DA SEN HOLDINGS GROUP LIMITED
大森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1580

2023
INTERIM REPORT

CONTENT PAGE

In case of any inconsistency between the English version and the Chinese version of this interim report, the English version shall prevail.

DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China
"Company"	Da Sen Holdings Group Limited
"Director(s)"	the director(s) of the Company
"Group", "our Group", "we", "us" or "our"	the Company and its subsidiaries or, where the context so requires in respect of the period before the Company became the holding company of the present subsidiaries, the present subsidiaries of the Company and the business carried on by such subsidiaries or (as the case may be) their predecessors
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"RMB"	Renminbi Yuan, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company, with a nominal value of HK$0.02 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

BOARD

Mr. SUN Yongtao *(Chairman and Non-executive Director)*
Mr. CHAI Kaw Sing *(Executive Director)*
Mr. WONG Ben *(Executive Director)*
Mr. ZHANG Ayang *(Executive Director) (Duties suspended)*
Ms. LO Yuk Yee *(Independent non-executive Director)*
Mr. KWOK Yiu Tong *(Independent non-executive Director)*
Mr. CHAN Shiu Yuen Sammy *(Independent non-executive Director)*

COMPANY SECRETARY

Mr. LEUNG Wing Lun *(HKICPA)*

AUDIT COMMITTEE

Mr. CHAN Shiu Yuen Sammy *(Chairman)*
Mr. KWOK Yiu Tong
Ms. LO Yuk Yee
Mr. SUN Yongtao

REMUNERATION COMMITTEE

Ms. LO Yuk Yee *(Chairman)*
Mr. CHAN Shiu Yuen Sammy
Mr. SUN Yongtao

NOMINATION COMMITTEE

Mr. SUN Yongtao *(Chairman)*
Mr. CHAN Shiu Yuen Sammy
Ms. LO Yuk Yee

RISK MANAGEMENT COMMITTEE

Mr. CHAI Kaw Sing *(Chairman)*
Mr. CHAN Shiu Yuen Sammy
Mr. SUN Yongtao

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)
Mr. WONG Ben
Mr. LEUNG Wing Lun *(HKICPA)*

EXTERNAL AUDITOR

Confucius International CPA Limited
Room 1501-08, 15/F., Tai Yau Building,
181 Johnston Road, Wanchai,
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703, 27th Floor,
K. Wah Centre,
No. 191 Java Road,
North Point, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Economic Development Zone
Sunsi Town, Chengwu
Shandong, Mainland China

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
No. 183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

1580

REVIEW OF OPERATIONS

The Company is an investment holding company and its subsidiaries (collectively, the "Group") are principally engaged in the wood products operations and related services, trading, as well as property activities.

Wood Operations and Related Services

The plywood products operations and its related services is the principal business of the Group. The Group's main production base is strategically located in Heze City, Shandong Province in the People's Republic of China where there are abundant resources of poplars, the major raw materials for plywood products. During the period under review, to horizontally expand the wood operations of the Group so as to broaden the revenue source the Group formed a strategic alliance with a factory in Jiangmen, Guangdong Province, the PRC (the "Alliance Factory"), which is principally engaged in the manufacture of interior decorative materials and furniture. Under the strategic alliance arrangement, the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements.

The Group's plywood products consist of furniture board (家具板), ecological plywood (生態板) (also known as melamine faced board (三聚氰胺貼面板)), and hardwood multi-layered board (實木多層板). All our products are customised depending on our customers' needs. Customers of the plywood products of the Group are mainly end users, such as furniture manufacturers, equipment manufacturers, decoration or renovation companies, packing material producers, and trading companies. Most customers of the Group's plywood products are located in Eastern China and Southern China regions.

During the six months ended 30 September 2023, the Group has on one hand continued to pursue the policy of reducing acceptance of plywood orders that were of low margins and implement measures to control costs and outsourcing of certain non-core works to local workers to reduce production costs, and on the other hand horizontally expanded the wood operation business to broaden the revenue stream through the strategic alliance with the Alliance Factory with revenue commenced to generate since the third quarter of 2023. Such initiatives, despite resulted in the drop in overall revenue as compared to the corresponding period in 2022, had a material positive contribution towards the turning-around of the gross loss from approximately RMB0.8 million recorded for the six months ended 30 June 2022 to a gross profit of approximately RMB9.6 million. The plywood and related services segment accounted for approximately 79.5 percent of total revenue of the Group for the six months ended 30 September 2023.

Property Activities

Since 1 July 2020, the Group has entered into lease agreements to partially lease out the biomass wood pellets factories to a tenant engaging in agricultural wholesale as well as other factories and land which are surplus to needs in order to generate a stable and recurring rental income, and at the same time reducing the costs in managing these assets.

The rental income of the Group accounted for approximately 20.5 percent of the total revenue for the six months ended 30 September 2023.

FINANCIAL REVIEW

Review of Results

The consolidated revenue of the Group was approximately RMB10.7 million for the six months ended 30 September 2023, representing a decrease of approximately 69.3 percent from approximately RMB34.9 million for the six months ended 30 June 2022.

The consolidated gross profit of the Group for the six months ended 30 September 2023 was approximately RMB9.6 million, representing a turnaround from the gross loss of approximately RMB0.8 million for the six months ended 30 June 2022. For the six months ended 30 September 2023, the gross profit margin was approximately 89.6 percent compared to gross loss of approximately 2.2 percent for the six months ended 30 June 2022.

The total selling and distribution expenses and administrative expenses were approximately RMB8.6 million for the six months ended 30 September 2023, representing an increase of approximately RMB1.7 million of approximately 25.8 percent from approximately RMB6.9 million for the six months ended 30 June 2022, mainly due to the relevant selling and administrative expenses incurred for the cooperation with the Alliance Factory and the relevant professional fees incurred for, among others, carrying out various fund raising exercises and the amendment of the memorandum and articles of association during the period.

The consolidated operating loss before tax for the six months ended 30 September 2023 decreased to approximately RMB1.0 million as compared to approximately RMB15.7 million for the six months ended 30 June 2022. Such decrease in loss was mainly due to improvements made in profit margins as driven by initiatives referred to under the section headed “Wood Operations and Related Services” above, careful selection of premium clients and other cost control measures in the production process.

The Group recorded decrease in finance costs of approximately RMB0.9 million of which approximately RMB2.0 million for the six months ended 30 September 2023 as compared to approximately RMB3.0 million for the six months ended 30 June 2022. The decrease was mainly due to the reduction in borrowings as the Group settled certain borrowings for the six months ended 30 September 2023.

The Group’s income tax expense for the six months ended 30 September 2023 was nil.

The loss attributable to owners of the Company was approximately RMB0.2 million for the six months ended 30 September 2023 as compared to approximately RMB15.8 million for the six months ended 30 June 2022. Basic and diluted loss per share for the six months ended 30 September 2023 was RMB0.03 cents as compared to RMB2.33 cents for the six months ended 30 June 2022.

Foreign currency risk

As majority of our assets and liabilities are denominated in RMB, except for certain bank balances, convertible bonds payable and other loan which are denominated in HKD. The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the six months ended 30 September 2023. The Group will continue to monitor its foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arises.

Current assets and liabilities

As at 30 September 2023, the Group held current assets of approximately RMB77.9 million (31 March 2023: RMB71.5 million), comprising inventories, trade and other receivables and cash and cash equivalents.

Cash and cash equivalents balance as at 30 September 2023 decreased to approximately RMB1.3 million as compared to approximately RMB6.9 million as at 31 March 2023. The decrease in cash and cash equivalents balance was mainly due to the settlement of payables.

The Group's inventory balance as at 30 September 2023 comprised of raw materials, work-in-progress and finished goods for plywood products. The inventory balance was generally stable as compared to approximately RMB1.9 million as at 31 March 2023.

Trade and other receivables balance as at 30 September 2023 mainly represented outstanding receivables balance from customers of our new plywood and related services. There was an increase in trade and other receivables balance of approximately RMB12.2 million, from approximately RMB62.6 million as at 31 March 2023 to approximately RMB74.8 million as at 30 September 2023.

As at 30 September 2023, the Group's total current liabilities amounted to approximately RMB116.6 million, as compared to approximately RMB114.8 million as at 31 March 2023. The increase was mainly due to the increase in trade and other payables and amount due to related parties.

Non-current assets

Non-current assets principally include investment properties, right-of-use assets and property, plant and equipment.

Investment properties of approximately RMB65.5 million as at 30 September 2023 (31 March 2023: RMB66.9 million). Investment properties are stated at costs less accumulated depreciation and accumulated impairment as determined with reference to independent valuer's valuation as at 31 March 2023. As advised by the independent valuer who conducted the valuation of the investment properties of the Group as of 31 March 2023, there has been no material change in fair value of the Group's investment properties since 30 June 2023, the date of issuance of its reports, and up to 30 September 2023. Accordingly, the directors of the Company consider it appropriate to determine the fair value of the Group's investment properties of as at 30 September 2023 with reference to the fair value as at 31 March 2023.

As at 30 September 2023, the Group's right-of-use assets and property, plant and equipment are valued at approximately RMB2.7 million and RMB5.2 million respectively (31 March 2023: RMB2.8 million and RMB5.4 million respectively).

Borrowings

As at 30 September 2023, the Group's borrowings amounted to approximately RMB36.8 million (31 March 2023: RMB37.7 million) in total, comprising approximately RMB8.1 million (31 March 2023: RMB8.5 million) bank borrowings, and approximately RMB28.7 million (31 March 2023: RMB29.2 million) other loan in the PRC and Hong Kong.

The Group's bank borrowings are secured by right-of-use assets and plants and investment properties of the Group, and certain guarantees provided to the banks by certain former and present directors and individuals as at 30 September 2023.

On 1 June 2021, a wholly-owned subsidiary of the Company entered into a term loan facility agreement with a third party under which the lender agreed to make available a term loan facility (For more details of this loan, please refer to the section "Security on assets" below).

On 28 June 2021, the Company was being notified by Meisen (Shandong) Wood Limited ("Meisen (Shandong)") and Dasen (Heze) Biomass Energy Limited ("Dasen (Heze)"), that they were respectively named as defendants (the "Defending Subsidiaries") of the civil lawsuits filed by China Construction Bank Chengwu Branch, the PRC (the "Plaintiff") at the Court of Chengwu County of Shandong Province, the PRC (the "Lawsuits"), relating to the recovery of outstanding loan amount due to the Plaintiff by Meisen (Shandong). The orders sought by the Plaintiff against the Defending Subsidiaries are as follows: (1) a liquidated sum of RMB7,450,896.75 as the aggregate unpaid principal amount; (2) interest, penalty and compound interest on the sum in (1) above (the interest amount up to 4 June 2021 claimed by the Plaintiff is RMB23,988.24); (3) costs of the action of claim by the Plaintiff; and (4) further and/or other relief.

On 30 August 2021, the Company released an announcement relating to the hearing of the Lawsuits held on 18 August 2021 indicating that the court subsequently decided to rule in favour of the Plaintiff. Since April 2022, the local PRC management has been verbally notified by the relationship manager of China Construction Bank Chengwu Branch that the bank has started the internal procedure to sell the overdue debts of Meisen (Shandong) and Dasen (Heze) to a Shandong asset management company. In early August 2022, the local PRC management was being notified that the sale was completed and the Shandong asset management company being the creditor of the overdue debts. In December 2022, a Zhejiang asset management company became the new creditor after they purchased the debts from the Shandong asset management company.

On 11 April 2023, Dasen (Heze) and Meisen (Shandong) received notices from the Court which stated that, among others, the Zhejiang asset management company (the "Creditor") had applied to the Court for the enforcement of the pledge under the outstanding overdue debts in the aggregate principal amount of approximately RMB16 million (the "Debts"), if each of Dasen (Heze) and Meisen (Shandong) fails to repay the unpaid principal amount, interest and costs of the action of claim within three days from the date of notice.

On 17 October 2023, the Group received a notice from the Court dated 16 October 2023 that judgement has been made by the Court to proceed with the auction of the Property on the judicial auction platform of the Court on Taobao. The Group has also been in discussion with the Creditor on how the Debts can be settled in phases. The first auction took place on 28 November 2023 to 29 November 2023 and the Property was not sold as there were no bidder bidding the Property with a price equal to or higher than the base price set by the Court. The Group expects that the Court would arrange a second auction with a reduced base auction price in December 2023.

With the proceeds from the auction, the Directors expect, barring unforeseen circumstances, that the entire amount of the Debts, the accrued interest thereon and the associated cost of disposal would be settled in full.

Debt Capitalisation

On 20 January 2023, the Company entered into a settlement deed with a creditor of the Company, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of approximately HK$4,386,247 owed to the creditor by the Company, the creditor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 73,104,116 capitalisation Shares at the issue price of HK$0.06 per capitalisation Share under the general mandate. The capitalisation Shares was allotted and issued by the Company on 21 April 2023.

On 7 September 2023, the Company entered into a settlement deed with Mr. Wong Tseng Hon ("Mr. Wong"), the controlling Shareholder, pursuant to which, among others, the Company has conditionally agreed to capitalise an aggregate amount of HK$20,000,000 owed to Mr. Wong, Mr. Wong has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 500,000,000 capitalisation Shares at the issue price of HK$0.04 per capitalisation Share. The subscription was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 19 October 2023. The capitalisation Shares are expected to be allotted and issued by the Company by the end of 2023.

Convertible Bonds

On 3 March 2023, the Company entered into a placing agreement with a placing agent in relation to the placing of convertible bonds with an aggregate principal amount of up to HK$9,000,000. On 23 March 2023, the convertible bonds with an aggregate principal amount of HK$7,800,000 have been issued by the Company to eight placees. The convertible bonds carries an interest of 10% per annum which is payable on a semi-annual basis in arrears from the date of issue, and will mature on 23 March 2025. The conversion price is HK$0.15 per convertible bonds and the holders are entitled to convert them into ordinary Shares on the maturity date.

The Company received net proceeds of approximately HK$7.6 million and approximately HK$5.8 million (equivalent to approximately RMB5.1 million) has been used for the capital injection to a 51% owned subsidiary, namely Shenzhen Vfuchong Qucheng Technology Co., Ltd.*（深圳市微付充趣程科技有限公司）(the "Shenzhen Vfuchong") and the remaining HK$1.8 million has been utilised for general working capital of the Group.

Security on assets

As at 30 September 2023, certain assets of the Group with an aggregated carrying value of approximately RMB68.0 million were pledged to the bank and an asset management company as security for the loan facility (31 March 2023: RMB69.5 million).

Reference is made to the announcements of the Company dated 25 November 2021, 10 December 2021 and 4 January 2022 in relation to the discovery of the unrecorded pledge of assets (the "Unrecorded Pledge of Assets Announcements"). Capitalised terms used in this section shall have the same meaning as those defined in the Announcements unless otherwise specified.

As disclosed in the Unrecorded Pledge of Assets Announcements, it has come to the attention of the Board that certain the Pledged Assets of the Group (i.e. a property with an aggregate floor area of approximately 22,827 square meters and land use right of the Group for certain land parcels with an aggregate floor area of approximately 46,077 square meters held by Meisen (Shandong), with a book value of approximately RMB28.2 million and a fair value of approximately RMB17.4 million as at 31 October 2021) have been pledged to a branch of Rural Commercial Bank of Shandong Chengwu (the "Lender") in relation to a Loan Facility provided to 菏澤中眾合市場開發有限公司 (an Independent Third Party established in the PRC, the "Borrower") by the Lender, without the knowledge and prior approval of the Board. Based on the preliminary findings of the Audit Committee, it transpired that the pledge of the Pledged Assets was an attempt by the management of a subsidiary of the Group to obtain financing indirectly from the Lender through the Borrower in order to renew a defaulted bank loan of the same financial institution (i.e. the Lender). Based on the current information available to the Board, the Borrower has drawn down a total amount of RMB9.5 million under the Loan Facility for its own use. The entire sum of which had been subsequently provided to another subsidiary of the Company by way of loan between June 2021 and September 2021 before the terms of the renewal of the Meisen (Shandong) defaulted loan was agreed with the Lender.

After due and careful review on the findings of the Audit Committee on the Pledged Assets, the Board is of the view that the pledge of Pledged Assets to obtain the Loan Facility is not appropriate and resolved to terminate the Pledge Arrangement Agreement and the Group is currently in negotiation with the Lender in this respect.

The Audit Committee as well as the independent external internal control consultant have also concluded that this is a one-off event in the violation of the Group's internal control procedures and no other violations are found.

Up to 30 September 2023, the Company has made a partial repayment of RMB1.0 million of this third party loan as well as to enter into an agreement with 菏澤中眾合市場開發有限公司 to terminate the pledge arrangement agreement upon full repayment of the remaining balance. As at the date of this announcement, the Group is pending to receive the proceeds from the auction of the Property. It is intended that part of the proceeds from the auction will be used for the repayment of this third party loan and it is expected that following the repayment, the pledge arrangement will no longer involve a third party but with the bank directly.

OUTLOOK

Since 2021, the Company has begun to focus on clients with better margins and payment ability and to control costs. During the six months ended 30 September 2023, with a view to horizontally expand the Group's wood operation business, the Group formed a strategic alliance with the Alliance Factory to broaden the revenue source and began generate service revenue by referring customers to the Alliance Factory. Under the strategic alliance arrangement, the Alliance Factory would also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements. Due to the new revenue stream as well as the Group's effort on cost control, the Group successfully turnaround from gross loss recorded during the six months ended 30 June 2022 to gross profit for the six months ended 30 September 2023. Aside from the above, the Group has also been working with the Alliance Factory to develop new plywood products with higher margins. It is expected that the new products could be commercialised in 2024 and the sale of such new products will further broaden the revenue stream and improve the financial performance of the Group.

During the fifteen months ended 31 March 2023, the Group underwent a debt restructuring under the Creditors Scheme which included an open offer completed in July 2022, the issuance of scheme Shares to the creditors in the fourth quarter of 2022, the entering into of settlement deed with creditors for the capitalisation of debts through the issuance of capitalisation Shares, which was completed in January 2023.

During the six months ended 30 September 2023, the Group continued to implement measures to restructure the debts of the Group. On 7 September 2023, the Company entered into a settlement deed with Mr. Wong for the capitalisation of debt in the amount of HK$20,000,000 owed to him. The capitalisation Shares are expected to be allotted and issued by the Company by the end of 2023. In addition, the Property is expected to be listed for auction in December 2023 and the proceeds of the auctioned Property are intended to be applied for the repayment of debts of the Group. With the gradual improvement in the financial performance of the Group and the aforementioned actions undertaken by the Group, the debt position of the Group has gradually improved. Going forward, the Group will continue to implement measures, including but not limited to equity fund raising or debt capitalisation, to further improve the financial position of the Group.

Further, in March 2023, the Group entered into a joint venture agreement in relation to the operation of Shenzhen Vfuchong, a company which will be engaged in the operation of a hotel virtual room card system and an e-commerce membership club platform. During the six months ended 30 September 2023, the research and development of the hotel virtual room card system and an e-commerce membership club platform has been on-going. It is expected that revenue will be generated from Shenzhen Vfuchong during 2024.

Based on initial updates, the Company's auditors are of the view that the measures undertaken and achievements made by the Company in the six months ended 30 September 2023 and up to the date of this announcement are positively addressing the underlying issues leading to the disclaimer of opinion in the annual report for the fifteen months ended 31 March 2023, and, barring unforeseeable circumstances beyond its control, the Company is expecting, with further progress made especially in the additional improvements in profit margins, to be on-track for a turnaround and the removal of the audit modification by the time when the next annual report is issued.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2023 (31 March 2023: Nil).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no capital commitments contracted but not provided for (31 March 2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2023, save as disclosed elsewhere in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Future plans for material investments or capital assets

There were no future plans for material investments or capital assets up to the date of this announcement.

COMPLIANCE

The Company has applied the principles and complied with the applicable code provisions in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") throughout the six months ended 30 September 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the standards set out in the Model Code throughout the six months ended 30 September 2023.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The Audit Committee consists of one non-executive director: Mr. SUN Yongtao; and three independent non-executive Directors: Mr. CHAN Shiu Yuen Sammy, Ms. LO Yuk Yee and Mr. KWOK Yiu Tong. Mr. CHAN Shiu Yuen Sammy served as the chairman of the Audit Committee. The interim results of the Company for the six months ended 30 September 2023 have been reviewed by the Audit Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, the interests and short positions of the Directors and chief executive in the share capital and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in Shares (after taking into account the consolidation of the Shares which became effective on 24 October 2023):

	Number of Shares held, capacity and nature of interest			
Name of Director	**Directly beneficially owned**	**Through spouse or minor children**	**Total**	**Percentage of the Company's share capital**
Mr. CHAI Kaw Sing	47,061,522	15,714,964	62,776,486	7.42%
Mr. ZHANG Ayang *(Note 1)*	—	53,922,400	53,922,400	6.38%

Note:

1. Mr. ZHANG Ayang is the spouse of Ms. WU Haiyan and he is deemed to be interested in these Shares under the SFO.

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executive had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

At 30 September 2023, the following interests and short positions of 5% or more of the share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO (after taking into account the consolidation of the Shares which became effective on 24 October 2023):

	Number of Shares held, capacity and nature of interest			
Name	**Directly beneficially owned**	**Interests in persons acting in concert** *(Note 1)*	**Total**	**Percentage of the Company's share capital**
Mr. Wong Tseng Hon	432,343,221	–	432,343,221	51.12%
Concert Group *(Note 1)*				
Ms. Wu Haiyan *(Note 2)*	23,769,600	30,152,800	53,922,400	6.38%
Mr. Wang Songmao	20,232,800	33,689,600	53,922,400	6.38%
Mr. Wu Shican	9,840,000	44,082,400	53,922,400	6.38%
Mr. Lin Qingxiong	80,000	53,842,400	53,922,400	6.38%

Note:

1. Pursuant to the Concert Party Agreement, Ms. Wu Haiyan, Mr. Wang Songmao, Mr. Wu Shican and Mr. LIN Qinqxiong have agreed on certain arrangements pertaining to their shareholdings in the Company. Pursuant to the SFO, since each of Ms. Wu Haiyan, Mr. Wang Songmao, Mr. Wu Shican and Mr. LIN Qinqxiong is a party to the Concert Party Agreement, each of Ms. Wu Haiyan, Mr. Wang Songmao, Mr. Wu Shican and Mr. LIN Qinqxiong is deemed to be interested in the Shares which the other parties to the Concert Party Agreement are interested in.

2. Mr. Zhang Ayang is the spouse of Ms. Wu Haiyan and he is deemed to be interested in these Shares under the SFO.

EMOLUMENT POLICY

The Group had 28 employees in Hong Kong and the PRC as at 30 September 2023. The total salaries and related costs granted to employees amounted to approximately RMB2.2 million for the six months ended 30 September 2023.

The Group's remuneration policy, bonus and share option scheme determines benefits of employees (including Directors) based on the duties and performance of each individual. The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong, and the central pension scheme operated by the local municipal government in the PRC.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Shareholders, and any non-controlling shareholder in the Company's subsidiaries.

At no time during the six months ended 30 September 2023 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

As at 30 September 2023 and 31 March 2023, the Company did not have share options outstanding under the Option Scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2023.

DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 September 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in RMB and incurs costs in RMB and HK$. The Group is exposed to foreign exchange risk based on fluctuations between RMB and HK$ arising from its core operation in the PRC. In order to minimise the foreign currency risk exposure between these two currencies, the Group generally maintains cash balances in both currencies that are sufficient to meet three to four months of operating cash flows requirements of the Group.

The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the Reporting Period. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

By order of the Board

Da Sen Holdings Group Limited
Sun Yongtao
Non-Executive Chairman
and Non-Executive Director

Hong Kong, 30 November 2023

For the six months ended 30 September 2023

	Notes	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Revenue	7	10,711	34,879
Cost of sales		(1,113)	(35,661)
Gross profit (loss)		9,598	(782)
Selling and distribution expenses		–	(339)
Administrative expenses		(8,636)	(6,526)
Allowance for expected credit losses, net		–	(4,858)
Other income, gains or (losses)		61	(225)
Finance costs		(2,028)	(2,953)
Loss before tax	8	(1,005)	(15,683)
Income tax expense	9	–	(83)
Loss and total comprehensive expenses for the periods		(1,005)	(15,766)
Loss and total comprehensive expenses attributable to:			
Owners of the Company		(212)	(15,766)
Non-controlling interests		(793)	–
		(1,005)	(15,766)
			(restated)
Loss per share attributable to the owners of the Company			
— Basic and diluted (expressed in RMB cents per share)	11	(0.03)	(2.33)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 September 2023

	Notes	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
ASSETS			
Non-current assets			
Right-of-use assets		**2,719**	2,753
Property, plant and equipment		**5,236**	5,417
Investment properties	12	**65,534**	66,901
Financial assets at fair value through profit or loss		**1,653**	1,557
		75,142	76,628
Current assets			
Inventories		**1,823**	1,932
Trade and other receivables	13	**74,827**	62,579
Cash and cash equivalents		**1,280**	6,939
		77,930	71,450
Total assets		**153,072**	148,078
EQUITY			
Share capital	14	**14,797**	14,165
Share premium	14	**236,431**	233,241
Other reserves		**52,942**	52,942
Convertible bonds equity reserves		**1,408**	1,408
Accumulated losses		**(274,927)**	(274,715)
Equity attributable to owners of the Company		**30,651**	27,041
Non-controlling interests		**(1,764)**	(971)
Total equity		**28,887**	26,070
LIABILITIES			
Non-current liabilities			
Deferred income		**223**	235
Convertible bonds payable		**7,378**	6,972
		7,601	7,207
Current liabilities			
Trade and other payables	15	**60,917**	58,849
Deferred income		**25**	25
Receipt in advance		**2,553**	3,311
Tax payables		**7,085**	7,085
Amount due to related parties		**9,181**	7,795
Borrowings	16	**36,823**	37,736
		116,584	114,801
Total liabilities		**124,185**	122,008
Total equity and liabilities		**153,072**	148,078

	Unaudited							
	Attributable to owners of the Company							
	Share capital (Note 14) RMB'000	Share premium (Note 14) RMB'000	Convertible bonds equity reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 April 2023	**14,165**	**233,241**	**1,408**	**52,942**	**(274,715)**	**27,041**	**(971)**	**26,070**
Loss and total comprehensive expenses for the six months ended 30 September 2023	–	–	–	–	(212)	(212)	(793)	(1,005)
Issue of shares under debt capitalisation	632	3,190	–	–	–	3,822	–	3,822
At 30 September 2023	**14,797**	**236,431**	**1,408**	**52,942**	**(274,927)**	**30,651**	**(1,764)**	**28,887**
At 1 January 2022	8,592	212,502	–	52,942	(223,916)	50,120	–	50,120
Loss and total comprehensive expenses for the six months ended 30 June 2022	–	–	–	–	(15,766)	(15,766)	–	(15,766)
At 30 June 2022	8,592	212,502	–	52,942	(239,682)	34,354	–	34,354

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Operating activities		
Cash used in operations	**(7,580)**	(1,352)
Interest received	**3**	1
Interest paid	**(182)**	(1,320)
Income tax paid	**–**	(83)
Net cash used in operating activities	**(7,759)**	(2,754)
Financing activities		
Proceeds from borrowings	**10,600**	1,998
Repayments of borrowings	**(8,500)**	(1,202)
Net cash from financing activities	**2,100**	796
Net decrease in cash and cash equivalents	**(5,659)**	(1,958)
Cash and cash equivalents at beginning of the period	**6,939**	3,259
Cash and cash equivalents at end of the period	**1,280**	1,301

1. GENERAL INFORMATION

Da Sen Holdings Group Limited ("the Company") is a limited liability company incorporated in the Cayman Islands. The address of its registered office and principal place of business is Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2703, 27th Floor, K. Wah Centre, No. 191 Java Road, North Point, Hong Kong, respectively. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 19 December 2016.

The principal activities of the Company and its subsidiaries (the "Group") are manufacturing and selling of plywood and related services, and leasing.

Pursuant to a resolution of the board of directors dated 11 November 2022, the Group changed its financial year end date from 31 December to 31 March commencing from the financial year of 2023. Accordingly, the interim condensed consolidated financial information for the current financial period cover a period of six months from 1 April 2023 to 30 September 2023. The comparative figures presented for the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and related notes cover the unaudited figures of the financial period from 1 January 2022 to 30 June 2022, which may not be comparable with the amounts shown for the current financial period.

These interim condensed consolidated financial information are presented in RMB, unless otherwise stated. All values are rounded to the nearest RMB thousand ("RMB'000"), unless otherwise used.

These interim condensed consolidated financial information have not been audited but have been reviewed by the audit committee of the Company and have been approved for issue by the Board on 30 November 2023.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

Going concern basis

For the six months ended 30 September 2023, the Group incurred a net loss of RMB1,005,000 and recorded a net operating cash outflow of RMB7,759,000. As at 30 September 2023, the Group recorded net current liabilities of RMB38,654,000, where the Group's current borrowings amounted to RMB36,823,000, comprising bank borrowing of RMB8,100,000 and other loans of RMB28,723,000 from independent third parties in the People's Republic of China (the "PRC") and Hong Kong, while the Group's cash and cash equivalents amounted to RMB1,280,000 only.

2. BASIS OF PREPARATION – *continued*

Going concern basis – *continued*

In respect of other loans in the PRC, the Group defaulted on the repayment of three borrowings from a bank in the PRC, totaling RMB18,900,000, which was due for repayment in January and February 2021. During the year ended 31 December 2021, the bank filed a petition to the People's Court in Chengwu County of Shandong Province (the "Court") for the repayment of the loans and interest accrued and the Court ordered the repayment of the principal amount and the interest accrued within the time specified. During the fifteen months ended 31 March 2023, the bank sold the defaulted loans to an asset management company. Such bank borrowings were therefore reclassified as other loans in the consolidated statement of financial position during the period. On 11 April 2023, the Group received notices from the Court which stated that the asset management company had applied to the Court for the enforcement of the pledge under the loans. Apart from the aforesaid loans, the Group defaulted to repay the borrowing from an independent third party in the PRC, totaling RMB8,500,000, which was due for repayment in June 2022.

In respect of other loans in Hong Kong, the Group defaulted to repay two borrowings from an independent third party in Hong Kong, totaling HK$650,000 (approximately RMB569,000), which was due for repayment in May and June 2022.

In respect of the bank borrowing of RMB8,100,000 in the PRC, the default in repayment of the aforesaid other loans entitled the bank lender a right to demand immediate repayment of the bank borrowing from the Group.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of measures have been taken to mitigate the liquidity pressure of the Group. These include the followings:

(i) the Group intended to settle the other loans in the PRC by way of disposal of the pledged assets;

(ii) the Group has been in discussion with its lenders for the extension of repayment periods;

(iii) the Group has been in discussion with the major shareholders and directors of the Company for providing financing to the Group, and in contact with potential buyers to dispose of certain assets of the Group so as to raise additional fund;

(iv) the Group will continue its efforts to implement new measures to improve sales such as rolling out new business initiatives with products of higher profit margin, control costs, contain capital expenditures, and accelerate the collection of trade and other receivables so as to enhance the Group's working capital position; and

(v) the Group has entered into a settlement deed with the controlling Shareholder to capitalise a loan totalling HK$20,000,000, which has been approved by Shareholders on 19 October 2023 and is expected to complete by the end of 2023.

2. BASIS OF PREPARATION – *continued*

Going concern basis – *continued*

The directors of the Company have reviewed the Group's cash flow projections prepared by management, covering a period of not less than twelve months from the date of this report, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) successfully and timely executing the disposal of pledged assets of the Group;

(ii) successfully extending the repayment periods of the Group's loans;

(iii) successfully and timely raising additional fund through financings from major shareholders and directors of the Company and the potential disposal of certain assets of the Group; and

(iv) successfully implementing the measures to improve sales, control costs and contain capital expenditures as well as to accelerate the collection of trade and other receivables so as to enhance the Group's working capital position.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

3. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 21 April 2023, the Group issued 73,104,116 ordinary shares at HK$0.06 to settle the other loans of RMB3,012,000 and related interest of RMB810,000 as at 31 March 2023. There is no gain or loss incurred for this transaction.

4. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board (the "IASB"), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group's annual financial statements for the fifteen months ended 31 March 2023.

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Polices
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to IFRSs 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 on the disclosures set out in these interim condensed consolidated financial statements.

5. ESTIMATES

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the fifteen months ended 31 March 2023.

6. FINANCIAL INSTRUMENTS

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

6.1 Financial risk factors

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, amount due to related parties and convertible bonds payable. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 March 2023.

There have been no changes in the risk management department since the last financial period end or in any risk management policies.

6.2 Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(i) Risk management

Credit risk is managed on a group basis. Bank deposits and cash at bank are deposited in reputable financial institutions which are considered with low credit risk.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivables arising from sales of products due from them is not significant.

(ii) Impairment of financial assets

The Group has trade receivables for sales of inventory that are subject to the expected credit loss model.

6. FINANCIAL INSTRUMENTS – *continued*

6.2 Credit risk – *continued*

(ii) Impairment of financial assets – *continued*

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 modified retrospective approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days exceed the normal collecting period.

Individually impaired trade receivable is related to customer who is experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 30 September 2023, trade receivables of RMB104,558,000 has been fully provided for loss allowance for these individually assessed receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of the total receivables as at 30 September 2023. The Group has concentration of credit risk as 21% and 64% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the business, financial or economic conditions and performance and behaviour of customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considered various indicators, including, but not limited to, the prevailing market conditions in assessing how the expected loss rate should be adjusted. The Group had also considered the probability of default ("PD") and potential loss given default ("LGD") for its financial assets in its analysis. Given the difficult economic conditions and its analysis based on the above factors, the Group incorporated both current and forward-looking information by increasing its expected loss rates based with reference to its historical loss rate. In assessing the expected loss rate, the Group calculated the PD and LGD for each class of accounts receivables by incorporating forward-looking adjustments.

6. FINANCIAL INSTRUMENTS – *continued*

6.2 Credit risk – *continued*

(ii) Impairment of financial assets – *continued*

Trade receivables – continued

On that basis, the expected credit loss allowance as at 30 September 2023 and 31 March 2023 was determined as follows for trade receivables:

	Unaudited				
	Current RMB'000	Past due for within 6 months RMB'000	Past due for more than 6 months and less than 1 year RMB'000	Past due for more than 1 year RMB'000	Total RMB'000
At 30 September 2023					
Expected credit loss rate	n/a	1.52%	6.79%	45.03%	26.01%
Gross carrying amount	8,536	6,248	21,013	40,945	76,742
Expected credit loss allowance	–	95	1,426	18,437	19,958
Individually impaired receivables	–	–	–	104,558	104,558
Total expected credit loss allowance	–	95	1,426	122,995	124,516

	Audited				
	Current RMB'000	Past due for within 6 months RMB'000	Past due for more than 6 months and less than 1 year RMB'000	Past due for more than 1 year RMB'000	Total RMB'000
At 31 March 2023					
Expected credit loss rate	n/a	3.45%	9.18%	52.90%	29.26%
Gross carrying amount	–	17,121	17,511	33,574	68,206
Expected credit loss allowance	–	590	1,607	17,761	19,958
Individually impaired receivables	–	–	–	104,558	104,558
Total expected credit loss allowance	–	590	1,607	122,319	124,516

6. FINANCIAL INSTRUMENTS – *continued*

6.2 Credit risk – *continued*

(ii) Impairment of financial assets – *continued*

Trade receivables – continued

The accumulated expected credit loss allowances for trade receivables as at 30 September 2023 and 31 March 2023 reconcile to the opening expected credit loss allowances as follows:

	Trade receivables RMB'000
Opening expected credit loss allowance at 1 January 2022 (audited)	104,582
Provision for allowance for expected credit losses, net (audited)	19,934
Closing expected credit loss allowance at 31 March 2023 (audited)	124,516
Provision for allowance for expected credit losses, net (unaudited)	–
Closing expected credit loss allowance at 30 September 2023 (unaudited)	124,516

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented within operating result. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables at amortised cost

Other financial assets at amortised cost include other receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

6. FINANCIAL INSTRUMENTS – *continued*

6.2 Credit risk – *continued*

(ii) Impairment of financial assets – *continued*

Other receivables at amortised cost – continued

The accumulated expected credit loss allowances for other receivables as at 30 September 2023 and 31 March 2023 reconcile to the opening expected credit loss allowances as follows:

	Other receivables RMB'000
Opening expected credit loss allowance at 1 January 2022 (audited)	11,505
Write-off	(11,505)
Closing expected credit loss allowance at 31 March 2023 (audited)	–
Provision for allowance for expected credit losses, net (unaudited)	–
Closing expected credit loss allowance at 30 September 2023 (unaudited)	–

6. FINANCIAL INSTRUMENTS – *continued*

6.3 Liquidity Risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Unaudited						
	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 September 2023							
Borrowings	6.72	39,298	–	–	–	39,298	36,823
Trade and other payables	n/a	31,006	–	–	–	31,006	31,006
Convertible bonds payable	9.06	725	7,617	–	–	8,342	7,378
Amount due to related parties	n/a	9,181	–	–	–	9,181	9,181
		80,210	7,617	–	–	87,827	84,388

	Audited						
	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 March 2023							
Borrowings	7.63	40,615	–	–	–	40,615	37,736
Trade and other payables	n/a	28,959	–	–	–	28,959	28,959
Convertible bonds payable	9.06	683	7,503	–	–	8,186	6,972
Amount due to related parties	n/a	7,795	–	–	–	7,795	7,795
		78,052	7,503	–	–	85,555	81,462

6. FINANCIAL INSTRUMENTS – *continued*

6.4 Fair value estimation

Fair value measurement

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuer to perform the valuation as at 31 March 2023.

The following gives information about how the fair values of these financial assets are determined.

	30 September 2023 Level 3 RMB'000	31 March 2023 Level 3 RMB'000
Financial assets at fair value through profit or loss		
Issuer's early redemption rights on convertible bonds	1,653	1,557

During the six months ended 30 September 2023 and fifteen months ended 31 March 2023, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

The key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of financial assets at fair value through profit or loss:

Fair value at 31 March 2023 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
1,557	Crank-Nicolson finite-difference method	(i) Discount rate	9.06%	Higher the discount rate, lower of the fair value
		(ii) Volatility	73.85%	Higher the volatility, higher of the fair value

The carrying amounts of the Group's financial assets, including trade and other receivables, cash and cash equivalents and financial liabilities, including trade and other payables and borrowings are assumed to approximate their fair values due to their short-term maturities.

7. REVENUE AND SEGMENT INFORMATION

An analysis of revenue and information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 September 2023 is set out below:

– Manufacturing and selling of plywood and related services; and

– Leasing activities.

No geographical segment information is presented as all the revenue and operating profit of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The directors assess the performance of the business segments based on loss before tax without allocation of certain finance costs and administrative expenses, which is consistent with that in the condensed consolidated financial statements.

Segment assets consist of right-of-use assets, property, plant and equipment, investment properties, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets mainly comprise cash and cash equivalents, property, plant and equipment, other receivables and financial assets at fair value through profit or loss held by non-PRC incorporated companies.

Segment liabilities consist of borrowings, deferred income, trade and other payables and other current tax liabilities. Unallocated liabilities mainly comprise amount due to related parties, other payables and convertible bonds payables held by non-PRC incorporated companies.

The segment information for the six months ended 30 September 2023 is as follows:

	Unaudited		
	Plywood and related services RMB'000	Leasing activities RMB'000	Group RMB'000
Segment result			
Revenue	8,512	2,199	10,711
Segment results	5,355	(472)	4,883
Unallocated costs			(5,535)
Finance costs			(353)
Loss before tax			(1,005)
Income tax expense			–
Loss for the period			(1,005)

7. REVENUE AND SEGMENT INFORMATION – *continued*

	Unaudited			
	Plywood and related services RMB'000	Leasing activities RMB'000	Unallocated RMB'000	Group RMB'000
Other segment items				
Income statement items:				
Depreciation on right-of-use assets	34	–	–	34
Depreciation on property, plant and equipment	167	14	–	181
Depreciation on investment properties	–	1,367	–	1,367

The segment assets and liabilities at 30 September 2023 are as follows:

	Unaudited			
	Plywood and related services RMB'000	Leasing activities RMB'000	Unallocated RMB'000	Total RMB'000
Total assets	79,959	65,987	7,126	153,072
Total liabilities	65,646	25,223	33,316	124,185

The segment information for the six months ended 30 June 2022 is as follows:

	Unaudited		
	Plywood RMB'000	Leasing activities RMB'000	Group RMB'000
Segment result			
Revenue	33,023	1,856	34,879
Segment results	(10,473)	(715)	(11,188)
Unallocated costs			(3,530)
Finance costs			(965)
Loss before tax			(15,683)
Income tax expense			(83)
Loss for the period			(15,766)

7. REVENUE AND SEGMENT INFORMATION – *continued*

	Unaudited			
	Plywood RMB'000	Leasing activities RMB'000	Unallocated RMB'000	Group RMB'000
Other segment items				
Income statement items:				
Allowance for expected credit losses, net	4,858	–	–	4,858
Depreciation on right-of-use assets	34	–	–	34
Depreciation on property, plant and equipment	449	15	22	486
Depreciation on investment properties	–	1,292	–	1,292

The segment assets and liabilities at 30 June 2022 are as follows:

	Unaudited			
	Plywood RMB'000	Leasing activities RMB'000	Unallocated RMB'000	Total RMB'000
Total assets	102,998	67,622	64	170,684
Total liabilities	60,751	22,353	53,226	136,330

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting) the followings:

	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Staff costs, including directors' emoluments and related retirement benefits scheme contributions	2,166	2,461
Cost of inventories recognised as expense	106	33,838
Depreciation on property, plant and equipment	181	486
Depreciation on investment properties	1,367	1,292
Depreciation on right-of-use assets	34	34

	2023 RMB'000	2022 RMB'000
Gross rental income from investment properties	2,199	1,856
Less: Direct operating expenses from investment properties that generated rental income during the periods	(198)	(375)
	2,001	1,481

9. INCOME TAX EXPENSE

	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Current tax	**–**	–
Under-provision of PRC Enterprise Income Tax	**–**	83
Deferred income tax	**–**	–
	–	83

(i) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for both periods.

(ii) PRC Enterprise Income Tax ("EIT")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

(iii) PRC withholding income tax

According to the new EIT law, a 10% withholding tax will be levied on dividends distributed to the immediate holding companies established outside of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. No withholding tax has been provided as the Group does not expect the PRC subsidiaries to distribute the retained earnings as at 30 September 2023 in the foreseeable future.

10. DIVIDENDS

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.

11. LOSS PER SHARE

(a) Basic

Basic loss per share for the six months ended 30 September 2023 and 30 June 2022 are calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective periods.

	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Loss attributable to the owners of the Company	**(212)**	(15,766)
		(restated)
Weighted average number of ordinary shares (thousands)	**845,680**	649,600
Basic loss per share (RMB cents per share)	**(0.03)**	(2.43)

(b) Diluted

For the six months ended 30 September 2023, the computation of diluted loss per share has not taken into account the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share, and is therefore regarded as anti-dilutive.

For the six months ended 30 June 2022, the diluted loss per share is equal to basic loss per share, as there were no potential ordinary shares in issue for the period.

The basic and diluted loss per share has been adjusted to reflect the share consolidation completed subsequent to the six months ended 30 September 2023 on 24 October 2023.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the six months ended 30 June 2022 has been adjusted retrospectively to reflect the impact of the share consolidation on the basis of every two existing shares consolidated into one consolidated share completed on 24 October 2023.

12. INVESTMENT PROPERTIES

These investment properties, which are located at Dasen Industrial Park, Chengwu County Development Zone, Heze, Shandong Province, the PRC and Meisen Industrial Park, Sunsi Town Chengwu County, Heze, Shandong Province, the PRC, respectively, were stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses at the end of each reporting period.

As advised by the independent valuer who conducted the valuation of the investment properties of the Group as of 31 March 2023, there has been no material change in fair value of the Group's investment properties since 30 June 2023, the date of issuance of its reports, and up to 30 September 2023. Accordingly, the directors of the Company consider it appropriate to determine the fair value of the Group's investment properties of as at 30 September 2023 with reference to the fair value as at 31 March 2023.

Valuations as of 31 March 2023

The fair value of the Group's investment properties as at 31 March 2023 were determined to be approximately RMB101,400,000 by the directors of the Company with reference to valuations performed by Peak Vision Appraisals Limited, an independent valuer on the investment properties as at 31 March 2023. The valuer has appropriate qualifications and experience in the valuation of properties in the relevant locations.

The valuations were based on market approach, an approach determined to be the most appropriate valuation methodology for valuing the investment properties of the Group. The rationale for this method is to determine the market rate by considering identified market comparable transactions with the subject property. Adjustments will be applied to the said comparable transactions to adjust for differences between the subject property and the comparable transactions. The fair value estimation of the investment property is categorised in level 3 hierarchy. As at 31 March 2023, the key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of investment properties:

Description	Fair value at 31 Mar 2023 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	101,400	Investment method	(i) Reversionary yield;	5.5%-6%	Higher of the yield, lower of the fair value
			(ii) Average market rent (RMB/sq.m.)	7.4-8.7	The higher the market rent, the higher the fair value

13. TRADE AND OTHER RECEIVABLES

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Trade receivables		
– contract with customers	181,120	172,726
– under IFRS 16 Leases	180	38
	181,300	172,764
Less: accumulated allowance for expected credit losses	(124,516)	(124,516)
	56,784	48,248
Prepayments for raw materials	13,625	13,418
Other receivables	4,418	913
Less: accumulated allowance for expected credit losses	–	–
	74,827	62,579

The following is an ageing analysis of trade receivables (net of allowance for expected credit losses) presented based on the invoice dates.

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Up to 3 months	8,536	–
4 to 6 months	–	6,153
7 to 12 months	6,153	19,587
Over 1 year	42,095	22,508
	56,784	48,248

Details of impairment assessment for expected credit losses of trade and other receivables for the six months ended 30 September 2023 and fifteen months ended 31 March 2023 are set out in Note 6.

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares '000	Unaudited Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2022, 30 June 2022	974,400	8,592	212,502	221,094
Issue of shares under open offer	584,640	5,028	15,083	20,111
Issue of shares under creditors' scheme arrangements	59,215	545	5,888	6,433
Transaction cost attributable to issue of shares	n/a	–	(232)	(232)
At 31 March 2023	1,618,255	14,165	233,241	247,406
Issue of shares under debt capitalisation	73,104	632	3,190	3,822
At 30 September 2023	1,691,359	14,797	236,431	251,228

15. TRADE AND OTHER PAYABLES

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Trade payables	**2**	6
Other taxes payable	**29,911**	29,890
Accrued expenses	**17,226**	18,058
Interest payable	**6,789**	5,898
Others	**6,989**	4,997
	60,917	58,849

The following is an ageing analysis of trade payables presented based on the invoice dates:

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Within 3 months	**2**	6

16. BORROWINGS

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Short-term bank borrowings – secured	8,100	8,500
Other loan	28,723	29,236
Total borrowings	36,823	37,736

17. CONTINGENT LIABILITIES

As at 30 September 2023 and 31 March 2023, the Group had no material contingent liabilities.

18. PLEDGED OF ASSETS

	30 September 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (audited)
Investment properties situated in the PRC	61,042	62,359
Property, plant and equipment situated in the PRC	4,284	4,386
Right-of-use assets situated in the PRC	2,719	2,753
	68,045	69,498

19. RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 September 2023 and 30 June 2022, and balances arising from related party transactions as at 30 September 2023 and 31 March 2023:

(i) Guarantees provided by related parties in respect of the Group's borrowings from banks

As at 30 September 2023, the Group's short-term borrowings of RMB16,154,000 (31 March 2023: RMB16,154,000) were guaranteed by Mr. Ke Mingcai, an ex-director of the Company, together with his spouse. Short-term borrowings of RMB8,100,000 (31 March 2023: RMB8,500,000) were guaranteed by Mr. Ke Mingcai together with Mr. Zhang Ayang, an executive director of the Company.

(ii) Key management personnel compensation

	Six months ended 30 September 2023 RMB'000 (unaudited)	Six months ended 30 June 2022 RMB'000 (unaudited)
Salaries and bonus	**729**	670
Pension, housing fund, medical insurance and others	**–**	–
	729	670