing operations	(32.9)	(40.7)
– from discontinued operations	0.2	(0.1)
	(32.7)	(40.8)

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>HK\$'M</b>	HK\$'M
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Extract of Financial Position</b>		
Total assets	<b>1,677.2</b>	1,722.9
Total liabilities	<b>(949.4)</b>	(964.9)
Net current assets	<b>114.6</b>	116.5
Bank and cash balances – general accounts	<b>17.4</b>	34.2
Net assets	<b>727.8</b>	758.1

### Overview

For the six months ended 30 September 2024, the Group's revenue was approximately HK\$64.2 million, representing a decrease of approximately 39.2% as compared with approximately HK\$105.6 million in last corresponding period. The significant decrease in the Group's revenue for the period under review was mainly attributable to sluggishness in its real estate related businesses, including building construction contracting business, building architecture and interior design business, property brokerage business and project management business, under the prevailing real estate market conditions in the PRC. To mitigate the impact of sharp decline in its revenue, the Group endeavoured to enhance costs control measures during the period. As a result, the net loss for the period attributable to owners of the Company was decreased from approximately HK\$40.8 million in last period to approximately HK\$32.7 million in current period, representing a decrease of approximately 20.0%.

## BUSINESS AND FINANCIAL REVIEW

### Building Construction Contracting Business

The Group acquired a company, which is principally engaged in building construction contracting on project basis in the PRC, in May 2020. During the period under review, the Group provided building construction contracting services for residential and commercial construction projects mainly located in Xi'an, Shaanxi Province and Zhangjiakou, Hebei Province with total construction areas of approximately 184,000 square meters. The following table sets forth the movement of backlog of the construction projects during the periods:

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
	(Unaudited)	(Unaudited)
Opening value of backlog	664.5	858.2
Value of new projects	4.6	–
Value recognised based on the percentage of completion during the period	(41.2)	(74.3)
Closing value of backlog	<u>627.9</u>	<u>783.9</u>

*Note:* The abovementioned value is inclusive of the PRC's value added tax of 9%.

For the six months ended 30 September 2024, the revenue of the Group's building construction contracting business amounted to approximately HK\$37.9 million (30 September 2023: approximately HK\$68.2 million) and the gross profit of approximately HK\$3.0 million (30 September 2023: approximately HK\$6.5 million) was made. Corresponding profit of approximately HK\$0.3 million (30 September 2023: approximately HK\$2.0 million) was achieved in this segment.

## **Project Management Business**

The Group has commenced to provide project management services in the PRC since July 2020. According to the project management contracts, the Group's project management team is principally engaged in management of major aspects of a construction project on yearly basis, such as, project engineering, cost control, administration and human resources. Due to the overall downturn in the real estate industry in the PRC, it was difficult for the Group to solicit new customers for its project management business during the period under review after the existing contracts were completed. As a result, no revenue of the Group's project management business was generated for the six months ended 30 September 2024 (30 September 2023: approximately HK\$6.3 million). Segment loss of approximately HK\$6.9 million was incurred in this segment (30 September 2023: approximately HK\$10.6 million).

## **Customised Technical Support Business**

After the Group acquired a group of companies in August 2021 which are principally engaged in the provision of financial information, solutions and data analytical services to customers in finance and property related field in the PRC, the Group combined such newly acquired business with its building architecture and interior design business so as to provide customised technical support services to customers in the PRC. Same as project management business, the Group was unable to realise any new building architecture and interior design business during the period under review after the existing contracts were completed. In respect of the data analytical services, the Group launched products of system and platform to certain real estate companies and business management companies.

For the six months ended 30 September 2024, the revenue of the Group's customised technical support business amounted to approximately HK\$7.0 million (30 September 2023: approximately HK\$9.8 million) and the gross profit was approximately HK\$7.0 million (30 September 2023: approximately HK\$9.8 million). Segment profit of approximately HK\$2.0 million was made in this segment (30 September 2023: approximately HK\$5.3 million).

### **Property Brokerage Business**

The Group has been engaged in provision of residential and commercial property brokerage and consultancy services in the PRC since June 2019. Currently, the major places of business activities are in Xi'an, Shaanxi Province of the PRC. During the period under review, the local real estate transactions and deals were still sluggish in light of weakening market sentiment. For the six months ended 30 September 2024, no revenue of the Group's property brokerage business was generated (30 September 2023: nil). Corresponding loss of approximately HK\$0.6 million was incurred in this segment (30 September 2023: approximately HK\$0.5 million).

### **Geothermal Energy Business**

The Group acquired a group of companies, which are principally engaged in developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC, in March 2020. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Henan Province of the PRC with 19 drilling platforms, 7 heat exchange construction sites and total pipeline network area of approximately 1.9 million square meters covering 14 districts. Since a typical heating supply season in the PRC is from November of a year to March of the next year, the Group was mainly providing cooling supply by geothermal energy during the period under review.

For the six months ended 30 September 2024, the revenue of the Group's geothermal energy business amounted to approximately HK\$3.8 million (30 September 2023: approximately HK\$3.4 million) whereas the gross loss of approximately HK\$0.9 million (30 September 2023: approximately HK\$1.2 million) was incurred. Corresponding segment loss of approximately HK\$6.0 million (30 September 2023: approximately HK\$6.7 million) was incurred in this segment.

### **Property Investment Business**

The Group acquired a group of companies in January 2019 which mainly hold the investment properties in the PRC for rental income and capital appreciation. For the six months ended 30 September 2024, the rental income generated from such investment properties amounted to approximately HK\$3.2 million (30 September 2023: approximately HK\$3.2 million). Corresponding profit of approximately HK\$2.3 million (30 September 2023: approximately HK\$2.8 million) was made in this segment. As at 30 September 2024, the fair value of the investment properties was approximately HK\$112.6 million (31 March 2024: approximately HK\$110.1 million).

## **Trading Business**

As disclosed in the Company's announcement dated 23 March 2023, the Group's two major trading customers deregistered which caused severe difficulties in carrying on the Group's trading business. During the period under review, the Group was reviewing the internal control and risk management in respect of the trading business, formulating possible business model and discussing with potential business partners. As such, no revenue of the Group's trading business was generated (30 September 2023: nil) for the six months ended 30 September 2024. The Group recorded a loss of approximately HK\$8.4 million (30 September 2023: approximately HK\$7.3 million) in this segment.

## **Money Lending Business**

The Group holds a money lenders licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to prospective customers including enterprises and individuals. The Group earns interest income from the provision of such loan facilities. The money lending customers are mainly referrals from the business partners/existing clients of the Group and business contacts of the Group's senior management, who are high net worth individuals or companies engaged in various industries including investment fund, trader of hi-tech equipment, investor of tourism-related activities, etc. This segment has begun to generate returns to the Group since April 2016. For the six months ended 30 September 2024, the revenue of the Group's money lending business amounted to approximately HK\$2.3 million (30 September 2023: approximately HK\$2.8 million). Corresponding segment profit of approximately HK\$1.2 million was made for the six months ended 30 September 2024 (30 September 2023: approximately HK\$1.2 million).

## **Securities and Futures Brokerage Business**

The Group has been providing brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries since August 2017. Due to the gradual saturation of the market for SFC licensed corporations in the financial services industry and the intensifying competition with the other market players, the operating results of the regulated financial services business of the Group was lower than those expected at the time when the licensed corporations were acquired by the Group in August 2017. During the period under review and up to the date of this announcement, the Group has been negotiating with certain independent third parties for the potential disposal of securities and futures brokerage business so as to reallocate and concentrate resources to other potential business. For the six months ended 30 September 2024, no revenue of the Group's securities and futures brokerage business was generated (30 September 2023: approximately HK\$0.04 million). Corresponding segment loss of approximately HK\$2.1 million was incurred for the six months ended 30 September 2024 (30 September 2023: approximately HK\$2.0 million).

## **Centralised Heating Business**

The Group started the centralised heating business after becoming the reorganisation investor of a company, which is principally engaged in the business of providing the heat and steam supply services in the licensed area of Yuncheng, Shanxi through centralised pipe networks, in September 2020. The Group was further granted an exclusive license for the provision of centralised heating service in Yuncheng City for 30 years from 1 January 2021. In July 2024, the Management Committee of Yuncheng Economic and Technological Development Zone\* (運城經濟技術開發區管理委員會) (the “Yuncheng Management Committee”) served a notice dated 22 July 2024 to the Group and decided to unilaterally terminate the franchise agreement pursuant to the termination provisions thereof (the “Termination”). As a result, the Group’s centralised heating business has been suspended and no revenue has been generated since 23 July 2024. Up to the date of this announcement, the Group has requested an administrative review against the Termination and the administrative review is currently in progress. The Directors are of the view that the continuity of this segment operation will be subject to the final and conclusive result of the objection against the Termination.

For the six months ended 30 September 2024, the revenue from the provision of steam supply services before the business suspension amounted to approximately HK\$10.0 million (30 September 2023: approximately HK\$11.9 million) and the gross profit of approximately HK\$2.0 million (30 September 2023: gross loss of approximately HK\$0.6 million) was achieved. The Group record a loss of approximately HK\$1.1 million (30 September 2023: approximately HK\$5.0 million) in this suspended segment.

## **Finance Leasing Business (classified as “Discontinued Operation”)**

As disclosed in the 2023/24 annual report, the Group has no plan to develop new business cooperation in this segment. The Group mainly endeavoured to follow up with existing clients for debts collection. During the period under review, the Group was unable to fulfill regulation requirements of operating finance leasing business and was demanded by the government authority to amend its business scope for prohibition of such operation. Accordingly, this business segment was discontinued and there was no revenue from finance leasing for the six months ended 30 September 2024 (30 September 2023: nil). Due to receiving part of the repayment from finance lease receivables in the amount of approximately HK\$0.7 million during the period, the profit from this discontinued operation of approximately HK\$0.2 million was achieved (30 September 2023: loss of approximately HK\$0.3 million).

## **Freight Forwarding Business (classified as “Discontinued Operation”)**

As disclosed in the 2023/24 annual report, the Group entered into a share transfer agreement in January 2024 to dispose of its freight forwarding business in Singapore. Upon completion of the aforesaid disposal, the Group has been no longer engaged in the freight forwarding business. For the six months ended 30 September 2024, there was no revenue of the Group’s freight forwarding business (30 September 2023: approximately HK\$1.1 million).

## OUTLOOK

Looking ahead to the second half of the year, although the PRC's economic development momentum is strong, the international geopolitical situation and global trade disputes will create uncertainty in the market and economic environment. This will pose many challenges for the development of the Group's various businesses. However, opportunities and challenges coexist. The Group will continue to strengthen the operation of its main businesses while actively implementing collaborations with commercial partners in the fields of big data and artificial intelligence. At the same time, the Group will seek more new development opportunities to enhance profitability.

It is expected that the PRC government will introduce more supportive policies for the real estate sector in the second half of the year to stabilize the industry and boost buyers' confidence in returning to the market. In terms of developing real estate-related services, the Group will closely monitor changes in industry-related policies. While pursuing to achieve construction contracts for potential projects, the Group will also adjust its operational strategies and the structure of real estate-related services in a timely manner.

Regarding the development of real estate-related services, the Group is seeking opportunities to participate in several construction projects, with a total estimated construction area of approximately 750,000 square meters, located in different regions of the PRC, including Nanjing, Xi'an and Tianjin. If the construction contracts for these potential projects can be finalized, the Group will negotiate with real estate developers to extend the scope of services to its other real estate-related services.

As the PRC government vigorously promotes the development of new productive forces and the construction of a digital China, the Group believes that the demand for intelligent computing power will lead to a new round of growth. Leveraging its development in big data and digital-related businesses over the past few years, the Group will further explore broader cooperation opportunities with commercial partners in the fields of new retail, big data services, intelligent computing power, and artificial intelligence. The Group is committed to creating new revenue sources in the second half of the year by providing transformation as well as operation and maintenance services related to advanced computing infrastructure (applied to artificial intelligence and various computing power services).



## LIQUIDITY AND CASHFLOW RESOURCES

As at 30 September 2024, the total equity and net current assets of the Group amounted to approximately HK\$727.8 million (31 March 2024: approximately HK\$758.1 million) and approximately HK\$114.6 million (31 March 2024: approximately HK\$116.5 million) respectively. On the same date, the Group had bank and cash balances of approximately HK\$17.4 million (31 March 2024: approximately HK\$34.2 million) and the current ratio was 1.12 (31 March 2024: 1.12). As at 30 September 2024, the Group has (i) secured trust loans of approximately HK\$221.3 million (31 March 2024: approximately HK\$216.4 million) bearing fixed interest rate at 12% per annum which have not been repaid upon maturity and are subject to negotiation with the lender for extension of loan period, (ii) secured bank loans of approximately HK\$67.5 million (31 March 2024: approximately HK\$99.5 million) bearing fixed interest rate ranged from 3.00% to 5.00% per annum and to be repaid from October 2024 to September 2025, (iii) unsecured short-term loans from an independent lender of approximately HK\$2.8 million (31 March 2024: approximately HK\$3.2 million) bearing fixed interest rate at 6% per annum and to be repaid on demand, (iv) interest-free and unsecured advance payments from independent third parties and subcontractors of approximately HK\$20.1 million (31 March 2024: approximately HK\$11.4 million) and HK\$76.4 million (31 March 2024: approximately HK\$92.9 million) respectively to be repaid on demand, and (v) interest-free and unsecured long-term loan from an independent third party of approximately HK\$18.7 million to be repaid by December 2026 (31 March 2024: interest-free and secured short-term loan from an independent third party of approximately HK\$2.6 million to be repaid on demand).

As at 30 September 2024, the gearing ratio of the Group was approximately 0.24 (31 March 2024: approximately 0.25). The gearing ratio is measured on the basis of the total amount of interest bearing and interest free borrowings/advance payments over the amount of total assets. As at 30 September 2024, the total amount of interest bearing and interest free borrowings/advance payments and the amount of total assets of the Group amounted to approximately HK\$406.8 million (31 March 2024: approximately HK\$426.0 million) and approximately HK\$1,677.2 million (31 March 2024: approximately HK\$1,722.9 million) respectively.

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

## **PLEDGE OF ASSETS**

As at 30 September 2024 and 31 March 2024, none of the Group's securities were pledged to brokers to secure the margin loan. As at 30 September 2024, bank deposit of RMB15.0 million (equivalent to approximately HK\$16.6 million) and certain flats of the investment properties held by the Group were pledged to banks to secure the bank loans borrowed by the Group (31 March 2024: bank deposit of RMB15.0 million (equivalent to approximately HK\$16.2 million) and investment properties of RMB101.8 million (equivalent to approximately HK\$110.1 million) held by the Group were pledged to banks to secure the bank loans borrowed by the Group).

## **CAPITAL EXPENDITURE**

During the six months ended 30 September 2024, the Group incurred approximately HK\$9.0 million (30 September 2023: approximately HK\$5.2 million) as capital expenditure mainly in respect of plant and equipment situated in the PRC.

## **CAPITAL COMMITMENTS**

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

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 September 2024, the Group held financial assets at fair value through other comprehensive income of approximately HK\$4.3 million (31 March 2024: approximately HK\$5.3 million) which represented unlisted equity securities in Hong Kong. No financial assets at fair value through profit or loss were held as at 30 September 2024 (31 March 2024: nil). During the six months ended 30 September 2024, the Group recorded a fair value loss of approximately HK\$1.0 million on securities investments that are not held for trading in other comprehensive income.

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

As at 30 September 2024, the Group did not hold any significant investments in an investee company with a value of 5% or more of the Group's total assets.

## **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the period under review, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had an upward adjustment, resulting in an exchange gain of approximately HK\$6.0 million recognised as other comprehensive income of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

## **EMPLOYEES AND HUMAN RESOURCES POLICY**

As at 30 September 2024, the Group had 116 staff (30 September 2023: 203 staff). The total staff costs incurred for the six months ended 30 September 2024 was approximately HK\$21.3 million (30 September 2023: approximately HK\$27.3 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programmes and budget.

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

## **MATERIAL ACQUISITION OR DISPOSAL**

There was no material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the six months ended 30 September 2024.

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

The Company did not conduct any fund raising activities in relation to issue of equity securities during the six months ended 30 September 2024.

As at 30 September 2024, the amount of approximately HK\$4.5 million out of the net proceeds from the Company's rights issue, which was completed on 21 September 2023, remained unused and is expected to be utilised as intended on or before 31 March 2025 for the capital contribution of certain subsidiaries of the Company for the purposes of exploring and developing big data and digital-related businesses.

## **INTERIM DIVIDEND**

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2024.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board acknowledges its responsibility for establishing and maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and reviewing the effectiveness of such systems on an annual basis pursuant to Code Provision D.2.1 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules (the "CG Code").

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

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

In the opinion of the Board, save as disclosed below, none of the Directors are aware of any information that would reasonably indicate that the Company was not for any part of the six months ended 30 September 2024 in compliance with the CG Code.

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

Under Code Provision C.1.6 of the CG Code, the independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director namely, Mr. Ye Jianmu, was unable to attend the Company's adjourned annual general meeting held on 10 September 2024 due to his other business commitment.

### **AUDIT COMMITTEE**

As at 28 November 2024, the Audit Committee of the Company comprises three independent non-executive Directors, namely, Ms. Yin Meiqun, Mr. Liu Tonghui and Mr. Ye Jianmu.

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

The Group's unaudited results for the six months ended 30 September 2024 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements of the Stock Exchange and legal requirements, and that adequate disclosures have been made.

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

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. All Directors have confirmed, immediately following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2024.

## **PUBLICATION OF INTERIM REPORT**

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

The 2024 Interim Report containing all the information required under Appendix D2 of the Listing Rules will be dispatched to the shareholders of the Company (if applicable) as well as published on the aforesaid websites in due course.

By Order of the Board  
**China Best Group Holding Limited**  
**Mr. Qin Jie**  
*Executive Director and Chief Executive Officer*

Hong Kong, 28 November 2024

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