



PT INTERNATIONAL DEVELOPMENT CORPORATION LIMITED

保 德 國 際 發 展 企 業 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code : 372)

2024

INTERIM REPORT



** For identification purpose only*

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Abbreviations

In this interim report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors of the Company
“Bye-laws”	Bye-laws of the Company
“Company”	PT International Development Corporation Limited
“Current Period”	the six months ended 30th September, 2024
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“HK\$” and “HK cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“%”	per cent.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ching Man Chun, Louis
(Chairman and Managing Director)
Mr. Heinrich Grabner *(Deputy Chairman)*
(resigned on 18th April 2024)
Mr. Yeung Kim Ting
Mr. Wong Kung Ho, Alexander
(appointed on 18th April 2024)

Non-executive Director

Ms. Wong Man Ming, Melinda

Independent Non-executive Directors

Mr. Yam Kwong Chun
Mr. Wong Yee Shuen, Wilson
Mr. Lam Yik Tung

AUDIT COMMITTEE

Mr. Wong Yee Shuen, Wilson *(Chairman)*
Mr. Yam Kwong Chun
Mr. Lam Yik Tung

REMUNERATION COMMITTEE

Mr. Lam Yik Tung *(Chairman)*
Mr. Yam Kwong Chun
Mr. Wong Yee Shuen, Wilson

NOMINATION COMMITTEE

Mr. Yam Kwong Chun *(Chairman)*
Mr. Wong Yee Shuen, Wilson
Mr. Lam Yik Tung

CORPORATE GOVERNANCE COMMITTEE

Mr. Ching Man Chun, Louis *(Chairman)*
Mr. Yam Kwong Chun
Mr. Wong Yee Shuen, Wilson
Mr. Lam Yik Tung

COMPANY SECRETARY

Ms. Lo Yuen Mei

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISOR

Michael Li & Co.

PRINCIPAL BANKERS

DBS Bank (HK) Limited
Fubon Bank (Hong Kong) Limited
Industrial and Commercial Bank of China
(Asia) Limited
Nonghyup Bank
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor
Centre Point
181-185 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.ptcorp.com.hk

STOCK CODE

Hong Kong Stock Exchange 372

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September, 2024

		(Unaudited) Six months ended 30th September,	
	NOTES	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations			
Revenue	3		
Contracts with customers		76,034	19,961
Cost of sales		(71,741)	(20,614)
Gross profit (loss)		4,293	(653)
Other income and expenses, other gains and losses	4	(2,533)	(3,675)
Net (losses) gains on financial instruments	5	(27,882)	401,851
Selling and distribution expenses		(148)	–
Administrative expenses		(28,645)	(36,284)
Finance costs	6	(8,272)	(7,650)
Share of results of joint venture		(57)	–
Net gain on deconsolidation of a subsidiary	11	16,204	–
(Loss) profit before taxation	7	(47,040)	353,589
Income tax expense	8	–	–
(Loss) profit for the period from continuing operations		(47,040)	353,589
Discontinued operation			
Loss for the period from discontinued operation	11	(956)	(13,194)
(Loss) profit for the period		(47,996)	340,395
Other comprehensive income (expense):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		3,923	(2,476)
Released on deconsolidation of a subsidiary		10,637	(2)
Other comprehensive income (expense) for the period		14,560	(2,478)
Total comprehensive (expenses) income for the period		(33,436)	337,917

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th September, 2024

		(Unaudited) Six months ended 30th September,	
	NOTE	2024 HK\$'000	2023 HK\$'000 (Restated)
(Loss) profit for the period attributable to owners of the Company			
– from continuing operations		(40,269)	365,696
– from discontinued operation		(861)	(13,507)
		(41,130)	352,189
(Loss) profit for the period attributable to owners of the Company			
Loss for the period attributable to non-controlling interests			
– from continuing operations		(6,771)	(10,293)
– from discontinued operation		(95)	(1,501)
		(6,866)	(11,794)
Loss for the period attributable to non-controlling interests			
		(47,996)	340,395
Total comprehensive (expenses) income for the period attributable to:			
Owners of the Company		(31,593)	349,802
Non-controlling interests		(1,843)	(11,885)
		(33,436)	337,917
		HK cents	HK cents (Restated)
(Loss) earnings per share:	10		
From continuing and discontinued operations			
Basic		(1.36)	12.82
Diluted		N/A	12.82
From continuing operations			
Basic		(1.33)	13.32
Diluted		N/A	13.32

Condensed Consolidated Statement of Financial Position

At 30th September, 2024

	NOTES	(Unaudited) At 30th September, 2024 HK\$'000	(Audited) At 31st March, 2024 HK\$'000
Non-current assets			
Property, plant and equipment	12	343,909	340,888
Right-of-use assets	12	166,260	166,828
Interest in an associate		1,577	1,532
Interest in joint venture		443	–
Financial assets at fair value through profit or loss	13	203,021	230,705
		715,210	739,953
Current assets			
Trade and other receivables	14	71,875	71,948
Equity investments held for trading		145	1,178
Restricted bank balances		3,615	3,533
Cash and cash equivalents		51,803	81,999
		127,438	158,658
Assets classified as held for sale	18	–	12,647
		127,438	171,305
Current liabilities			
Trade and other payables	15	93,893	110,408
Contract liabilities		1,431	2,852
Borrowings	16	115,846	139,968
Lease liabilities – due within one year	17	277,643	271,090
		488,813	524,318
Net current liabilities		(361,375)	(353,013)
Total assets less current liabilities		353,835	386,940
Non-current liability			
Lease liabilities – due after one year	17	110,190	109,859
		110,190	109,859
Net assets		243,645	277,081
Capital and reserves			
Share capital	19	30,274	30,274
Share premium and reserves		282,268	313,861
		312,542	344,135
Equity attributable to the owners of the Company		(68,897)	(67,054)
Non-controlling interests			
Total equity		243,645	277,081

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2024

	Attributable to the owners of the Company					Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1st April, 2024 (audited)	30,274	984,885	908	(15,692)	(656,240)	344,135	(67,054)	277,081
Loss for the period	-	-	-	-	(41,130)	(41,130)	(6,866)	(47,996)
Exchange differences arising on translation of foreign operations	-	-	-	6,755	-	6,755	(2,832)	3,923
Released on deconsolidation of a subsidiary	-	-	-	2,782	-	2,782	7,855	10,637
Total comprehensive expenses for the period	-	-	-	9,537	(41,130)	(31,593)	(1,843)	(33,436)
At 30th September, 2024 (unaudited)	30,274	984,885	908	(6,155)	(697,370)	312,542	(68,897)	243,645
At 1st April, 2023 (audited)	20,183	959,550	908	(11,292)	(634,899)	334,450	(16,446)	318,004
Profit (loss) for the period	-	-	-	-	352,189	352,189	(11,794)	340,395
Exchange differences arising on translation of foreign operations	-	-	-	(2,385)	-	(2,385)	(91)	(2,476)
Released on derecognition of a subsidiary	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive expenses for the period	-	-	-	(2,387)	352,189	349,802	(11,885)	337,917
Rights issue (Note 19)	10,091	26,238	-	-	-	36,329	-	36,329
At 30th September, 2023 (unaudited)	30,274	985,788	908	(13,679)	(282,710)	720,581	(28,331)	692,250

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2024

		(Unaudited) Six months ended 30th September,	
	NOTE	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities			
(Loss) profit before taxation – continuing operations		(47,040)	353,589
Loss before taxation – discontinued operation		(956)	(13,194)
Adjustments for:			
Net unrealised losses (gains) on financial instruments		27,882	(401,851)
Increase in inventories		–	(2,876)
Decrease (increase) in trade and other receivables		73	(5,761)
Decrease (increase) in equity investments held for trading		834	(4,040)
(Decrease) increase in trade and other payables		(10,633)	12,750
Decrease in contract liabilities		(1,336)	(170)
Other operating activities		26,138	34,171
		(5,038)	(27,382)
Net cash (used in) from investing activities			
Capital distribution from financial asset at fair value through profit or loss		–	66,032
Interest received		641	141
Proceeds from disposal of property, plant and equipment		–	90
Placement of restricted deposit		(34)	(222)
Acquisition of property, plant and equipment	12	(4,506)	(3,071)
Investment to joint venture		(443)	–
		(4,342)	62,970
Net cash (used in) from financing activities			
Proceeds from the Rights Issue		–	36,329
Repayment of lease liabilities		(4,821)	(7,896)
Interest paid		(10,195)	(9,644)
Repayment of borrowings		(563)	–
		(15,579)	18,789
Net (decrease) increase in cash and cash equivalents		(24,959)	54,377
Cash and cash equivalents at beginning of the period		81,999	69,552
Effect of foreign exchange rate changes		(5,237)	5,961
Cash and cash equivalents at end of the period, represented by bank balances and cash		51,803	129,890

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and 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 condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

Going concern assessment

Going concern basis

The following conditions indicate the existence of material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is subject to legal claims in relation to sale and leaseback arrangements and debt dispute (details set out in note 24) and such claims amounted to approximately Renminbi (“**RMB**”) 514,184,000 (equivalent to HK\$570,874,000) in aggregate as at 30th September, 2024. Under certain legal proceedings in relation to sale and leaseback arrangements and debt dispute, the Group has received property preservation orders to restrict the disposition of certain assets and the withdrawal of bank deposits (details set out in note 21) since August 2022.

- As at 30th September, 2024, the Group has an outstanding bank loan with a carrying amount of HK\$115,846,000. Due to the property preservation orders received from the court, the Group has breached certain covenants of the bank loan thus the bank may request immediate repayment of the loan. On discovery of the breach, the directors of the Company commenced negotiations of the terms of the loan with the relevant bank. Since those negotiations had not been concluded, the loan has been classified as a current liability as at 30th September, 2024.
- As at 30th September, 2024, due to the property preservation orders received from the court, the Group has breached certain terms of the sale and leaseback contracts of oil storage tanks thus the lessor may request immediate repayment of the remaining lease payments. Accordingly, the relevant outstanding lease liabilities arising from sale and leaseback arrangements of oil storage tanks with a carrying amount of HK\$268,272,000 have been classified as current liabilities as at 30th September, 2024.
- The Group recorded net current liabilities of HK\$361,375,000 as at 30th September, 2024. The Group also reported a loss of approximately HK\$47,996,000 and had a net operating cash outflow of HK\$5,038,000 for the six months ended 30th September, 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

1. BASIS OF PREPARATION (continued)

Going concern assessment (continued)

Going concern basis (continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and the financial position of the Group and the Group's available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including:

- (i) The Group has been actively negotiating with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants as mentioned above;
- (ii) The Group has been actively negotiating with the lessor for extension of the remaining sale and leaseback contracts of oil storage tanks;
- (iii) The Group will continue to work with the People's Republic of China (the "PRC") legal advisers of the Group to gather evidence to defend itself against civil complaints filed by the civil litigants;
- (iv) The Group will continue to seek other fund raising opportunities in the capital markets or additional loans of financing from banks or other financial institutions; and
- (v) The Group will continue to seek suitable opportunities to dispose of its investment in an unlisted fund in order to generate additional cash inflows.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30th September, 2024. The directors of the Company are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, since the execution of the above plans and measures by the Group are in progress and no written contractual agreements are available to the Group as at the date of the approval for issuance of the condensed consolidated financial statements, material uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as mentioned above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to mitigate its liquidity pressure and improve the financial position of the Group through the following:

- (i) Successful negotiation with a bank for revising the loan covenants and not demanding immediate repayment of existing bank loan due to the breach of loan covenants;
- (ii) Successful negotiation with the lessor for extension of the remaining sale and leaseback contracts of oil storage tanks;

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

1. BASIS OF PREPARATION (continued)

Going concern assessment (continued)

Going concern basis (continued)

- (iii) Successfully defending the Group against civil complaints filed by the civil litigants;
- (iv) Successfully obtaining funds in the capital markets or additional loans of financing from banks or other financial institutions; and
- (v) Successfully disposing of the Group's investment in an unlisted fund.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, or to recognise a liability for any contractual commitments that might have become onerous, where appropriate. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st March, 2024.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the amendments to HKFRS issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st April, 2024 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

3. REVENUE AND SEGMENT INFORMATION

Revenue

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

	Six months ended 30th September,	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Revenue from contracts with customers		
– Trading income	46,549	–
– Port and port-related services income	24,724	19,507
– Equity and insurance brokerage income	4,761	454
	76,034	19,961

Disaggregation of revenue from contracts with customers

	Six months ended 30th September,	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Types of goods or services		
Trading income		
– Chemicals and energy	46,549	–
Port and port-related services income	24,724	19,507
Equity and insurance brokerage income	4,761	454
	76,034	19,961
Timing of revenue recognition		
A point in time	51,310	454
Over time	24,724	19,507
	76,034	19,961
Geographical location (based on the locations of transactions conducted)		
Hong Kong	46	51
PRC, excluding Hong Kong	71,273	19,507
Mauritius	4,715	403
	76,034	19,961

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

3. REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

Set out below is the reconciliation of revenue from contracts with customers from continuing operations with amounts disclosed in the segment information.

Six months ended 30th September, 2024

	Trading HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Total HK\$'000
Trading income	46,549	-	-	-	-	-	46,549
Port and port-related services Income	-	-	24,724	-	-	-	24,724
Equity and insurance brokerage income	-	-	-	4,761	-	-	4,761
Revenue from contracts with customers	46,549	-	24,724	4,761	-	-	76,034
Total revenue from continuing operations	46,549	-	24,724	4,761	-	-	76,034

Six months ended 30th September, 2023 (restated)

	Trading HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Total HK\$'000
Trading income	-	-	-	-	-	-	-
Port and port-related services Income	-	-	19,507	-	-	-	19,507
Equity and insurance brokerage income	-	-	-	454	-	-	454
Revenue from contracts with customers	-	-	19,507	454	-	-	19,961
Total revenue from continuing operations	-	-	19,507	454	-	-	19,961

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purposes of resources allocation and performance assessment are as follows:

Trading	- trading of commodities
Long-term investment	- investments including long-term debt instruments and equity investments
Petrochemical	- storage, unloading and loading services for petrochemical products
Financial institute business	- provision of asset management, equity and insurance brokerage and related services
Finance	- loan financing services
Other investment	- investment in trading of securities
Metal recycling	- recycling and trading of metals

An operating segment engaging in the metal recycling was discontinued during the year ended 31st March, 2024. Segment information reported below does not include any amounts for this discontinued operation. Details of which are set out in note 11. The comparative figures in this note have been restated to conform with the Current Period presentation.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below:

Continuing operations

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Six months ended 30th September, 2024

	Trading HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Adjustments and eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE								
External sales	46,549	-	24,724	4,761	-	-	-	76,034
RESULTS								
Segment results	(1,150)	(33,068)	(13,907)	(354)	(11)	(123)	335	(48,278)
Central administration costs								(14,824)
Other income and expenses, other gains and losses								16,111
Finance costs								(49)
Loss before taxation from continuing operations								(47,040)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

3. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Continuing operations (continued)

Segment revenue and results (continued)

Six months ended 30th September, 2023 (restated)

	Trading HK\$'000	Long-term investment HK\$'000	Petrochemical HK\$'000	Financial institute business HK\$'000	Finance HK\$'000	Other investment HK\$'000	Adjustments and eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE								
External sales	-	-	19,507	454	-	-	-	19,961
RESULTS								
Segment results	(210)	403,478	(21,394)	(2,841)	(10)	(4,006)	(1,068)	373,949
Central administration costs								(20,151)
Other income and expenses, other gains and losses								(113)
Finance costs								(96)
Profit before taxation from continuing operations								353,589

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the result of each segment without allocation of central administration costs, including directors' salaries, certain other income and expenses, other gains and losses and certain finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

4. OTHER INCOME AND EXPENSES, OTHER GAINS AND LOSSES

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
Government grants	32	–
Interest income on loan to a third party	109	48
Bank interest income	592	90
Loss on disposal of property, plant and equipment	(5)	(8)
Late repayment charge on construction payables	(1,599)	(3,389)
Net foreign exchange losses	(1,639)	(1,248)
Others	(23)	832
	(2,533)	(3,675)

5. NET (LOSSES) GAINS ON FINANCIAL INSTRUMENTS

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
(Decrease) increase in fair value of financial assets at fair value through profit or loss	(27,684)	405,857
Decrease in fair value of equity investments held for trading	(198)	(4,006)
	(27,882)	401,851

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

6. FINANCE COSTS

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
Interest on lease liabilities	6,919	5,059
Interest on borrowings	3,530	3,779
Total borrowing costs	10,449	8,838
Amounts capitalised in the cost of qualifying assets	(2,177)	(1,188)
	8,272	7,650

Borrowing costs capitalised during the period ended 30th September, 2024 that arose on the general borrowing pool are calculated by applying a capitalisation rate of 6.06% (six months ended 30th September, 2023: 6.41%) per annum to expenditures on qualifying assets.

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	9,852	12,954
Depreciation of right-of-use assets	6,327	7,583
Total depreciation	16,179	20,537

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT is calculated at 25% of the assessable profits for the subsidiaries in the PRC. No provision for EIT has been made as the Group had no assessable profits arising in the PRC for both periods.

9. DISTRIBUTIONS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

From continuing and discontinued operations

The calculation of the basic (loss) earnings per share is based on the loss for the six months ended 30th September, 2024 attributable to owners of the Company of HK\$41,130,000 (2023: gain of HK\$352,189,000) and the number of 3,027,424,240 (2023: 2,746,421,113) ordinary shares in issue for the six months ended 30th September, 2024 and 2023.

From continuing operations

The calculation of the basic (loss) earnings per share from continuing operation is based on the loss for the six months ended 30th September, 2024 attributable to owners of the Company of HK\$40,269,000 (2023: gain of HK\$365,696,000) and the same denominator used as detailed above.

From discontinued operation

Loss per share for the discontinued operation is HK 0.03 cents (2023: HK 0.50 cents) per share for the six months ended 30th September, 2024, based on the loss for the period from discontinued operation of HK\$861,000 (2023: HK\$13,507,000) and the same denominator used as detailed above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

10. (LOSS) EARNINGS PER SHARE (continued)

(b) Diluted (loss) earnings per share

For the six months ended 30th September, 2024, no diluted loss per share is presented as the Company has no potential ordinary shares in issue.

For the six months ended 30th September, 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options and call options granted to the non-controlling shareholders of a non-wholly owned subsidiary of the Company since the exercise price of the share options and call options exceeds the average market price, while the computation of diluted earnings per share does not assume the exercise of the call options granted to the non-controlling shareholders of a non-wholly owned subsidiary of the Company since their assumed exercise would result in an increase in earnings per share.

The weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share for the six months ended 30th September 2023 has been adjusted for the Company's rights issue completed in June 2023.

11. DISCONTINUED OPERATION

In March 2024, the Group has commenced the process to appoint administrators in Cupral Group Ltd. ("Cupral"), a subsidiary engaged in recycling and trading of metals, in the United Kingdom pursuant to the Insolvency Act 1986 of the United Kingdom. The appointment of the administrators has brought into effect a statutory moratorium which prevents any legal action by the creditors of Cupral so that the administrators can effect the realisation of its assets. The appointment of administrators was completed on 9th April, 2024.

Upon the appointment, the legal control of the business of Cupral was transferred from the directors of Cupral to the administrators acting as agent of the affairs of Cupral. As the management of the Company has terminated the trading of recycled metals with the intention to dispose the assets of Cupral before 31st March, 2024, the relevant assets which represents property, plant and equipment of Cupral was presented under assets held for sales as at 31st March, 2024 as disclosed in note 18. Cupral was deconsolidated and net gain of HK\$16,204,000 (2023: nil) was recognised during the Current Period.

	Six months ended 30th September, 2024 HK\$'000
Net gain on deconsolidation of Cupral:	
Net liabilities deconsolidated	78,552
Amount due from Cupral	(51,711)
Non-controlling interest	(7,855)
Translation reserve	(2,782)
	<hr/>
Net gain on deconsolidation	16,204

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

11. DISCONTINUED OPERATION (continued)

Loss for the period of the discontinued operation is as follows:

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000
Revenue	579	19,329
Cost of sales	(1,051)	(18,005)
Gross (loss) profit	(472)	1,324
Other income and expenses, other gains and losses	–	122
Administrative expenses	(484)	(12,646)
Finance costs	–	(1,994)
Loss before taxation	(956)	(13,194)
Taxation	–	–
Loss for the period	(956)	(13,194)

Loss for the period from discontinued operation included the followings:

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000
Depreciation of property, plant and equipment	–	1,925
Depreciation of right-of-use assets	–	1,905
Staff cost	10	2,638

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

11. DISCONTINUED OPERATION (continued)

Net cash flow for the period of the discontinued operation is as follows:

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities	(626)	(9,278)
Net cash used in investing activities	-	(573)
Net cash from financing activities	-	9,825
Net cash outflow	(626)	(26)

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30th September, 2024, the Group acquired property, plant and equipment of HK\$4,506,000. In addition, the Group recognised right-of-use assets of HK\$850,000 and lease liabilities of HK\$850,000 on lease commencement.

During the six months ended 30th September, 2023, the Group acquired property, plant and equipment of HK\$3,071,000. In addition, the Group recognised right-of-use assets of HK\$382,000 and lease liabilities of HK\$382,000 on lease commencement.

The Group is required to make fixed monthly payments. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss mainly represent the Group's investment in an unlisted fund.

On 21st June, 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares of a private equity fund established in Korea (the "Fund"), as a limited partner, for an aggregate consideration of United States Dollar ("US\$") 20,000,000 (equivalent to approximately HK\$156,000,000) in cash. The Fund principally invests in shares of companies listed on the Korea Exchange. The Fund is managed by a fund manager, while limited partners of the Fund do not have rights to engage in the management of the Fund. The Group, as a limited partner in the Fund, does not have the power to participate in the financial and operating policy decisions of the Fund. As such, the Group does not have significant influence over the Fund and the Fund is not accounted for as an associate. The shares of the Fund held by the Group represent approximately 29.71% (31st March, 2024: 29.71%) of the issued share capital of the Fund as at 30th September, 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Fund is accounted for as a financial asset at fair value through profit or loss. As at 30th September, 2024, the fair value of the Fund is HK\$203,021,000 (31st March, 2024: HK\$230,705,000). During the six months ended 30th September, 2024, fair value loss of HK\$27,684,000 (six months ended 30th September, 2023, fair value gain: HK\$405,857,000) was recognised in profit or loss. Details of the fair value measurements of the Fund are disclosed in note 22. In the opinion of the directors of the Company, the Fund is held for long-term strategic investment purposes and as such, the investment is classified as non-current.

14. TRADE AND OTHER RECEIVABLES

	At 30th September, 2024 HK\$'000	At 31st March, 2024 HK\$'000
Trade receivables from contracts with customers	6,546	5,974
VAT and other taxes recoverable	4,299	4,659
Amount due from a non-controlling shareholder of a subsidiary (Note i)	6,597	6,597
Prepayments	29,473	29,926
Rental, utility and other deposits	974	859
Other receivables (Note ii)	23,986	23,933
	71,875	71,948

Notes:

- (i) The amount due from a non-controlling shareholder of a subsidiary is unsecured, interest-free, non-trade related and repayable on demand.
- (ii) As at 30th September, 2024, the other receivables comprise amounts paid to third parties for equity brokerage business, amounting to HK\$8,234,000 (31st March 2024: HK\$11,144,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

14. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of trade receivables based on the date of revenue recognition at the end of each reporting period:

	At 30th September, 2024 HK\$'000	At 31st March, 2024 HK\$'000
Trade receivables		
0 – 30 days	4,354	4,000
31 – 60 days	292	129
61 – 90 days	95	1
Over 90 days	1,805	1,844
	6,546	5,974

15. TRADE AND OTHER PAYABLES

	At 30th September, 2024 HK\$'000	At 31st March, 2024 HK\$'000
Trade payables	–	–
Payables for acquisition of property, plant and equipment (<i>Note i</i>)	46,724	45,306
Other payables (<i>Note ii</i>)	30,680	31,029
Accrued expenses	16,489	34,073
	93,893	110,408

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

15. TRADE AND OTHER PAYABLES (continued)

Notes:

- (i) As at 30th September, 2024, the Group has payables for acquisition of property, plant and equipment amounting to HK\$46,724,000, among which HK\$33,118,000 is related to a legal action involving the outstanding construction payable. In May 2021, Guangxi Guangming Warehouse Storage Limited* (廣西廣明碼頭倉儲有限公司) (“**Guangming**”) became a defendant in a legal action involving the outstanding payment in relation to the fee for construction of port infrastructure from a construction company in the PRC. The case was settled under a civil mediation in May 2022 and Guangming is liable to pay construction fees of RMB90,504,000 (equivalent to HK\$100,482,000), where RMB30,675,000 (equivalent to HK\$34,057,000) has been settled during the year ended 31st March, 2023. In August 2022, the court has issued an enforcement order to Guangming on settling the remaining amount of the construction fee. In March 2023, the Group has entered a settlement agreement with the construction company, pursuant to which the enforcement order previously issued by the court was set aside as agreed upon by both parties to the proceedings. Under the settlement agreement, repayments of RMB30,000,000 (equivalent to HK\$33,307,000) were due on or before 30th June, 2023 (the “**First Tranche**”) and the remaining balance of RMB29,829,000 (equivalent to HK\$33,118,000) together with the corresponding interest will be due on or before 31st December, 2023. The revised deadline of the First Tranche recently conveyed by the construction company fell due in mid-November 2023. The First Tranche has been settled in December 2023 and the remaining balance has not been settled up to the date of approval for issuance of the condensed consolidated financial statements.
- (ii) As at 30th September, 2024, the Group has money received from third parties for equity brokerage business, amounting to HK\$8,642,000 (31st March 2024: HK\$11,349,000).

* For identification purposes only

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

16. BORROWINGS

	At 30th September, 2024 <i>HK\$'000</i>	At 31st March, 2024 <i>HK\$'000</i>
Bank borrowings	115,846	113,106
Loan from a third party	–	26,862
	115,846	139,968
Secured	115,846	139,968
Unsecured	–	–
	115,846	139,968

The carrying amounts of the above borrowings are repayable:

	At 30th September, 2024 <i>HK\$'000</i>	At 31st March, 2024 <i>HK\$'000</i>
Within one year	55,707	69,859
Within a period of more than one year but not exceeding two years	24,056	23,370
Within a period of more than two years but not exceeding five years	36,083	46,739
	115,846	139,968
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(26,862)
Less: Amount that is repayable on demand due to breach of loan covenants	(115,846)	(113,106)
Amount due for settlement after 12 months (shown under non-current liability)	–	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

16. BORROWINGS (continued)

The Group's borrowings that are denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At 30th September, 2024 <i>HK\$'000</i>	At 31st March, 2024 <i>HK\$'000</i>
US\$	–	26,862

Bank borrowings

As at 30th September, 2024, the bank borrowings are secured by right-of-use assets amounting to HK\$16,380,000 (31st March, 2024: HK\$15,915,000) and are guaranteed by a non-controlling shareholder of a subsidiary. The Group's bank borrowings carry interests at effective variable rates of 6.06% (31st March, 2024: 6.16%) per annum as at 30th September, 2024 with reference to the Benchmark Interest Rates for Deposits and Loans of Financial Institutions quoted by the People's Bank of China.

Loan from a third party

During the year ended 31st March, 2022, the Group obtained a loan from a third party for the purpose of purchasing plant and equipment for the business operations of Cupral. The loan carried interest at fixed rate of 10% per annum. As at 31st March, 2024, the loan was secured by plant and machinery amounting to HK\$12,647,000. As at 30th September, 2024, the loan was derecognised as a result of deconsolidation of Cupral.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

17. LEASE LIABILITIES

	At 30th September, 2024 HK\$'000	At 31st March, 2024 HK\$'000
Lease liabilities payable:		
Within one year	11,962	12,788
Within a period of more than one year but not more than two years	108,721	109,138
Within a period of more than two years but not exceeding five years	266,173	258,106
Within a period of more than five years	977	917
	387,833	380,949
Less: Amount due for settlement within 12 months (shown under current liabilities)	(9,371)	(9,929)
Less: Amount that is repayable on demand due to breach of lease contracts terms	(268,272)	(261,161)
	110,190	109,859
Amount due for settlement after 12 months (shown under non-current liability)		

The borrowing rates applied to lease liabilities range from 2.61% to 7.10% (31st March, 2024: 2.61% to 7.10%) per annum.

As at 30th September, 2024, the Group has outstanding lease liabilities arising from sale and leaseback arrangements with carrying amounts of HK\$383,840,000 (31st March, 2024: HK\$376,519,000), including HK\$10,085,000 (31st March, 2024: HK\$10,009,000) repayable within 12 months and HK\$373,755,000 (31st March, 2024: HK\$366,510,000) repayable after 12 months according to the repayment schedules. During the six months ended 30th September, 2024, due to the property preservation orders received from the court, the Group has breached certain terms of the sale and leaseback contracts thus the lessor may request immediate repayment of the certain remaining lease payments. Accordingly, the lease liabilities arising from sale and leaseback arrangements with breach of terms of HK\$268,272,000 (31st March, 2024: HK\$261,161,000) have been classified as current liabilities as at 30th September, 2024.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

17. LEASE LIABILITIES (continued)

In February 2022, Guangming received a civil complaint filed by Lianwei (Shanghai) Finance Lease Limited* (聯蔚(上海)融資租賃有限公司) (“Lianwei”) in respect of a dispute over the sale and leaseback arrangements of two oil storage tanks. During the year ended 31st March, 2024, Guangming has entered into a settlement agreement with Lianwei for this civil complaint. Under the settlement agreement, remaining rent for the remaining lease period will be paid from May 2024 to December 2025 and therefore lease liabilities of HK\$7,526,000 and HK\$108,074,000 have been classified as current liabilities and non-current liability as at 30 September, 2024.

Lease liabilities arising from sale and leaseback arrangements are pledged by the relevant right-of-use assets as disclosed in note 21.

* For identification purposes only

18. ASSETS CLASSIFIED AS HELD FOR SALE

Save as disclosed in note 11, the assets classified as held for sale as at 31st March, 2024 are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	12,647

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

19. SHARE CAPITAL

	Number of shares		Value	
	2024	2023	2024 HK\$'000	2023 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At 1st April and 30th September	102,800,000,000	102,800,000,000	1,028,000	1,028,000
Issued and fully paid:				
At 1st April	3,027,424,240	2,018,282,827	30,274	20,183
Issue of right shares (<i>Note</i>)	–	1,009,141,413	–	10,091
At 30th September	3,027,424,240	3,027,424,240	30,274	30,274

Note:

During June 2023, the Company issued 1,009,141,413 rights shares by way of rights issue, on the basis of one rights share for every two existing shares of the Company on the record date at the subscription price of HK\$0.036 per rights share (the “**Rights Issue**”) to raise net proceeds of approximately HK\$35,426,000.

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has the following transactions with related parties:

Compensation of key management personnel

	Six months ended 30th September,	
	2024 HK\$'000	2023 HK\$'000
Fees	420	225
Salaries and other emoluments	4,872	4,989
	5,292	5,214

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

21. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

The Group's borrowings and sale and leaseback arrangement had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	At 30th September, 2024 <i>HK\$'000</i>	At 31st March, 2024 <i>HK\$'000</i>
Property, plant and equipment	–	12,647
Right-of-use-assets	<u>153,707</u>	<u>153,736</u>
	<u>153,707</u>	<u>166,383</u>

Restrictions on assets

During the year ended 31st March, 2023, the Group received property preservation orders from the court in the PRC as a result of litigations of Guangming together with three of its subsidiaries in the PRC (the "**Guangming Subsidiaries**"). Details of the litigation are disclosed in note 24. As at 30th September, 2024, the Group's property, plant and equipment of HK\$139,000 (31st March, 2024: HK\$152,000), right-of-use assets of HK\$16,380,000 (31st March, 2024: HK\$15,915,000) and bank balances of HK\$3,615,000 (31st March, 2024: HK\$3,533,000) are restricted as a result of the property preservation orders.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30th September, 2024 HK\$'000	31st March, 2024 HK\$'000		
Equity investments				
– Listed equity securities	145	1,178	Level 1	Quoted bid prices in an active market.
Financial assets at fair value through profit or loss				
– Unlisted fund	203,021	230,705	Level 2	Based on the net asset values of the fund determined with reference to observable quoted prices in an active market of the underlying investment portfolio, mainly listed shares.

There were no transfers between Levels 1, 2 and 3 during the current and prior periods.

For financial instruments that are recorded at amortised cost, fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

23. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following capital commitment:

	At 30th September, 2024 HK\$'000	At 31st March, 2024 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>81,859</u>	<u>79,286</u>

24. LITIGATIONS AND CONTINGENT LIABILITIES

As at 30th September 2024, the material litigations that the Group has been involved are listed below.

Litigations in relation to sale and leaseback arrangements

The Group received civil complaints filed by Lianwei (Shanghai) Finance Lease Limited* (聯蔚(上海)融資租賃有限公司) (“Lianwei”) in respect of disputes over the sale and leaseback arrangements entered into with Lianwei.

- (i) In June 2022, Guangming received a civil complaint filed by Lianwei in respect of a dispute over the sale and leaseback arrangement of one oil storage tank. Under the civil complaint, Lianwei requested the court to order Guangming to pay the due and unpaid rent of RMB35,500,000 (equivalent to HK\$39,414,000), default payments thereon of RMB19,219,000 (equivalent to HK\$21,338,000) and other related litigation costs of RMB544,000 (equivalent to HK\$604,000). Details are disclosed in the Company’s announcement dated 28th June, 2022.
- (ii) In October 2022, Guangming received a civil complaint filed by Lianwei in respect of a dispute over the sale and leaseback arrangement of one oil storage tank. Under the civil complaint, Lianwei requested the court to order Guangming to pay the full amount of remaining rent for the remaining lease period of RMB52,800,000 (equivalent to HK\$58,621,000), default payments thereon of RMB24,376,000 (equivalent to HK\$27,063,000) and other related litigation costs of RMB1,059,000 (equivalent to HK\$1,176,000). Details are disclosed in the Company’s announcement dated 28th October, 2022.
- (iii) In May 2023, Guangming received three civil complaints filed by Lianwei in respect of disputes over the sale and leaseback arrangements of three oil storage tanks. Under the civil complaints, Lianwei requested the court to order Guangming to pay the full amount of remaining rent for the remaining lease period of RMB158,750,000 (equivalent to HK\$176,252,000), default payments thereon of RMB76,999,000 (equivalent to HK\$85,488,000) and other related litigation costs of RMB2,907,000 (equivalent to HK\$3,227,000). Details are disclosed in the Company’s announcement dated 5th May, 2023.

* For identification purposes only

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

24. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

Litigations in relation to sale and leaseback arrangements (continued)

As disclosed in note 17, in view of the civil complaints, the relevant lease liabilities are classified as current liabilities as at 30th September, 2024. However, based on the advice from the PRC legal advisers, the directors of the Company consider that the Group is not probable to be legally liable to immediately pay the remaining lease payments of HK\$274,287,000 (31st March, 2024: HK\$266,468,000), late charges, accrued interests and other litigation costs of HK\$138,896,000 (31st March 2024: HK\$108,292,000) as a result of the enforcement order and property preservation orders issued by the court.

Litigation in relation to debt dispute

In July 2022, Guangming and Guangming Subsidiaries, and an individual (the “**Individual**”), received a civil complaint filed by a civil litigant (the “**Civil Litigant**”) in respect of the dispute over loans provided to the Individual. Under the civil complaint, the Civil Litigant has requested the court to order Guangming and the Individual jointly to pay to the Civil Litigant the principal debt amount of RMB110,658,000 (equivalent to HK\$122,858,000), default payment thereon of RMB31,373,000 (equivalent to HK\$34,832,000) and other related litigation costs. Details are disclosed in the Company’s announcement dated 28th October, 2022.

The directors of the Company consider that the Civil Litigant had only entered into loan agreements with the Individual and had only provided loans to the Individual and not to Guangming. The Individual is not a director nor the legal representative of Guangming or the Guangming Subsidiaries, and no evidence has been provided by the Civil Litigant to show that such loan amounts were used in the production operations of Guangming. Based on the advice from the PRC legal advisers, the directors of the Company consider that it is not probable that the Group will be legally liable to aforesaid loans principal, late default payment and the other related litigation costs.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

24. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

Arbitration

In April 2024, Jiangsu Hong Mao Storage Company Limited* (江蘇宏貿倉儲有限公司) (“**Jiangsu Hong Mao**”), an indirectly non-wholly owned subsidiary of the Company, received an arbitration notice in respect of an application for arbitration filed by China Construction Third Engineering Bureau Third Construction Engineering Company Limited* (中建三局第三建設工程有限責任公司) (“**CCTE**”) against Jiangsu Hong Mao in respect of the dispute over a construction contract for a liquid chemicals storage and logistics project which was suspended in 2017. Under the application of arbitration, Jiangsu Hong Mao shall pay the construction fee of RMB15,901,000 (equivalent to HK\$17,654,000) to CCTE and pay to CCTE the progress payment interest of RMB241,000 (equivalent to HK\$260,000) and settlement payment interest accrued on the outstanding settlement payment at the loan prime rate announced by the National Interbank Funding Center from the date of commencement of the application for the arbitration to the actual repayment date. To the extent of the amount of the outstanding construction fee, CCTE shall have the priority right to be repaid from the appraised or auction price of the project and Jiangsu Hong Mao shall pay the legal costs and other miscellaneous costs relating to the arbitration to CCTE. Details are disclosed in the Company’s announcement dated 23rd April, 2024.

Based on the advice from the PRC legal advisers, the directors of the Company consider that it is not probable that the Group will be legally liable to aforesaid construction fee, progress payment interest and settlement payment interest and the other related litigation costs.

* For identification purposes only

Petition against subsidiary of the Company

Mr. Zhu presented a winding-up petition on 15th December, 2023 against Thousand Vantage, PT OBOR Financial Holdings Limited (“**PT OBOR**”) and HK United Investment Holdings Limited (“**HK United**”) on the basis of unfair prejudice.

Mr. Zhu sought, inter alia:

- (i) an order that Thousand Vantage be wound up under section 177(1)(f) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong); and
- (ii) alternatively, an order that Mr. Zhu do purchase PT OBOR’s and HK United’s shares in Thousand Vantage at a price to be determined by the court in such manner as it shall think fit.

As at the date of this report, the winding-up proceedings are still ongoing and the trial hearing will be held in November 2025. Details of the winding-up proceedings are set out in the announcement of the Company dated 18th December, 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2024

25. SUBSEQUENT EVENT

Share Consolidation

On 12th November, 2024, the Board proposed to implement the consolidation of the existing ordinary shares in the share capital of the Company on the basis that every ten (10) issued and unissued existing shares of par value of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.10 each (the “**Share Consolidation**”). The Share Consolidation has not been completed and shall be conditional upon, among other things, the approval of the shareholders of the Company in the special general meeting to be held on 9th December, 2024.

Further details of the Share Consolidation are set out in the announcement of the Company dated 12th November, 2024 and circular of the Company dated 22nd November, 2024. The Company will also make further update announcement(s) as and when appropriate.

Management Discussion and Analysis

BUSINESS REVIEW

Review of Financial Performance

During the Current Period, pursuant to its long-term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or through close liaisons with the management of the Group's invested companies, continued to strategically invest or hold significant interests, both directly or indirectly, in a portfolio of listed companies in Korea and also high-potential private companies and funds, financial assets and securities, and engaged in trading of commodities, petrochemical storage business, port and port-related services, financial institute business and loan financing services.

For the Current Period, the Group reported a loss of HK\$41,130,000 attributable to the owners of the Company (2023: gain of HK\$352,189,000) and basic loss per share of HK1.36 cents (2023: earnings per share HK12.82 cents). The Current Period loss was mainly due to the unrealized fair value loss of financial instruments, in particular, the Group's investment in AFC Mercury Fund.

Commodities Trading

During the Current Period, the Group generated a segment revenue of HK\$46,549,000 (2023: nil) and a segment loss of HK\$1,150,000 (2023: HK\$210,000). The management has taken a more prudent approach to control the risk of this segment, where margins have been volatile due to external factors such as the Russian/Ukraine war, while cost of capital brought on by the high interest rates. Moving forward, the management will closely monitor the global economic and interest rates outlook before increasing exposure towards the trading business.

Metal Recycling

On 16th April, 2021, several independent third-party individuals and the Group entered into an investment and shareholders' agreement in relation to the subscription of 24,999,050 ordinary shares in aggregate in Cupral at a total subscription amount of British Pound Sterling ("**GBP**") 2,500,000 (equivalent to approximately HK\$26,955,000) (the "**Cupral Subscription**"). On completion of the Cupral Subscription, the Group has been allotted 22,500,000 ordinary shares in Cupral with an aggregate subscription price of GBP2,250,000 (equivalent to approximately HK\$24,260,000), which represents 90% of the enlarged issued share capital of Cupral.

During the Current Period, the Group's metal recycling business recorded a revenue of HK\$579,000 (2023: HK\$19,329,000) and a segment loss of HK\$956,000 (2023: HK\$13,194,000).

On 9th April, 2024, Cupral filed a notice of appointment of administrators in the United Kingdom pursuant to the Insolvency Act 1986 of the United Kingdom. Details of discontinued operation are set out in note 11 to the condensed consolidated financial statements.

Management Discussion and Analysis

Long-term Strategic Investments

During the Current Period, the Group's long-term investment contributed nil segment revenue (2023: nil) and a segment loss of HK\$33,068,000 (2023: segment gain of HK\$403,478,000). The segment loss for the Current Period was mainly attributed to the unrealised fair value loss of financial instruments from the Group's investment in AFC Mercury Fund.

AFC Mercury Fund

In June 2018, the Group, through its subsidiary, entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for shares in AFC Mercury Fund, as a limited partner, at an aggregate consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000).

AFC Mercury Fund principally invests in shares of companies listed on the Korea Exchange, principally STX Corporation Limited (stock code: 011810) and STX Green Logis Ltd. (stock code: 465770). STX Corporation Limited is primarily engaged in the business of energy trading, commodity trading, machinery and engine trading, and STX Green Logis Ltd. is primarily engaged in the business of shipping and logistics. The shares of the AFC Mercury Fund held by the Group represent approximately 29.71% of the issued share capital of the AFC Mercury Fund as at 30th September, 2024.

During the Current Period, an unrealised fair value loss of HK\$27,684,000 (2023: fair value gain HK\$405,857,000) was made.

Petrochemical

Jiangsu Hong Mao (江蘇宏貿倉儲) (owned as to 90% by the Group)

The Group invested in Yangtze Prosperity Development (HK) Limited ("YPD (HK)") through the capitalisation of a loan in 2019. YPD (HK) is incorporated in Hong Kong as an investment holding company which in turn owns the entire equity interest in 江蘇宏貿倉儲有限公司, which has been granted a sea area use right in respect of a parcel of reclaimed land constructed on the relevant sea plot in Yangkou Port, Nantong, the PRC and is in the course of constructing infrastructure for operating petrochemical storage and related facilities thereon.

Such investment reinforces the Group's commitment towards sustainable development and it will broaden the income stream of the Group in the future. This business segment has not commenced operation as at 30th September, 2024.

Management Discussion and Analysis

Thousand Vantage (owned as to 65% by the Group)

Thousand Vantage is an investment holding company. Its subsidiaries are principally engaged in the provision of petrochemical port and storage services as well as port-related services through operation of a terminal at Yingling Terminal Operation Area of Qinzhou Port, in Guangxi, the PRC. It has become a subsidiary of the Group on 11th October, 2021.

The assets held by Thousand Vantage and its subsidiaries (the “**Thousand Vantage Group**”) mainly include right-of-use assets (representing land and sea areas use right) and property, plant and equipment thereon (representing mainly port infrastructure, oil tanks and related facilities, plant and machinery and construction in progress).

During the Current Period, the Thousand Vantage Group contributed a revenue of HK\$24,724,000 (2023: HK\$19,507,000) and a loss of HK\$13,406,000 (2023: HK\$20,791,000).

Financial Institute Business

For the Current Period, the Group’s financial institute business reported a segment revenue of HK\$4,761,000 (2023: HK\$454,000) and a segment loss of HK\$354,000 (2023: HK\$2,841,000).

The Group established Helios Asset Management (HK) Limited (“**Helios**”), which is principally engaged in assets management and advisory business in Hong Kong and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) Type 4 licence (Advising on Securities) and Type 9 licence (Asset Management) from the Securities and Futures Commission. To further develop its financial institute business, the Group extended its reach to different facets of the financial services sector in order to develop an all-rounded business.

Later on, the Group acquired an insurance brokerage firm, PT Insurance Brokers Company Limited, which is a member of the Hong Kong Confederation of Insurance Brokers and is allowed to carry out insurance brokerage business in the long term (including linked) insurance in Hong Kong.

Muhabura Capital Limited (“**MCL**”), a subsidiary of the Company incorporated in Mauritius, was granted an investment banking licence by Financial Services Commission of Mauritius (“**FSC**”).

The business goals of the financial institute business of the Group are to build an international financial platform that capitalises on cross-border investments between Asia and Africa. Considering the One Belt One Road initiative, the Group expects to see a gradual increase in revenue in this segment. The Group takes the view that by operating licensed entities in both Hong Kong and Africa, it will give confidence in institutional, corporate and retail customers when working with the Group.

Loan Financing Services

For the Current Period, the Group’s loan financing operation reported a segment revenue of nil (2023: nil) and a segment loss of HK\$11,000 (2023: HK\$10,000). As at 30th September, 2024, the loan portfolio held by the Group was nil (31st March 2024: nil).

Management Discussion and Analysis

Other Investment

During the Current Period, the Group's other investment contributed nil segment revenue (2023: nil) and a segment loss of HK\$123,000 (2023: HK\$4,006,000).

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th September, 2024, the Group has total assets of HK\$842,648,000 (31st March 2024: HK\$911,258,000) represented a decrease of HK\$68,610,000 or 7.5% when compared with 31st March, 2024.

As at 30th September, 2024, equity attributable to owners of the Company amounted to HK\$312,542,000 (31st March, 2024: HK\$344,135,000), representing an decrease of HK\$31,593,000 or 9.2% as compared to 31st March, 2024. The decrease was mainly due to the unrealised fair value loss of financial instruments, in particular, the Group's investment in AFC Mercury Fund.

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available.

As at 30th September, 2024, current assets and current liabilities of the Group were HK\$127,438,000 (31st March, 2024: HK\$171,305,000) and HK\$488,813,000 (31st March, 2024: HK\$524,318,000) respectively. Accordingly, the Group's current ratio was about 0.26 (31st March, 2024: 0.33).

Gearing Ratio

As at 30th September, 2024, the Group had cash and cash equivalents of HK\$51,803,000 (31st March, 2024: HK\$81,999,000) and bank and other borrowings of HK\$115,846,000 (31st March, 2024: HK\$139,968,000). The Group's gearing ratio was 20.5% at 30th September, 2024 (31st March, 2024: 16.8%). The gearing ratio is calculated on the basis of net borrowings over the equity attributable to owners of the Company. Net borrowings are arrived at by deducting bank deposits, cash and cash equivalents from borrowings.

Material Acquisitions or Disposals and Future Plans for Material Investment

During the Current Period, save for those disclosed in note 11 to the condensed consolidated financial statements, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures nor were there material investments authorised by the Board at the date of this report.

Management Discussion and Analysis

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars, Korean Won, Renminbi, United States dollars and British pound sterling. Appropriate measures would be undertaken by the Group when exchange rate fluctuations become significant.

Litigations and Contingent Liabilities

Details of the litigations and contingent liabilities are disclosed in the note 24 to the condensed consolidated financial statements.

Pledge of or Restrictions on Assets

Details of pledge of or restrictions on assets are disclosed in the note 21 to the condensed consolidated financial statements.

Capital Commitment

Details of capital commitment are disclosed in the note 23 to the condensed consolidated financial statements.

Capital Structure

As at 30th September 2024, the Company's issued share capital was HK\$30,274,000 (31st March, 2024: HK\$30,274,000) and the number of its issued ordinary shares was 3,027,424,240 (31st March, 2024: 3,027,424,240) of HK\$0.01 each.

Management Discussion and Analysis

Fund Raising Activities and Use of Proceeds

On 28th April, 2023, the Board proposed to conduct the rights issue on the basis of one (1) rights shares (“**Rights Share(s)**”) for every two (2) existing Shares held on the record date of 22nd May, 2023 at the subscription price of HK\$0.036 per Rights Share, to raise gross proceeds of approximately HK\$36,300,000 before expenses by way of issuing up to 1,009,141,413 Rights Shares. On 21st June, 2023, the rights issue was completed. The net proceeds from the rights issue after deducting the expenses were approximately HK\$33,600,000. The details of the use of the net proceeds during the year ended 31st March, 2024 are as follows:

	Intended use of the net proceeds (HK\$)	Utilisation of net proceeds during the year ended 31st March, 2024 (HK\$)	Remaining balance of the net proceeds unutilised as at 31st March, 2024 (HK\$)
Settlement of the payables in relation to the acquisition of property, plant and equipment, involving the outstanding payment of a balance of approximately RMB59,829,000 together with the corresponding interest in relation to the fee for the construction of port infrastructure owed by Guangming, a non-wholly owned subsidiary of the Company	Approximately HK\$33.6 million	Approximately HK\$32.8 million used as intended	Approximately HK\$0.8 million (Note)

Note: As to the remaining balance of the net proceeds, as the amount is not substantial, the Group intends to change the use and utilise the same as working capital of the Group on or before 31st March, 2025.

Further details are set forth in the Company’s announcements dated 28th April, 2023, 9th June, 2023, 20th June, 2023, and 19th November, 2024 and the Company’s prospectus dated 23rd May, 2023.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30th September, 2024, the Group had a total of 151 employees (including executive Directors) (as at 31st March, 2024: 161 employees (including executive Directors)). The Group's remuneration policy is to ensure that the Group's remuneration structure is appropriate and aligns with the Group's goals and objectives. The employees' remuneration is based on the employees' skill, knowledge and involvement in the Company's affairs and is determined by reference to the Company's performance, as well as remuneration benchmark in the industry and the prevailing market conditions. The ultimate objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team which is essential to the success of the Company. The Group also offers benefits to employees including discretionary bonus, training and provident funds. The share option scheme of the Company is established for the eligible participants (including employees). No share option was granted during the Current Period and there was no outstanding share option as at 30th September, 2024 and as at the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to various risks in the operations of the Group's business and the Group believes that risk management is important to the Group's success. A discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 4 to 10 of the 2024 annual report of the Company.

PROSPECTS

Looking forward, the global economic environment is expected to remain highly volatile amidst ongoing geopolitical uncertainties, inflationary pressures, and the risk of a global economic downturn, in particular US-China trade tensions and uncertainties following the US elections. Future interest rates of central banks will be closely watched as they navigate the delicate balance between controlling inflation and supporting growth. The Chinese government launched various policies to stimulate property market and boost the economy in September 2024, including the reform to increase new quality productive force (新質生產力), though their effectiveness in stabilizing the region's economy remains uncertain due to domestic challenges such as weak consumer demand, liquidity concerns within the property sector, coupled with heightened volatility in financial markets and weak investor sentiment.

During the Current Period, Thousand Vantage saw continued stable activities in the oil port and storage operations of the Group. The Directors believe that nearby infrastructure construction projects within Guangxi region may boost local fuel demand which could contribute to generate revenue for the Group. The Group will continue to explore possible funding to commence construction of a new berth to maximize throughput utilization of our Group's oil storage tanks. In line with President Xi's introduction of new quality productive force (新質生產力), the management is looking for new methods and technologies to improve productivity, increase our petrochemical sales and provide better and more efficient services for our oil storage business customers.

Management Discussion and Analysis

During the Current Period, the Group continued to generate revenue from sales of petrochemical commodities. The management has taken a more prudent approach to control the risk of this segment, where margins have been volatile due to external factors such as the Russian/Ukraine war, while cost of capital brought on by the high interest rates. Moving forward, the management will closely monitor the global economic and interest rates outlook before increasing exposure towards the trading business.

Business at the Group's investment bank in Mauritius has seen an increase in revenue and strengthened business activities on the island state. The Group will strive to increase revenue contribution and will continue to explore on further expansion opportunities for the business.

In light of the above, the Group anticipates further challenges and uncertainties for our business in the latter half of 2024 and into 2025. In alignment with government policy guidance and industry development trends, the Group will continue to adopt prudent measures and implement various strategies to mitigate the adverse impact of market environment challenges on its business while closely monitoring the market environment. Specifically, the Group will continue to reinforce the development of the existing business segments by widening its product scope, range of services and customer base, while also seeking for new business opportunities to diversify its business development into new potential business lines, whether through trading, retail or otherwise. In line with the dissolution of the Group's subsidiary in the UK, Cupral, the Group will continue to look for opportunities to dispose of assets or under-performing businesses where necessary.

After all, the Directors have noted the shift of global economic trends and are studying various opportunities that may benefit the Group and its shareholders as a whole.

Supplementary Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or, as the case may be, the percentage in the equity interest and debentures of the Company or its associated corporations (within the meaning of the SFO), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), (ii) pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Long positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of shares held	Approximate percentage of the issued share capital of the Company
Mr. Ching Man Chun, Louis ("Mr. Ching")	Beneficial owner Interest of controlled corporation	150,000,000 732,000,000 (Note)	4.95% 24.18%

Note:

Champion Choice Holdings Limited ("Champion Choice"), which is the registered holder of 732,000,000 shares of the Company, is wholly-owned by Mr. Ching. Accordingly, Mr. Ching is deemed to be interested in 732,000,000 shares of the Company directly held by Champion Choice under the SFO.

Save as disclosed above, as at 30th September, 2024, none of the Directors and chief executive of the Company or any of their close associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Supplementary Information

SHARE OPTION SCHEME

On 20th August, 2021, the Company has adopted a new share option scheme (the “**Share Option Scheme**”), which replaced an old share option scheme that expired on 18th August, 2021.

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contributions to, and continuing efforts to promote the interests of, the Company or any of its subsidiaries and/or any of its invested entities.

Pursuant to the Share Option Scheme, the Board may, on or before 19th August, 2031, in its absolute discretion, subject to the terms of the Share Option Scheme, offer to grant share options to, inter alia, (i) employees (whether full time or part time), executive or non-executive directors of the Company or any of its subsidiaries or any of its invested entities; (ii) any shareholders of the Company or any of its subsidiaries or any of its invested entities; (iii) any advisors (professional or otherwise), consultants, any person or entity who has contributed or will contribute to the growth and development of the Group; (iv) suppliers; (v) customers; (vi) any person or entity that provides research, development or other technological support to any member of the Group or any of its invested entities; and (vii) joint venture partners, business alliance partners or any person or entity who has contributed or may contribute by way of other business arrangement to the development and growth of the Group. The total number of shares which may be allotted and issued upon exercise of all options to be granted under this Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the shares in issue as at the date of approval of the limit.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) adopted by the Group shall not, in aggregate, exceed 30% of the share capital of the Company in issue from time to time.

The exercise price in respect of any options shall be at the discretion of the Board (subject to any adjustments made pursuant to the Share Option Scheme), provided that it shall not be lower than the nominal value of the shares of the Company and shall be the highest of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the date of the offer, which must be a business day; and (ii) the average closing price of the shares of the Company as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the offer.

Supplementary Information

The Board may in its absolute discretion determine the period in respect of any options, save that such period shall not be more than 10 years from the date of the grant of option, and the minimum period for which a share option must be held before it can be exercised. Unless otherwise determined by the Board and stated in the offer to a grantee, the Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption date i.e. 20th August, 2021. The total number of shares issued and to be issued upon exercise of the share options granted to each participant except for independent non-executive directors and substantial shareholders of the Company (including exercised, cancelled and outstanding options) within any 12-month period under the Share Option Scheme and any other share option scheme(s) of the Company and/or any of its subsidiaries shall not exceed 1% of the number of shares in issue of the Company for the time being.

Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the number of shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million, such further grant of share options shall be subject to prior approval by resolution of the shareholders of the Company (voting by way of poll).

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned for 21 days from the date of the grant of option. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of share option.

No share option under the Share Option Scheme was granted, cancelled, exercised or lapsed during the Current Period nor outstanding as at 30th September, 2024.

Supplementary Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Save as disclosed below, as at 30th September, 2024, the Directors and chief executive of the Company are not aware of any person who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Number of issued shares held	Approximate percentage of the issued shares of the Company
Mr. Ching	Beneficial owner	150,000,000	4.95%
	Interest of controlled corporation	732,000,000 (Note 1)	24.18%
Champion Choice	Beneficial owner	732,000,000 (Note 1)	24.18%
Mr. Zhu Bin (“Mr. Zhu”)	Beneficial owner	312,882,769 (Note 2)	10.33%
	Interest of controlled Corporation	2,340,000 (Note 2)	0.07%

Note 1: Champion Choice is the registered holder of 732,000,000 shares of the Company. Mr. Ching, a director of the Company, is also a director of Champion Choice, who owns the entire issued share capital of Champion Choice. Accordingly, Mr. Ching is deemed to be interested in 732,000,000 shares of the Company directly held by Champion Choice under the SFO.

Note 2: Based on the disclosure of interest filing of Mr. Zhu as at 18th August, 2023, Mr. Zhu owns 312,882,769 shares of the Company and owns the entire issued share capital of One Perfect Group Ltd (“One Perfect”), which holds 2,340,000 shares of the Company. Accordingly, Mr. Zhu is deemed to be interested in 2,340,000 shares of the Company held by One Perfect under the SFO.

EVENTS AFTER THE REPORTING PERIOD

SHARE CONSOLIDATION

On 12th November, 2024, the Board proposed to implement the consolidation of the existing ordinary shares in the share capital of the Company on the basis that every ten (10) issued and unissued existing shares of par value of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.10 each (the “**Share Consolidation**”). The Share Consolidation has not been completed and shall be conditional upon, among other things, the approval of the shareholders of the Company in the special general meeting to be held on 9th December, 2024.

Further details of the Share Consolidation are set out in the announcement of the Company dated 12th November, 2024 and circular of the Company dated 22nd November, 2024. The Company will also make further update announcement(s) as and when appropriate.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the Current Period (2023: nil).

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

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

CORPORATE GOVERNANCE

The Company has, throughout the six months ended 30th September, 2024, complied with the code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules except for the following deviations with reasons as explained:

Code Provision C.2.1 of Part 2 of the CG Code

Under the code provision C.2.1 of Part 2 of the CG Code, it stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Deviation

Mr. Ching Man Chun, Louis, an executive Director of the Company, has taken up the positions of the Chairman of the Board and the Managing Director of the Company with effect from 30th September, 2017. The Board considers that vesting the roles of chairman and chief executive in the same person enables more effective and efficient planning and implementation of business plans, the Board also believes that the balance of power and authority is adequately ensured.

Supplementary Information

Code Provision F.2.2 of Part 2 of the CG Code

Under the code provision F.2.2 of Part 2 of the CG Code, it provides that the Chairman of the Board should attend the annual general meeting of the Company.

Deviation

Mr. Ching Man Chun, Louis, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28th August, 2024 (the “**2024 AGM**”) due to other important business engagement. Mr. Wong Kung Ho, Alexander, an executive Director, was appointed to chair the 2024 AGM in replying to questions raised by shareholders of the Company at the 2024 AGM.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code. The Board will continue to monitor and review the Company’s corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has continued to adopt the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the Current Period.

AUDIT COMMITTEE

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing financial controls, risk management and internal control systems of the Company. There were no disagreements from the audit committee on the accounting policies adopted by the Company.

The audit committee is comprised of three independent non-executive directors namely Mr. Wong Yee Shuen, Wilson (Chairman of the audit committee), Mr. Yam Kwong Chun and Mr. Lam Yik Tung. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30th September 2024.

On behalf of the Board

Ching Man Chun, Louis
Chairman and Managing Director

Hong Kong, 28th November, 2024