

MIN FU

INTERNATIONAL HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 8511



2024
INTERIM REPORT

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

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*This report, for which the director (collectively the “**Directors**” and individually a “**Director**”) of Min Fu International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will be available on the Company’s website www.minfuintl.com and will remain on the “Latest Company Announcements” page on the HKEXnews website at www.hkexnews.hk for at least 7 days from the date of its posting.

HIGHLIGHTS

The Company recorded an unaudited revenue of approximately HK\$13.8 million for the six months ended 30 September 2024, representing an increase of approximately 11.2% as compared to the corresponding period of the previous year.

The Company recorded an unaudited loss attributable to the owners of the Company of HK\$9.8 million for the six months ended 30 September 2024, compared to the loss of HK\$7.7 million in the corresponding period of the last year, the decrease was mainly attributed to the decrease in gross profit.

Basic and diluted losses per share for the six months ended 30 September 2024 were approximately HK1.31 cents (2023: basic and diluted losses per share approximately HK1.38 cents).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period of 2023 as follows:

	Note	For the six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	13,778	12,390
Cost of sales	4	(13,366)	(6,704)
Gross profit		412	5,686
Selling and marketing expenses	4	(1,267)	(1,082)
Administrative expenses	4	(8,955)	(11,332)
Other income		6	38
Other gains/(losses) – net		519	(637)
Operating loss		(9,285)	(7,327)
Finance (cost)/income – net	4	(27)	(269)
Loss before income tax		(9,312)	(7,596)
Income tax expense	5	(493)	(374)
Loss for the period		(9,805)	(7,970)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operation		(2,189)	(1,281)
Other comprehensive income for the period, net of income tax		(2,189)	(1,281)
Total comprehensive income		(11,994)	(9,251)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	For the six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Loss for the period attributable to:			
The owners of the Company		(9,805)	(7,728)
Non-controlling interest		–	(242)
Loss for the period		(9,805)	(7,970)
Total comprehensive loss for the period attributable to:			
The owners of the Company		(11,994)	(9,009)
Non-controlling interest		–	(242)
Total comprehensive loss for the period		(11,994)	(9,251)
Losses per share			
– Basic and diluted (HK cents)	7	(1.31)	(1.38)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property and equipment	8	3,755	4,149
Right-of-use assets		–	618
Intangible assets		2,279	3,883
		6,034	8,650
Current assets			
Trade receivables	9	5,192	10,780
Contract assets		1,703	1,654
Other receivables	10	4,970	6,060
Prepayments		10,619	5,812
Restricted cash		683	687
Cash at bank and on hand		3,164	14,676
		26,331	39,669
Total assets		32,365	48,319
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	674	562
Other reserves		80,198	79,207
Accumulated losses		(60,100)	(50,295)
		20,772	29,474

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	–	198
Deferred tax liabilities		1,633	1,582
		1,633	1,780
Current liabilities			
Trade payables	11	4,044	5,237
Other payables	12	3,728	3,961
Contract liabilities		1,451	1,102
Borrowings		–	4,584
Current income tax liabilities		737	1,723
Lease liabilities	13	–	458
		9,960	17,065
Total Liabilities		11,593	18,845
Total equity and liabilities		32,365	48,319

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Exchange reserves	Statutory reserves	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2023 (Audited)	375	56,877	163	(348)	3,067	(30,197)	29,937	(39)	29,898
Comprehensive income									
– Loss for the period	–	–	–	–	–	(7,728)	(7,728)	(242)	(7,970)
– Other comprehensive income	–	–	–	(1,281)	–	–	(1,281)	–	(1,281)
Total comprehensive income	–	–	–	(1,281)	–	(7,728)	(9,009)	(242)	(9,251)
Issue of Rights shares	187	23,802	–	–	–	–	23,989	–	23,989
Transaction cost attributable to issue of rights shares	–	(1,467)	–	–	–	–	(1,467)	–	(1,467)
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	–	144	144
Balance at 30 September 2023 (Unaudited)	562	79,212	163	(1,629)	3,067	(37,925)	43,450	(137)	43,313
Balance at 1 April 2024 (Audited)	562	79,028	163	(3,051)	3,067	(50,295)	29,474	–	29,474
Comprehensive income									
– Loss for the period	–	–	–	–	–	(9,805)	(9,805)	–	(9,805)
– Other comprehensive income	–	–	–	(2,189)	–	–	(2,189)	–	(2,189)
Total comprehensive income	–	–	–	(2,189)	–	(9,805)	(11,994)	–	(11,994)
Placing of shares	112	3,343	–	–	–	–	3,455	–	3,455
Transaction cost attributable to issue of Placing shares	–	(163)	–	–	–	–	(163)	–	(163)
Balance at 30 September 2024 (Unaudited)	674	82,208	163	(5,240)	3,067	(60,100)	20,772	–	20,772

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(unaudited)
Cash flow from operating activities		
Cash used in operations	(6,095)	(9,625)
Income tax paid	(1,479)	–
Net cash used in operating activities	(7,574)	(9,625)
Cash flows from investing activities		
Bank interest income received	17	21
Consideration paid for acquisition of investment	–	(1,418)
Net cash generated from/(used in) investing activities	17	(1,397)
Cash flows from financing activities		
Repayment of borrowings	(4,584)	(322)
Interest on borrowings	(32)	(128)
Net proceeds from issuance of rights shares	–	22,525
Net proceeds from placing of shares	3,292	–
Capital contribution from non-controlling interest of a subsidiary	–	143
Principal element of lease rental paid	(187)	(499)
Interest element of lease rental paid	(12)	(162)
Net cash (used in)/generated from financing activities	(1,523)	21,557
Net (decrease)/increase in cash and cash equivalents	(9,080)	10,535
Cash and cash equivalents at beginning of the period	14,676	4,301
Exchange gains on cash and cash equivalents	(2,432)	–
Cash and cash equivalents at end of the period	3,164	14,836

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Min Fu International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 June 2017 as an exempted company with limited liability. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 April 2018. The address of its registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is 6/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in i) equipment manufacturing business; and ii) burial business in the People’s Republic of China (the “**PRC**”).

The condensed consolidated interim financial statements have not been audited.

2 BASIS OF PRESENTATION

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 April 2024. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2024 comprises the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand except for otherwise indicated. The Company’s functional and the Group’s presentation currency are both HK\$.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PRESENTATION *(Continued)*

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

3 REVENUE AND SEGMENT INFORMATION

The Chief Operating Decision-Maker (“**CODM**”) has been identified as the executive directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in two operating segments.

The principal activities of the Group consist of i) smart manufacturing solutions business; and ii) burial business in the PRC.

a) Revenue

Revenue represents revenue from i) smart manufacturing solutions business; and ii) burial business.

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Smart Manufacturing Solutions Business		
– Sales of equipment	13,159	9,993
– Technical services	–	–
	13,159	9,993
Burial Business		
– Agency services for sale of burial plots and columbarium units	619	1,750
	619	1,750
Others	–	647
Total	13,778	12,390

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

b) Segment Information

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the Group's CODM being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

- smart manufacturing solutions business: sales of equipment and provision of relevant technical service in the PRC
- burial business: provision of agency services for sale of burial plots and columbarium units and provision of other burial-related services in the PRC

Segment results

Segment results represent the loss before tax from each segment except for the unallocated corporate expenses, being central administrative costs.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	For the six months ended 30 September 2024 (Unaudited)			
	Smart Manufacturing Solution Business <i>HK\$'000</i>	Burial Business <i>HK\$'000</i>	Un-allocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	13,159	619	–	13,778
Reportable segment loss before income tax	(5,575)	(1,718)	(2,019)	(9,312)
Amounts included in the measure of segment loss:				
Interest expenses	(32)	(12)	–	(44)
Depreciation				
– Property and equipment	(1,192)	–	–	(1,192)
– Rights-of-use assets	–	(182)	–	(182)
Amortisation	(429)	–	–	(429)
Interest income	17	–	–	17

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3 REVENUE AND SEGMENT INFORMATION *(Continued)***b) Segment Information** *(Continued)***Segment results** *(Continued)*

	For the six months ended 30 September 2023 (Unaudited)			
	Smart Manufacturing Solution Business <i>HK\$'000</i>	Burial Business <i>HK\$'000</i>	Un-allocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	9,993	1,750	647	12,390
Reportable segment loss before income tax	(3,597)	(1,125)	(2,874)	(7,596)
Amounts included in the measure of segment loss:				
Interest expenses	(104)	(186)	–	(290)
Depreciation				
– Property and equipment	1,140	–	–	1,140
– Rights-of-use assets	–	788	–	788
Amortisation	1,705	–	–	1,705
Interest income	21	–	–	21

All of the Group's revenue was derived in the PRC during the six months ended 30 September 2024 (2023: same).

All of the Group's non-current assets were located in the PRC as at 30 September 2024 and 2023.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 EXPENSES BY NATURE

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of goods sold	13,366	6,704
Professional fees	1,028	326
Travelling expenses	189	498
Staff costs	4,140	4,641
Entertainment expenses	339	730
Outsourced research and development expenses	2,075	1,187
Advertising and promotion fees	–	470
Office utilities	65	145
Depreciation and amortisation	1,803	3,633
Auditors' remuneration	–	94
Other expenses	563	690
Total cost of sales, selling and marketing expenses and administrative expenses	23,568	19,118
Interest income from bank deposit	(17)	(21)
Finance income	(17)	(21)
Interest in bank loan and other charges	32	106
Interest on lease liabilities	12	184
Finance costs	44	290
Finance costs/(income) – net	27	269

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 INCOME TAX EXPENSE

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax		
– PRC corporate income tax	493	374
– Others	–	–
Deferred income tax	–	–
	493	374

No income tax relating to components of other comprehensive income was charged for the six months ended 30 September 2024 (2023: same).

- (a) Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") and the Implementation Rules of the CIT Law in the PRC, the standard tax rate is 25% for the Group's subsidiaries and operations in the PRC.

In 2020, Quick Tech Corporation Ltd. ("**Quick Tech**"), the Group's subsidiary incorporated in the PRC, was qualified as the High and New Technology Enterprise which commencing on 1 January 2017 and is entitled to preferential income tax rate of 15% for subsequent three years. In 2020 and 2023, Quick Tech had successfully renewed the qualification of High and New Technology Enterprise and is entitled to the preferential tax treatment of 15% for the period from 2020 to 2026. Accordingly, tax rate of 15% (2023:15%) has been applied for Quick Tech for the six months ended 30 September 2024.

- (b) Hong Kong Cheng Phong Technology Limited ("**Hong Kong Cheng Phong**"), Bow Chak Industry (HK) Limited ("**Bow Chak**") and MGW Swans Ltd. ("**MGW Swans**") are the Group's subsidiaries incorporated in Hong Kong and the BVI. However, their principal businesses for the six months ended 30 September 2024 and 2023 were carried out in the PRC and the related income was subject to PRC corporate income tax. Hong Kong Cheng Phong, Bow Chak and MGW Swans were approved by the PRC in-charge tax bureau to pay PRC income tax on a "deemed profit basis", according to which their taxable income was calculated at 15% (2023:15%) of revenue for the six months ended 30 September 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 INCOME TAX EXPENSE *(Continued)*

- (c) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying Group's entities incorporations in Hong Kong will be taxed at 8.25% (2023: 8.25%), and assessable profits above HK\$2,000,000 will be taxed at 16.5% (2023: 16.5%). The assessable profits of the Group's entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a rate of 16.5% (2023: 16.5%). No provision for Hong Kong Profits Tax has been made as the income of the Group's subsidiaries incorporated in Hong Kong neither arises in, nor is derived from Hong Kong during both six months ended 30 September 2024 and 2023.
- (d) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

The Company's subsidiaries in the BVI were incorporated under the International Business Companies Act of the BVI and are exempted from the BVI income tax.

6 DIVIDENDS

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

7 LOSSES PER SHARE

Basic losses per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the six months ended 30 September 2024 and 2023.

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company <i>(HK\$'000)</i>	(9,805)	(7,728)
Weighted average number of ordinary shares in issue <i>(thousands of shares)</i>	745,996	558,654
Basic losses per share <i>(HK cents)</i>	(1.31)	(1.38)

Diluted losses per share presented is the same as the basic losses per share as there were no potentially dilutive ordinary shares issued during the six months ended 30 September 2024 (2023: same).

8 PROPERTY AND EQUIPMENT

During the six months ended 30 September 2024, the Group have no purchase and disposal of equipment (corresponding period in 2023: N/A).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 TRADE RECEIVABLES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Trade receivables	6,701	12,257
Less: Accumulated impairment loss recognised	(1,509)	(1,477)
Trade receivables – net	5,192	10,780

- (a) As at 30 September 2024 and 31 March 2024, aging analysis of trade receivables based on invoice date is as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Within 30 days	4,694	5,408
1 to 6 months	–	5,721
6 months to 1 year	1,603	169
Over 1 year	404	959
	6,701	12,257

The credit period of trade receivables is 90-180 days.

- (b) As at 30 September 2024 and 31 March 2023, management made assessment on the expected credit losses of trade receivables. The provision for impairment of trade receivables as at 30 September 2024 and 31 March 2023 reconciles to the opening provision are as follows:

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
At beginning of the period/year	1,477	1,863
Reversal of impairment of trade receivables	–	(302)
Currency translation difference	32	(84)
At the end of the period/year	1,509	1,477

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 OTHER RECEIVABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Advance to employees	296	966
Tendering deposits	–	243
Consideration receivable for disposal of an associate	4,663	4,594
Others	1,244	1,456
	6,203	7,259
Accumulated impairment loss recognised	(1,233)	(1,199)
Other receivables – net	4,970	6,060

As at 30 September 2024 and 31 March 2023, management made assessment on the expected credit losses of other receivables. The provision for impairment of other receivables as at 30 September 2024 and 31 March 2023 reconciles to the opening provision are as follows:

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
At beginning of the period/year	1,199	–
Impairment of other receivables	–	1,210
Currency translation difference	34	(11)
At the end of the period/year	1,233	1,199

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11 TRADE PAYABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	4,044	5,237

- (a) As at 30 September 2024 and 31 March 2024, ageing analysis of trade payables based on invoice date is as follows:

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Within 1 year	4,044	4,747
Over 1 year	–	490
	4,044	5,237

12 OTHER PAYABLES

	30 September 2024 <i>HK\$'000</i> (Unaudited)	31 March 2024 <i>HK\$'000</i> (Audited)
Accrued expenses	2,471	1,666
Other payables	370	532
Other tax liabilities	48	76
Payroll payables	839	1,687
	3,728	3,961

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 LEASE LIABILITIES

	30 September 2024 HK\$'000 (Unaudited)	31 March 2024 HK\$'000 (Audited)
Current	–	458
Non-current	–	198
	–	656

As at 31 March 2024, the Group leases various properties for the use of office. These lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

14 SHARE CAPITAL

	Number of ordinary shares	Share capital US\$	Share capital HK\$
Authorised:			
At 1 April 2023, 30 September 2023, 1 April 2024 and 30 September 2024	5,000,000,000	500,000	3,905,000
Issued and fully paid:			
At 1 April 2023	480,000,000	48,000	374,400
Issuance of Rights Shares on 2 August 2023 (<i>Note 1</i>)	239,893,183	23,989	187,117
At 31 March 2024 and 1 April 2024	719,893,183	71,989	561,517
Issuance of Placing Shares on 28 August 2024 (<i>Note 2</i>)	143,960,000	14,396	112,289
At 30 September 2024	863,853,183	86,385	673,806

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 SHARE CAPITAL *(Continued)*

Note 1: On 30 May 2023, the Board proposes to conduct the rights issue (the “**Right Issue**”) on the basis of one rights share (the “**Rights Shares**”) for every two issued shares of the Company (the “**Shares**”) held at the subscription price of HK\$0.1 per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares. The Rights Issue was completed on 2 August 2023 pursuant to which the Company has allotted and issued 239,893,183 the Rights Shares. The net proceeds derived from the Rights Issue amounted to approximately HK\$22,523,000 and resulted in the increase in share capital of approximately HK\$187,000 and share premium of approximately HK\$22,336,000, net of transaction costs of approximately HK\$1,466,000.

Note 2: On 13 August 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 143,978,636 placing shares to independent investors at a price of HK\$0.024 per share. The placing was completed on 28 August 2024 pursuant to which the Company has allotted and issued 143,960,000 placing shares. The net proceeds derived from the placing amounted to approximately HK\$3,291,000 and resulted in the increase in share capital of approximately HK\$112,000 and share premium of approximately HK\$3,179,000, net of transaction costs of approximately HK\$163,000.

15 REVIEW OF INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 September 2024 has been reviewed by the Audit Committee with no disagreement.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of i) smart manufacturing solutions including sales of equipment and provision of relevant technical service; and ii) agency services for sale of burial plots and columbarium units and provision of other burial-related services, in the PRC.

Smart Manufacturing Solution Business

The Group is a smart manufacturing solution provider focusing on precision 3D testing solutions and precision machining solutions in China. The Company provides smart manufacturing solutions to serve the needs of high-end equipment manufacturers which require a high level of precision in the manufacture of their industrial products. Its solutions comprise and integrate various equipment and services, ranging from solution concept and design, procurement of machinery, auxiliary tools and software and system installation and debugging to provision of aftersales services such as technical support and training.

For the three months ended 30 September 2024, the Group continued to devote great efforts in expanding the market scopes, approaching new customers in various industries and regions, and maintaining the productive relationships with existing customers. As at 30 September 2024, the Group had 1 on-going projects, which were all precision 3D scanning solutions projects.

The Group had been persisting in developing new technology, including new auxiliary tools design and relevant software applications. As of 30 September 2024, the Group has 34 registered patents, including 8 invention patents and 26 utility model patents as well, and 16 invention patents in the registration process.

Burial Business

The Group's burial business consists of agency services for sale of burial plots and columbarium units, which includes the right to use the burial plots and headstones and other ancillary products to be used on the burial plots, and the right to use the columbarium units. Burial business contributed approximately of 4.5% of its revenue for the six months ended 30 September 2024 (2023: 14.1%). The Group's revenue from burial business, in particular, the agency services for sale of burial plots, for a given period is dependent upon the number and the average selling price of burial plots sold and recognized as revenue during the financial period.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$13.8 million, representing an increase of approximately 11.2% comparing with that of approximately HK\$12.4 million for the six months ended 30 September 2023. The increase in revenue was mainly due to the smart manufacturing business contributed HK\$13.2 million during the six months ended 30 September 2024 (corresponding period in 2023: HK\$10.0 million).

Gross profit

Gross profit decreased by 92.8% to HK\$0.4 million for the six months ended 30 September 2024 from HK\$5.7 million for the six months ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing expenses

Selling and marketing expenses increased by HK\$0.2 million to HK\$1.3 million for the six months ended 30 September 2024 (corresponding period in 2023: HK\$1.1 million), which was mainly due to increase in research and development expenses for smart manufacturing solutions business.

Administrative expenses

Administrative expenses decreased by HK\$2.4 million to HK\$9.0 million for the six months ended 30 September 2024 (corresponding period in 2023: HK\$11.3 million), which was mainly due to decrease in depreciation and amortisation.

Loss for the period

Loss for the period increased by 23.0% to HK\$9.8 million for the six months ended 30 September 2024 from HK\$8.0 million for the six months ended 30 September 2023. Such increase was mainly due to the decrease in gross profit.

GEARING RATIO

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings, amount due to a related party and amount due to a director net of cash and cash equivalents and restricted cash) divided by total equity as at 30 September 2024 was Nil (31 March 2024: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2024, the cash and cash equivalents of the Group was approximately HK\$3.2 million (31 March 2024: HK\$14.7 million). The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities and equity financing.

CAPITAL STRUCTURE

On 13 August 2024 the Company entered into a placing agreement (the **"Placing Agreement"**) with a sole placing agent, pursuant to which the Company appointed the sole placing agent as its agent to procure not less than six placees who were independent third parties to subscribe up to 143,978,636 ordinary Shares (the **"Placing"**) at the placing price of HK\$0.024 (the **"Placing Price"**) per Share, representing approximately 16.67% of the issued share capital of the Company as immediately after the completion of the Placing.

The Placing Price of HK\$0.024 per Placing Share represents (i) a discount of approximately 14.29% to the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.67% to the average of the closing prices per Share of HK\$0.0288 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing was completed on 28 August 2024 in accordance with the terms and conditions of the Placing Agreement. An aggregate of 143,960,000 placing shares (the **"Placing Shares"**), representing approximately 16.66% of the issued share capital of the Company immediately after the completion of the Placing, have been successfully placed to not less than six placees at the Placing Price of HK\$0.024 per Placing Share.

The net proceeds derived from the placing amounted to approximately HK\$3,291,000 and resulted in the increase in share capital of approximately HK\$112,000 and share premium of approximately HK\$3,179,000, net of transaction costs of approximately HK\$163,000.

MANAGEMENT DISCUSSION AND ANALYSIS

For details of the Placing, please refer to the announcements of the Company dated 13 August 2024 and 28 August 2024.

Save as disclosed above, there was no other material change in the capital structure of the Group during the six months ended 30 September 2024. As at 30 September 2024, the Company has 863,853,183 Shares in issue. Details are set out in Note 14 to the unaudited condensed consolidated financial statements.

USE OF NET PROCEEDS FROM THE PLACING OF RIGHT SHARES

On 2 August 2023, 239,893,183 Rights Share, have been issued and allotted at the Subscription Price of HK\$0.1 per Rights Share. The net proceeds from the issuance of the Rights Share are approximately HK\$22,338,000 after deducting placing commissions and other costs related to the Rights Issue.

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the remaining net proceeds on 18 March 2024. Use of net proceeds as at 30 September 2024 are listed as follows:

	Planned use of proceeds <i>HK\$ million</i>	Percentage of net proceeds	Actual use of proceeds from 2 August 2023 to 31 March 2024 <i>HK\$ million</i>	Percentage of net proceeds	Actual use of proceeds from 1 April 2024 to 30 September 2024 <i>HK\$ million</i>	Percentage of net proceeds	Unutilized net proceeds as at 30 September 2024 <i>HK\$ million</i>	Percentage of net proceeds
Support the upfront working capital requirement of the Equipment Manufacturing and System Construction Service Agreement	6.4	28.7%	6.4	28.7%	–	0%	–	0%
Recruitment of additional I.T. Talents	1.5	6.7%	1.5	6.7%	–	0%	–	0%
General working capital	14.4	64.6%	11.2	50.3%	3.2	14.3%	–	0%
	22.3	100.0%	19.1	85.7%	3.2	14.3%	–	0%

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE PLACING OF SHARES

On 28 August 2024, 143,960,000 Placing Share, have been issued and allotted at the Placing Price of HK\$0.024 per Placing Share. The net proceeds from the Placing are approximately HK\$3,291,000 after deducting placing commissions and other costs related to the Placing. The Company has been applying the net proceeds according to the use of proceeds stated in the announcement of the Company dated 13 August 2024. Use of net proceeds as at 30 September 2024 are listed as follows:

	Planned use of proceeds <i>HK\$ million</i>	Percentage of net proceeds	Actual use of proceeds from 28 August 2024 to 30 September 2024 <i>HK\$ million</i>	Percentage of net proceeds	Unutilized net proceeds as at 30 September 2024 <i>HK\$ million</i>	Percentage of net proceeds
General working capital	3.3	100.0%	3.3	100.0%	–	0%
	3.3	100.0%	3.3	100.0%	–	0%

EXCHANGE RATE RISK EXPOSURE

For the operating entities of the Company that are incorporated in Hong Kong and the British Virgin Islands, their functional currencies are United States dollars (“**US\$**”). As certain trade and other receivables, bank balances, lease liabilities, trade and other payables of overseas entities are denominated in HK\$ or Euro (“**EUR**”) or Renminbi (“**RMB**”), currencies other than the functional currencies of the entities may cause the foreign exchange risk. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to US\$, the Board considers that there is no significant foreign exchange risk with respect to HK\$. Therefore, the foreign exchange risk mainly arises from the monetary assets and liabilities denominated in EUR and RMB, which the Board considers as not significant to the Group. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Because of the fluctuation in the exchange rate of the functional currencies of the group entities, mainly RMB and US\$, to the Group’s presentation currency, HK\$, the Group recorded a loss in other comprehensive loss of HK\$2.2 million for the six months ended 30 September 2024.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group did not have any capital commitments.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP ASSETS

As at 30 September 2024, save for the restricted cash approximately of HK\$0.1 million (31 March 2024: HK\$0.1 million), the Group did not have any pledge on its assets.

SIGNIFICANT INVESTMENTS

The Group did not have any other significant investments during the six months ended 30 September 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2024, the Group did not have any plans for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2024, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 36 employees (including executive Directors) as at 30 September 2024 (31 March 2024: 40 employees). The Company relies on its employees to provide smart manufacturing solutions to its customers. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance-based bonus. The Company generally has a fixed term employment contract with its employees such as administrative and finance staff and the Company generally renews the employment contract with such employees on a yearly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

Business risk

The principal business of the Group is to provide smart manufacturing solutions to its customers on a project basis. As the Company does not have any long-term contractual arrangements with its customers, there is no assurance that the Company will continue to secure new contracts or maintain or increase its current level of business activities with existing or future customers in the future. Therefore, the Group is increasing its sales and marketing efforts, expanding its sales force, sales spots and sales coverage, aiming to continuously get new tenders and secure contracts from more customers.

The Group's major customers are high-end equipment manufacturers in the aviation, aerospace, shipbuilding, ground transportation vehicles and electronics industries. The market for smart manufacturing solutions is characterised by rapidly changing technologies and evolving developments. The success of its business is dependent upon its ability to continuously develop, in a timely manner, new technological applications through research and development and introduce new solution designs to cater its customers' requirements. Therefore, the Group intends to increase its research and development efforts, establish its own research and development centers, recruit more technical staff, so as to hold its edges in terms of technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit risk

Credit risk mainly arises from cash at banks, restricted cash, trade and other receivables. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Interest rate risk

The Group's interest-bearing asset and liability are borrowings and cash at banks. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Directors consider the interest rate risk with respect to cash at banks to be insignificant to the Group. The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The Group met cash flow needs through internally generated cash flows from operation and borrowings from financial institutions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

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

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

For the six months ended 30 September 2024, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares or underlying shares of the Company

Name of Director	Nature of interest	Ordinary shares held	No. of underlying shares held	Percentage of interest
Mr. Huang Minzhi ("Mr. Huang") (Note 1)	Interest in a controlled corporation	122,461,800	–	14.18%

Notes:

- (1) The disclosed interest represents the interest in the Company held by Tecway Technology Limited ("Tecway Technology"). The entire issued share capital of Tecway Technology is wholly owned by Mr. Huang. By virtue of the SFO, Mr. Huang is deemed to be interested in the shares held by Tecway Technology.

(II) Long position in shares or underlying shares of the Company

Name of Director	Name of associated corporation	Capacity	No. of shares held	Percentage of interest
Mr. Huang	Tecway Technology	Beneficial owner	10,000	100%

Save as disclosed above and so far the Directors, as at 30 September 2024, none of the Directors and chief executive of the Company had any interests or short positions in the share, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

So far as was known to the Directors, as at the date of this quarterly report, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Substantial Shareholder	Long/short position	Capacity	Number of shares	Percentage of interest
Tecway Technology	Long position	Beneficial owner	122,461,800	14.18%

Notes:

- 1) Tecway Technology is a company incorporated in the Hong Kong and is wholly owned by Mr. Huang. Mr. Huang is deemed to be interested in all the Shares held by Tecway Technology for the purpose of the SFO.

Save as disclosed above, as at 30 September 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) 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.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “Share Option Scheme”) on 26 March 2018 which took effect on 20 April 2018, being the date of listing of the shares of the Company on GEM of the Stock Exchange.

No share options have been granted, exercised or cancelled under the Share Option Scheme since its adoption date and up to the date of this interim report. The Scheme will remain in force for a period of 10 years after the date of adoption.

INTERESTS IN COMPETING BUSINESS

For the six months ended 30 September 2024, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which they have or may have with the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company had not entered into any connected transaction or continuing connected transactions which are subject to the disclosure requirements under the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

On 19 August 2024, the Board proposes that every forty (40) issued and unissued existing shares in the share capital of the Company be consolidated into one (1) consolidated share (the “**Share Consolidation**”). The Share Consolidation become effective from 3 October 2024.

Save as the disclosure in above, the Directors are not aware of any significant events requiring disclosure that has taken place subsequent to 30 September 2024 and up to the date of this interim report.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Standard of Dealings**”), as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he or she has complied with the required Standard of Dealings for the six months ended 30 September 2024.

CHANGE OF THE DIRECTORS’ INFORMATION

With effect from 9 October 2024, Mr. Huang has resigned as executive Director of the Company due to his other work arrangement.

With effect from 9 October 2024, Mr. Zhou Ruizhao has resigned as non-executive Director of the Company due to his other work arrangement.

Save as disclosed above, there are no other changes of the Directors’ information to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules since the date of the 2024 annual report of the Company.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules.

There was a deviation from code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company considers that having Mr. Zeng Weijin (“**Mr. Zeng**”) acting as both its chairman of the Board and its chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management for the Group. In view of Mr. Zeng’s extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Company considers that it is beneficial to the business prospects of the Group that Mr. Zeng continues to act as both its chairman and its chief executive officer.

The Company has complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules for the six months ended 30 September 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lu Shengwei. The other members are Dr. Zhou Wenming and Ms. Chen Meng. All members of the Audit Committee are appointed by the Board.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, to oversee financial reporting system, the internal control and risk management systems of the Group and to monitor continuing connected transactions (if any).

The audit committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited financial information and the interim report for the six months ended 30 September 2024.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the Reporting Period.

By order of the Board
MIN FU INTERNATIONAL HOLDING LIMITED
Zeng Weijin
Chairman and Chief Executive Officer

Hong Kong, 22 November 2024

As at the date of this report, the executive Directors are Mr. Zeng Weijin and Ms. Ye Jialing, the non-executive Directors are Ms. Zhang Xiaoling and Ms. Li Xiaoxuan; and the independent non-executive Directors are Dr. Zhou Wenming, Mr. Lu Shengwei and Ms. Chen Meng.