

SINOSTAR

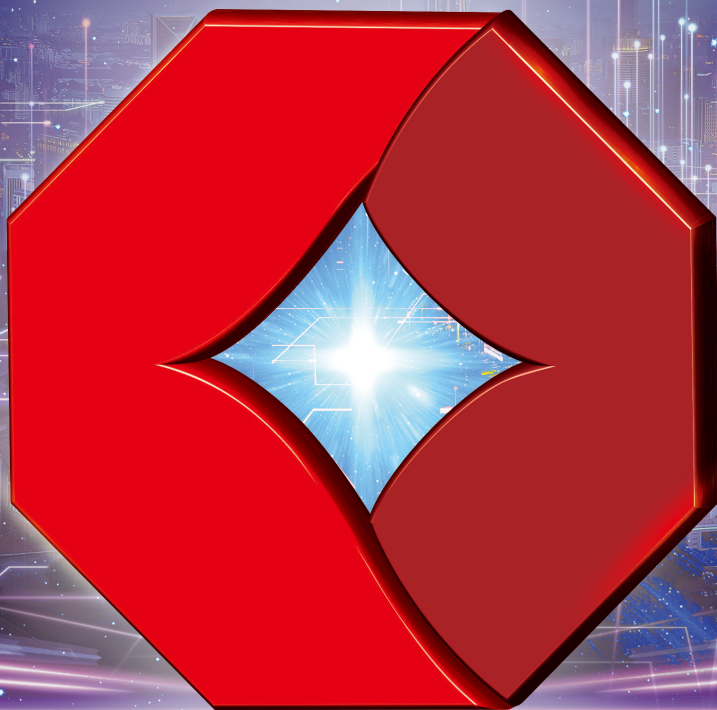
中國華星

中國華星集團有限公司

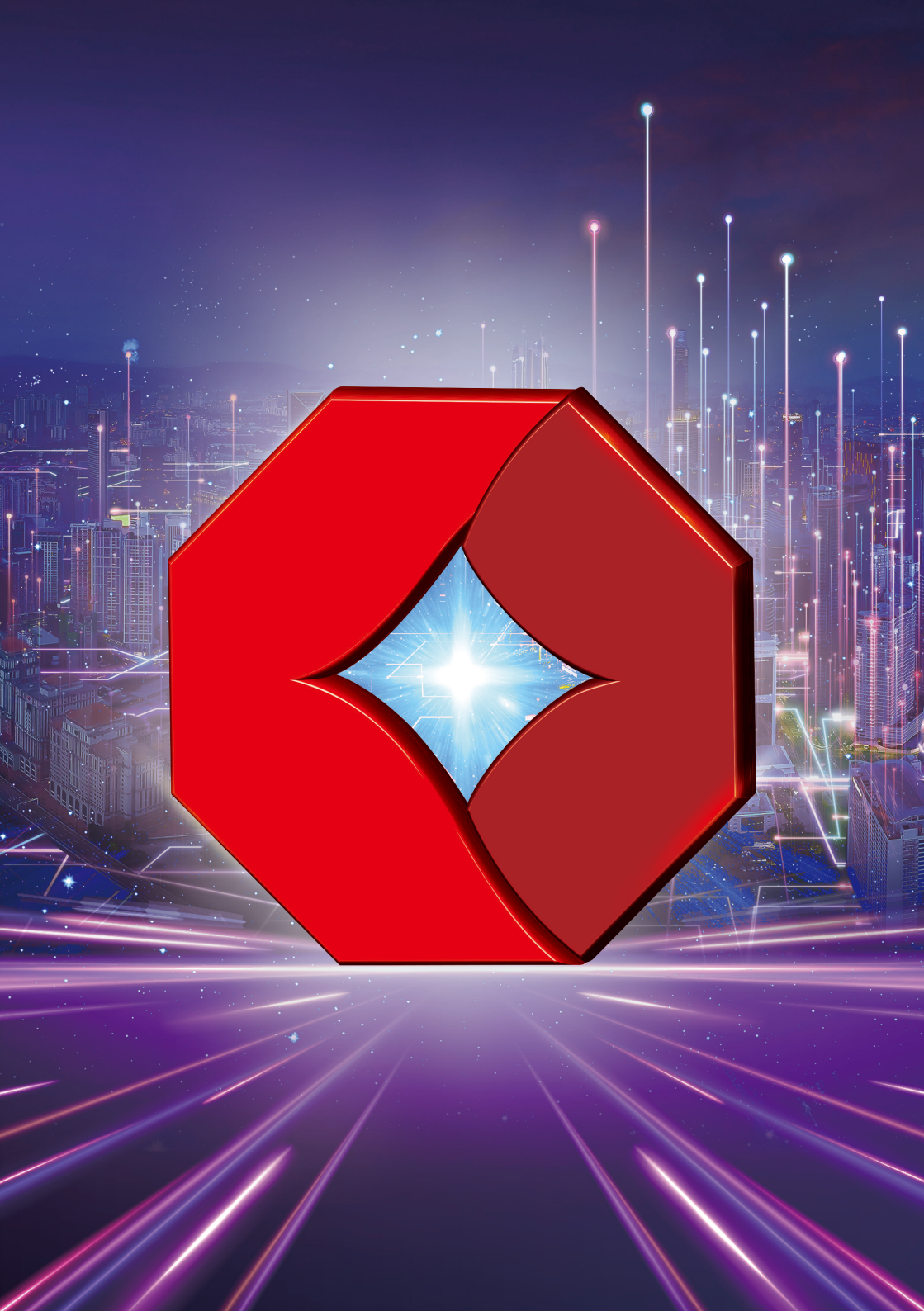
China Sinostar Group Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 485



2024/2025
Interim Report



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Jing (Chairman)
Wang Xing Qiao (Chief Executive Officer)
Zhao Shuang (resigned with effect from
15 November 2024)

Non-Executive Director

Zhao Hongxia
(appointed with effect from 15
November 2024)

Independent Non-Executive Directors

Su Bo
Tang Shengzhi
Zeng Guanwei

COMPANY SECRETARY

Lam Wai Kei

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)

AUDIT COMMITTEE

Su Bo (Chairman)
Tang Shengzhi
Zeng Guanwei

REMUNERATION COMMITTEE

Tang Shengzhi (Chairman)
Su Bo
Zeng Guanwei

NOMINATION COMMITTEE

Wang Jing (Chairman)
Tang Shengzhi
Zeng Guanwei

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

SOLICITOR

Loeb & Loeb LLP

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG AND CONTACT INFORMATION

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No. 9 Science Museum Road,
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The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Sinostar Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Company for the six months ended 30 September 2024 which has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Net cash generated from operating activities	2,251	12,273
INVESTING ACTIVITIES		
Interest received	3	3
Purchase of property, plant and equipment	(71)	(453)
Net cash used in investing activities	(68)	(450)
FINANCING ACTIVITIES		
Advance from (Repayment to) immediate holding company	742	(7,385)
Repayment to a director	–	(82)
Interest paid on bonds payable	(148)	–
Interest paid on lease liabilities	(17)	(6)
Repayment of bonds payable	(200)	(1,518)
Repayment of lease liabilities	(166)	(191)
Net cash from (used in) financing activities	211	(9,182)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,394	2,641
Cash and cash equivalents at beginning of the reporting period	4,571	4,196
Effect of foreign exchange rate changes	1,530	(2,337)
Cash and cash equivalents at end of the reporting period, represented by bank balances and cash	8,495	4,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. BASIS OF PREPARATION

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

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

This condensed consolidated financial information has not been audited.

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

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

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

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

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

3. REVENUE

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

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

Six months ended 30 September 2024				
	Development and sale of properties HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Operation and management of hydroelectric power stations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<i>Type of transaction price:</i>				
At fixed price	11,041	118	2,969	14,128
<i>Timing of revenue recognition:</i>				
At a point in time	11,041	–	–	11,041
Over time	–	118	2,969	3,087
	11,041	118	2,969	14,128
Six months ended 30 September 2023				
	Development and sale of properties HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Operation and management of hydroelectric power stations HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<i>Type of transaction price:</i>				
At fixed price	18,442	301	2,941	21,684
<i>Timing of revenue recognition:</i>				
At a point in time	18,442	–	–	18,442
Over time	–	301	2,941	3,242
	18,442	301	2,941	21,684

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

4. SEGMENT INFORMATION

The Group's operating divisions are as follows:

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

Segment revenue and results

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

For the six months ended 30 September 2023					
	Properties development HK\$'000 (unaudited)	Properties investment HK\$'000 (unaudited)	Properties management HK\$'000 (unaudited)	Hydroelectric power business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue	18,442	713	301	2,941	22,397
Segment results	(24)	32	28	688	724
Interest income					3
Unallocated expenses					(1,239)
Finance costs					(1,251)
Loss before tax					(1,763)

5. OTHER GAIN

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	3	3
Others	247	76
	<u>250</u>	<u>79</u>

6. LOSS BEFORE TAX

This is stated after charging:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration):		
– wages and salaries	1,683	801
– contribution to defined contribution schemes	194	145
Cost of inventories sold	10,954	17,552
Depreciation:		
– property, plant and equipment	1,478	1,483
– right-of-use assets	171	181
Interest expenses on:		
– borrowings	1,238	1,245
– bonds payable	190	–
– lease liabilities	17	6
	<u>17</u>	<u>6</u>

7. INCOME TAX EXPENSES

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

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

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

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

8. DIVIDENDS

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

9. LOSS PER SHARE

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

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

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

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

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

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

11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

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

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

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

12. PROPERTIES FOR SALE UNDER DEVELOPMENT

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

13. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

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

14. TRADE PAYABLES AND ACCRUED CHARGES

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

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

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

15. BORROWINGS

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

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

16. BONDS PAYABLE

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

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

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

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

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

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

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

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

17. SHARE CAPITAL

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

18. CAPITAL COMMITMENTS

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

19. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

Properties Development

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

Xiguan Project

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

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

Bagua Town Project I

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

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

Bagua Town Project II

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

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

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

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

Properties Investment

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

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

Properties Management

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

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

Hydroelectric Power Business

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

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

Financing and Capital Structure

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

Exposure to Fluctuation in Exchange Rates

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

Pledge of Assets

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

Contingent Liabilities

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

STAFF

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

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

MATERIAL ACQUISITION AND DISPOSAL

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

SIGNIFICANT INVESTMENT HELD

Save as otherwise disclosed, the Group did not have any significant investment held as at 30 September 2024.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

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

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EVENT AFTER REPORTING PERIOD

Change of Director

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

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

PROSPECT

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

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30 September 2024, the interests and short positions of the Directors or chief executive of the Company in the shares and share options of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance in Hong Kong (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

(i) Long Position in the shares of the Company (the "Shares")

Name of Directors	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage of issued share capital in the Company
Executive Director				
Wang Jing	Long Position	Interest of controlled corporation	108,591,364 (Note)	51.02%
Wang Xing Qiao	Long Position	Beneficial Owner	163,750	0.08%
Independent non-executive Director				
Zeng Guanwei	Long Position	Beneficial Owner	275,500	0.13%

Note: These 108,591,364 Shares are held by Achieve Prosper Capital Limited, a company wholly and beneficially owned by Hong Kong Shihua Holdings Limited, which is in turn wholly and beneficially owned by Liaoning Shihua (Group) Property Development Limited* (遼寧實華(集團)房地產開發有限公司) ("Liaoning Shihua"). Mr. Wang Jing is the beneficial owner of 82.8% of the equity interest in Liaoning Shihua. By virtue of the SFO, Mr. Wang Jing is deemed to be interested in these 108,591,364 Shares.

* The English name is for identification purposes only.

(ii) Directors' interests in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Long Position/ Short Position	Number of ordinary shares in Achieve	Approximate percentage of issued share capital in
				Prosper Capital Limited	Achieve Prosper Capital Limited
Achieve Prosper Capital Limited	Wang Jing	Interest of controlled corporation	Long Position	1,000,000	100%

Save as disclosed above and other than certain nominee shares in subsidiaries held by Directors in trust for the Company or its subsidiaries, as at the date of this report, none of the Directors, chief executive of the Company nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2024, the following persons, other than the interest disclosed in the section headed “Directors and chief executive’s interests and/or short positions in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporation”, had 5% or more interest in the Shares and underlying Shares have notified to the Company and have been recorded in the register of substantial shareholders’ interests in Shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name of shareholders	Nature of interest	Number of Shares and underlying Shares	Aggregate percentage of issued share capital as at 30 September 2024
Achieve Prosper Capital Limited	Beneficial owner	108,591,364	51.02%
Hong Kong Shihua Holdings Limited	Interest of controlled corporation	108,591,364	51.02%
Liaoning Shihua	Interest of controlled corporation	108,591,364	51.02%
Hu Bao Qin	Spouse interest	108,591,364	51.02%
Lushan Investment Holding Limited (Note 1)	Person having a security interest in shares	145,895,712	68.55%
China Huarong Asset Management Co., Ltd (Note 1)	Interest of controlled corporation	145,895,712	68.55%
China Huarong International Holdings Ltd (Note 1)	Interest of controlled corporation	145,895,712	68.55%
Lai Kar Yan (Note 2)	Receiver	108,591,364	51.02%
Chan Man Hoi (Note 2)	Receiver	108,591,364	51.02%
Hong Kong Huang Zi Shan Limited (Note 3)	Beneficial owner	145,895,711	68.55%
遼寧皇子山溫泉度假城開發有限公司 (Note 3)	Interest of controlled corporation	145,895,711	68.55%
Zou Xinyu (Note 3)	Interest of controlled corporation	146,795,711	68.97%
Zhang Dandan (Note 3)	Spouse interest	146,795,711	68.97%

Notes:

- These 145,895,712 Shares are held by Lushan Investment Holding Limited, a company wholly and beneficially owned by China Huarong International Holdings Ltd.
- 108,591,364 Shares (the “Charged Shares”) was pledged by Achieve Prosper Capital Limited in favour of Lushan Investment Holding Limited. On 6 November 2020, Lai Kar Yan and Chan Man Hoi were appointed as joint and several receivers over the Charged Shares. The Charged Shares represent approximately 51.02% of the issued share capital of the Company as at 30 September 2024.

3. On 19 July 2024, Lushan Investment Holding Limited entered into a deed of assignment with Hong Kong Huang Zi Shan Limited ("**Huang Zi Shan**"), that Lushan Investment Holding Limited shall assign on an as-is basis all of the Charged Shares and Huang Zi Shan shall acquire from Lushan Investment Holding Limited 37,304,347 Shares upon the completion of the assignment. Huang Zi Shan is a company incorporated in Hong Kong and is solely owned by Liaoning Huang Zi Shan Hot Spring Resort Development Limited* (遼寧皇子山溫泉度假城開發有限公司) ("**Liaoning Huang Zi Shan**"), a company incorporated in the PRC. Liaoning Huang Zi Shan is beneficially owned as to 67% by Mr. Zou Xinyu and 33% by Ms. Zhang Dandan, who is the spouse of Mr. Zou Xinyu. By virtue of the SFO, Mr. Zou Xinyu was deemed to be interested in 145,895,711 Shares.

Mr. Zou Xinyu owned 900,000 Shares. By virtue of the SFO, Ms. Zhang Dandan, as the spouse of Mr. Zou Xinyu was deemed to be interested in 146,795,711 Shares.

* *The English name is for identification purposes only.*

As at 30 September 2024, Achieve Prosper Capital Limited is wholly and beneficially owned by Hong Kong Shihua Holdings Limited, which is in turn wholly and beneficially owned by Liaoning Shihua. Mr. Wang Jing is the beneficial owner of 82.8% of the equity interest in Liaoning Shihua. By virtue of the SFO, Hong Kong Shihua Holdings Limited, Liaoning Shihua, Mr. Wang Jing and Ms. Hu Bao Qin, the spouse of Mr. Wang Jing, were deemed to be interested in the said 108,591,364 Shares held by Achieve Prosper Capital Limited.

On 30 December 2015, Achieve Prosper Capital Limited transferred the 326,086,956 then existing shares of the Company (being 16,304,348 Shares) which were conversion shares (the "**Conversion Shares**") of the Company and were issuable upon the exercise of the convertible bonds to Lushan Investment Holding Limited. During the year ended 31 March 2018, the convertible bonds were fully converted and a total of 326,086,956 then existing shares of the Company (being 16,304,348 Shares) were allotted and issued, credited as fully paid to Lushan Investment Holding Limited.

On 14 March 2016, Achieve Prosper Capital Limited entered into a share charge with Lushan Investment Holding Limited, pursuant to which Achieve Prosper Capital Limited has pledged 2,171,827,290 then existing shares of the Company (being 108,591,364 Shares) in favour of Lushan Investment Holding Limited. In addition, further 420,000,000 then existing shares of the Company (being 21,000,000 Shares) held by Achieve Prosper Capital Limited was transferred to Lushan Investment Holding Limited pursuant to the sale and purchase agreement entered by Achieve Prosper Capital Limited and Lushan Investment Holding Limited (please refer to the announcement of the Company dated 16 March 2016 for further details).

China Huarong International Holdings Ltd owns 100% of Lushan Investment Holding Limited, which is owned as to 88.1% by Huarong Real Estate Co., Ltd, which is in turn wholly-owned by China Huarong Asset Management Co., Ltd. By virtue of the SFO, both China Huarong International Holdings Ltd and China Huarong Asset Management Co., Ltd were deemed to be interested in the 145,895,712 Shares held by Lushan Investment Holding Limited as at 30 September 2024.

On 5 December 2024, Lushan Investment Holding Limited completed the assignment of the pledge of Charged Shares and the sale of 37,304,347 Shares to Huang Zi Shan (please refer to the announcement of the Company dated 5 December 2024 for details).

Save as disclosed above, as at 30 September 2024, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests, short positions or long positions in the Shares.

CHARGED SHARES HELD BY ACHIEVE PROSPER CAPITAL LIMITED

With reference to the announcement of the Company dated 13 November 2020, the Company was informed by its controlling shareholder, Achieve Prosper Capital Limited, on 12 November 2020 that it received a letter from Deloitte Touche Tohmatsu dated 6 November 2020 regarding the appointment of Lai Kar Yan and Chan Man Hoi as joint and several receivers over 2,171,827,290 then existing shares of the Company (being 108,591,364 Shares) held by Achieve Prosper Capital Limited. The Charged Shares represent approximately 51.02% of the issued share capital of the Company as at 31 March 2024. Please refer to the announcements of the Company dated 13 November 2020, 13 December 2020, 13 January 2021, 13 February 2021, 13 March 2021, 13 April 2021, 13 May 2021, 13 June 2021, 13 July 2021, 13 August 2021, 13 September 2021, 13 October 2021, 13 November 2021, 13 December 2021, 13 January 2022, 13 February 2022, 13 March 2022, 13 April 2022, 13 May 2022, 13 June 2022, 13 July 2022, 12 August 2022, 13 September 2022, 13 October 2022, 11 November 2022, 12 December 2022, 12 January 2023, 10 February 2023, 10 March 2023, 11 April 2023, 11 May 2023, 12 June 2023, 12 July 2023, 11 August 2023, 11 September 2023, 11 October 2023, 10 November 2023, 11 December 2023, 11 January 2024, 9 February 2024 and 11 March 2024 for further details.

CORPORATE GOVERNANCE

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all the Directors that they have complied with the Model Code throughout the six months ended 30 September 2024.

AUDIT COMMITTEE

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

BOARD OF DIRECTORS

As at 30 September 2024, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao, Mr. Zhao Shuang as executive Directors; and Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei as independent non-executive Directors.