



# 中国奇点国峰控股有限公司

China Qidian Guofeng Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 1280



**2024**  
**INTERIM REPORT**



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*The English names of the PRC entities mentioned in this interim report marked “\*” are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Yuan Li (*Chairman*)  
Mr. Xu Xinying (*Vice-Chairman*)  
Mr. Sun Yue (*Vice-Chairman and Chief Executive Officer*)  
(*Appointed on 27 May 2024*)  
Mr. Zhuang Liangbao

## NON-EXECUTIVE DIRECTORS

Mr. Gu Changchao (*Appointed on 21 January 2024*)  
Mr. Wang Xianfu (*Appointed on 27 May 2024*)  
Ms. Xu Honghong (*Removed on 21 January 2024*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Yihua  
Mr. Chen Rui  
Mr. Fung Tak Choi

## COMPANY SECRETARY

Ms. Wong Yuen Ki, *ACG, HKACC*

## AUDIT COMMITTEE

Mr. Zhang Yihua (*Chairman*)  
Mr. Chen Rui  
Mr. Fung Tak Choi

## REMUNERATION COMMITTEE

Mr. Zhang Yihua (*Chairman*)  
Mr. Yuan Li  
Mr. Chen Rui

## NOMINATION COMMITTEE

Mr. Chen Rui (*Chairman*)  
Mr. Zhang Yihua  
Mr. Fung Tak Choi

## AUTHORISED REPRESENTATIVES

Mr. Yuan Li  
Ms. Wong Yuen Ki

## REGISTERED OFFICE

The offices of Vistra (Cayman) Limited  
P.O. Box 31119 Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman  
KY1-1205  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN CHINA

Room 3602, Jingxing Sea Building  
No. 3125, Linhai Avenue, Nanshan Street  
Qianhai Shenzhen-Hong Kong Cooperation Zone  
Shenzhen, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Yangzhou Branch)  
No. 541 Wenchang Middle Road  
Yangzhou City  
Jiangsu Province  
PRC

Agricultural Bank of China (Wenchang Branch)  
No. 334 Wenchang West Road  
Hanjiang District  
Yangzhou City  
Jiangsu Province  
PRC

China Construction Bank (Yangzhou Branch)  
No. 398 Wenchang Middle Road  
Yangzhou City  
Jiangsu Province  
PRC

China Citic Bank (Yangzhou Branch)  
No. 171 Weiyang Road  
Yangzhou City  
Jiangsu Province  
PRC

## STOCK CODE

1280

## WEBSITE OF THE COMPANY

[www.qidianguofeng.cn](http://www.qidianguofeng.cn)  
(information on the website does not form part of this interim report)



# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

The year 2024 is the third year of the “14th Five-Year Plan” and the second year of economic recovery after the pandemic. The disruptions of the pandemic and the economy in the post pandemic era are still recovering and the downward trend in growth has improved significantly. In the past half of 2024, China’s economy has generally continued to rebound and improve, with high-quality development advancing solidly. However, it still faces challenges such as insufficient effective demand and weak social expectations.

## BUSINESS REVIEW

Since the beginning of 2024, the successive introduction of trade-in policies has effectively boosted domestic sales demand for home appliances. On 7 March 2024, the State Council issued a notice on the “Action Plan to Promote the Large-scale Renewal of Equipment and the Trading-in of Consumer Goods” (《推動大規模設備更新和消費品以舊換新行動方案》) to support home appliance sales companies in cooperating with production companies and recycling companies to carry out trade-in promotions; On 28 April 2024, the General Office of the Ministry of Commerce and the General Office of the Ministry of Finance issued a notice on “Improving the Renewable Resource Recycling System and Supporting the Trade-in of Durable Consumer Goods Such as Home Appliances” (《關於完善再生資源回收體系·支持家電等耐用消費品以舊換新》) to help local governments promote the trade-in of durable consumer goods such as home appliances. The performance of the home appliance market has gradually decoupled from the real estate sector, and the sales of white appliances have grown against the trend, driving the industry’s recovery as expected.

Liu Zhenguo (劉振國), deputy secretary-general of the China Alcoholic Drinks Association (中國酒業協會), said that since 2023-2024, the liquor industry has shown a decline in output, an increase in sales revenue, an increase in total profits, obvious industry differentiation, and obvious characteristics of the dual rationality of consumption and the era of stock. From the consumer market feedback, in the first half of 2024, 80% of the surveyed liquor enterprises said that the market had become colder, and there was competition on the liquor production side and the circulation side, showing obvious consumption diversification and strong differentiation.

As for the training business that the Company has engaged in since last year, the government has introduced a number of policies such as tax and fee reductions, and optimization of the business environment to encourage and support the development of small and medium-sized enterprises, and continuously invigorate market entities. Data from the State Administration for Market Regulation show that as of the end of May 2024, there were 180.45 million private economic entities in China, accounting for 96.4% of the total number of business entities, up from 95.5% in 2019, including 55.177 million private enterprises and 125.273 million self-employed individuals. The proportion of the private economy in China’s economy has steadily increased, and it has become a new force in promoting Chinese-style modernization and an indispensable and important foundation for high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS

As a diversified enterprise integrating home appliance retail sales and liquor business and training business, the Group continuously promotes optimization and improvement in various aspects such as alliance among different industries, aftersales and logistics support, enterprise culture, informatization system, digitalization and internal control system. The Group continuously promotes work in the aspects below:

### 1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUSING ON MARKETING AND PAYING ATTENTION TO MARKETING RETURN OF EMERGING CHANNELS

Under the macro environment of the slowdown of economic growth and frequent external black swan events, corporates of consumer goods are facing greater challenges, which brings larger demand for differentiated and refined operations. Channels of postpandemic are changing obviously. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development bonus period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, despite pressure during the pandemic, there is an integration tendency of home appliance channel front-loading with home construction materials, and lower tier markets have been constantly refined and expanded.

The Group, as a chain retailer in the third- and fourth-tier cities, on the one hand, further deepens the role of fragmented channels in promoting marketing, and on the other hand, promotes the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable, cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live streaming, short video, wechat community etc., so as to improve the Group's retail performance.

### 2. STRENGTHENING THE CONSTRUCTION OF DISTRIBUTORS AND STEADILY EXPANDING THE SALES MARKET OF MAOTAI-FLAVOR LIQUOR

In the first half of 2024, China's liquor market still showed solid risk resistance and continued development resilience. Consumers have decreased their purchases, but not their pursuit of quality, and cost-effectiveness is the core support for consumers' rational choices. In terms of products, popularized liquor products with "high quality and excellent price" have shown strong growth momentum.

During the period ended 30 June 2024 (the "Reporting Period"), the Company paid close attention to and conducted research on the industry development trend, based on which to actively promote Maotai-flavor Liquor business line, strengthen the construction of distributors, vigorously develop Maotai-flavor Liquor business, thus developing a secondary growth curve for business growth and steadily enhancing the profitability of the Company. On one hand, Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒業有限公司) ("Guizhou Guofeng"), a subsidiary of the Company in liquor industry, launched the exclusive Guofeng Maotai-flavor Liquor (國峰醬酒), which aims at mid- to high-end market. Being overseen by various China liquor consultants with a background in state-owned enterprises in production technology processes, the Guofeng Maotai-flavor Liquor has guaranteed quality and higher value of collection and tasting. Currently, the Guofeng Maotai-flavor Liquor has gradually formed a multi-channel sales model, which consists of offline distributors + online store, livestreaming, sales on social media communities and private e-commerce. It will grasp the development potential opportunities of Maotai-flavor liquor, attract related distributors, increase sales and steadily improve the Company's performance. Meanwhile, during the Reporting Period, Guizhou Guofeng orderly organized eight times of "Tour





## MANAGEMENT DISCUSSION AND ANALYSIS

in Liquor City (酒都資本之旅)” and 974 times of tasting investment fairs. Making full use of the high socialized nature of liquor, step by step and with diligence and care, Guizhou Guofeng expanded the scale of distributors and market of Maotai-flavor liquor, improved coverage at the point of sale, kept making efforts on offline sales to form favorable interaction with online marketing, thus giving a strong push on the Company’s results. On the other hand, Yuanli Liquor (Shenzhen) Co., Ltd. (原力酒業(深圳)有限公司) (“**Yuanli Liquor**”), a subsidiary of the Company in liquor industry, kept optimizing the product design including logo and packages as well as cultivating and improving the operating and marketing capabilities. Maotai-flavor liquor products were released as scheduled.

### 3. DEVELOPING THE TRAINING BUSINESS AND INJECTING NEW GROWTH MOMENTUM

While steadily promoting home appliances and Maotai-flavor Liquor business, the Company actively explored new growth opportunities for its business. Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司) (“**Shenzhen Co**”), a subsidiary owned as to 75% by the Company, entered into an agency agreement with Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司) (“**Beijing Shengshang**”), pursuant to which Shenzhen Co acted as Beijing Shengshang’s agent for sales and promotion of Beijing Shengshang’s training courses and services for micro-, small- and medium-sized enterprises. Also, Shenzhen Co focused on agency services for business management courses designed and delivered by course providers and sales, marketing and provision of training services including capital market investment and financing, which injected new growth momentum for the result development of the Company.

## FINANCIAL REVIEW

### REVENUE

For the six months ended 30 June 2024, the Group’s revenue was approximately RMB173.3 million, representing an increase of 23.2% from approximately RMB140.7 million for the six months ended 30 June 2023.

Turnover of the Group comprising revenues by operations is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
Types of goods and services		
Sales of home appliances	118,492	121,667
Sales of liquor	36,308	17,235
Maintenance and installation service	—	1,835
Education-related training services	18,535	—
Total revenue	173,335	140,737

### COST OF SALES

For the six months ended 30 June 2024, the cost of sales of the Group was approximately RMB140.6 million, increased by 20.9% from approximately RMB116.3 million for the six months ended 30 June 2023, which was due to an increase of sales volume.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROSS PROFIT

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB32.7 million, increased by 34.0% from approximately RMB24.4 million for the six months ended 30 June 2023.

### OTHER INCOME

For the six months ended 30 June 2024, other income recorded by the Group amounted to approximately RMB4.1 million, representing an increase of 2.5% in comparison to approximately RMB4.0 million for the six months ended 30 June 2023.

### OTHER (LOSS)/GAINS

For the six months ended 30 June 2024, the Group recorded other net loss of approximately RMB2.2 million as compared to gain of approximately RMB103.4 million for the six months ended 30 June 2023.

### SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2024, the Group's total selling and marketing expenses amounted to approximately RMB41.5 million, representing an increase of 88.7% from approximately RMB22.0 million for the six months ended 30 June 2023.

### ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2024, the Group's total administrative expenses amounted to approximately RMB21.6 million, increased by 76.7% from approximately RMB12.2 million for the six months ended 30 June 2023.

### OPERATING (LOSS)/PROFIT

For the six months ended 30 June 2024, the operating loss amounted to approximately RMB28.5 million, decreased by 129.2% from the operating profit of approximately RMB97.6 million for the six months ended 30 June 2023.

### FINANCE COSTS-NET

For the six months ended 30 June 2024, the net financial cost of the Group amounted to approximately RMB9.4 million, representing a decrease of 21.7% in comparison to approximately RMB12.0 million for the six months ended 30 June 2023.

### (LOSS)/PROFIT BEFORE INCOME TAX

For the six months ended 30 June 2024, the loss before income tax amounted to approximately RMB37.9 million, while the profit before income tax was approximately RMB85.6 million for the six months ended 30 June 2023.

### INCOME TAX CREDIT/(EXPENSE)

For the six months ended 30 June 2024, the income tax credit of the Group amounted to approximately RMB5,000, while the income tax expense was approximately RMB36,000 for the six months ended 30 June 2023.

### (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the six months ended 30 June 2024 was approximately RMB32.6 million, while there was profit attributable to equity holders of approximately RMB86.6 million for the six months ended 30 June 2023.





## MANAGEMENT DISCUSSION AND ANALYSIS

### CASH AND CASH EQUIVALENTS

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB29.3 million, representing a decrease of 81.9% from approximately RMB162.3 million as at 31 December 2023.

### INVENTORIES

As at 30 June 2024, the Group's inventories amounted to approximately RMB58.9 million, representing an increase of 4.4% from approximately RMB56.4 million as at 31 December 2023.

### PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2024, prepayments, deposits and other receivables of the Group amounted to approximately RMB22.1 million, representing a decrease of 44.9% from approximately RMB40.1 million as at 31 December 2023.

### TRADE AND BILLS RECEIVABLES

At 30 June 2024, trade and bills receivables of the Group amounted to approximately RMB10.0 million, representing an increase of 163.2% from approximately RMB3.8 million as at 31 December 2023.

### TRADE AND BILLS PAYABLES

At 30 June 2024, trade and bills payables of the Group amounted to approximately RMB24.3 million, representing a decrease of 33.6% from approximately RMB36.6 million as at 31 December 2023.

### GEARING RATIO AND THE BASIS OF CALCULATION

As at 30 June 2024, gearing ratio of the Group was 291.9%, in comparison to 232.7% as at 31 December 2023. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

### LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2024, the Group's cash and cash equivalents (excluding the restricted cash) were approximately RMB29.3 million (31 December 2023: approximately RMB162.3 million).

The net current liabilities of the Group were approximately RMB102.7 million (31 December 2023 net assets : approximately RMB20.5 million), which consisted of current assets of approximately RMB122.0 million (31 December 2023: approximately RMB267.5 million) and current liabilities of approximately RMB224.7 million (31 December 2023: approximately RMB247.0 million).

The Group manages its capital structure to finance its overall operation by using different sources of funds. As at 30 June 2024, the interest-bearing borrowings of the Group amounted to approximately RMB158.9 million, decreased from approximately RMB471.2 million as at 31 December 2023. As at 30 June 2024, the Group's borrowings were denominated in RMB and Hong Kong Dollar with fixed interest rate ranging from 4.5% to 6.5%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN CURRENCIES AND TREASURY POLICY

All the income and the majority of expenses of the Group were denominated in RMB. During the six months ended 30 June 2024, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

### LITIGATION AND CONTINGENCIES

As at 30 June 2024, the Group had no significant contingent liabilities.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

### EMPLOYMENT AND REMUNERATION POLICY

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region. Our management receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments.

The remuneration of other employees comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, the Group participates in different social welfare plans for the employees.

### HUMAN RESOURCES

As at 30 June 2024, the Group had 349 employees, increased by 16.3% from 300 employees as at 31 December 2023.

### SIGNIFICANT INVESTMENTS

As at 30 June 2024, the Group did not hold any significant investments, the fair value of which accounted for more than 5% of the Group's total assets.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have any plans for future material investments and capital assets with established and legally enforceable contracts for the coming year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

On 19 June 2024, Beijing Qidian New Business Technology Co., Ltd.\* (北京奇点新商业科技有限公司), an indirect wholly-owned subsidiary of the Company as the seller and Guangdong Shengrong Financial Services Holdings Limited\* (廣東聖融金服控股有限公司) as the purchaser entered into an equity transfer agreement, pursuant to which Beijing Qidian New Business Technology Co., Ltd. agreed to dispose the entire issued share capital of Yangzhou Laihao Electrical Appliances Trading Co., Ltd.\* (揚州來好電器商貿有限公司) at a consideration of RMB29,300,000, which was settled by offsetting firstly the outstanding principal amount and then the outstanding accrued interest under a loan agreement dated 25 October 2022 provided by Guangdong Shengrong Financial Services Holdings Limited. Upon completion of such disposal, the principal amount outstanding under the loan agreement was fully settle and the remaining outstanding sum of RMB12,613,199.67 would be repaid by Beijing Qidian New Business Technology Co., Ltd. by 13 June 2025. For details, please refer to the announcements of the Company dated 20 June 2024 and 28 June 2024.

### FUTURE OUTLOOK

In the second half of the year, China's economy will continue to rebound and improve. Considering that the base number for the same period in the second half of the year is higher than that of the second quarter, GDP is expected to be around 5% year-on-year in the third and fourth quarters, and the full-year growth rate will be around 5.1%.

#### 1. TRADE-IN POLICY DRIVING HOME APPLIANCE REPLACEMENT AND ITERATION

A spokesman for the National Development and Reform Commission (NDRC) said that from January to May this year, the trade-in sales of home appliances on major e-commerce platforms have increased by more than 80%, and trade-in has become an important factor in boosting the growth of home appliance consumption. It is expected that by 2025, the market share of high-efficiency and energy-saving home appliances will be further increased, and the recycling volume of waste home appliances will increase by 15% compared with 2023.

In the future, the Group will, on the one hand, focus on analyzing macro and related industry policies and study the impact of policies on home appliances. On the other hand, the Group will promptly adjust its marketing strategy and provide services such as community access, door-to-door collection, free dismantling, delivery of new and used machines, and discounts on old machines etc., so as to optimize the active corresponding policies, and appropriately increase sales of air conditioners, refrigerators, washing machines and other major appliances in accordance with the policy.

#### 2. UNDER THE DIGITAL TRANSFORMATION, ACTIVELY PROMOTING THE SALES OF SMART HOME APPLIANCES

Since the 18th CPC National Congress, the country has continued to attach greater importance to the digital economy, and policy support has continued to increase. The government work report in March 2024 clearly stated a series of requirements such as "vigorously promoting the construction of a modern industrial system and accelerating the development of material productivity" and "deeply promoting the innovative development of the digital economy".

## MANAGEMENT DISCUSSION AND ANALYSIS

According to data from the Bureau of Statistics, the total retail sales of consumer goods such as home appliances and audio-visual equipment in 2023 was basically the same year-on-year. However, in contrast to the overall slowdown in the growth rate of home appliance consumption, the demand for smart home appliance was strong and the penetration rate continued to increase. According to data of the China Commercial Industry Research Institute(中商產業研究院), the compound growth rate of China's smart home appliance market from 2017 to 2022 was 18.30%, and the market penetration rate increased from 42% to 50%, with a wide space for development. As artificial intelligence (AI), Internet of Things (IoT) and other technologies are integrated with the home appliance industry, product functions are constantly expanding, and a large number of smart products are emerging. At the same time, as residents' incomes increase, people pursue a more comfortable and quality home life, and their demand for smart products continues to grow, showing that there is broad room for development in the market for smart home appliances.

In view of the above prospects, as a diversified retailer of home appliances in third- and fourth-tier cities, the Group will make full use of the continued growth in demand for smart home appliances to strengthen the sales and promotion of smart home appliances and satisfy the diversified needs of consumers, and strive to improve the retail performance of home appliances.

### 3. THE ONLINE AND OFFLINE EFFORTS IN MAOTAI-FLAVOR LIQUOR AREA CONTINUOUSLY IMPROVING RESULTS AND PROFITABILITY

According to the data from Lanjinger (藍鯨財經), the sales income of Maotai-flavor liquor industry will amount to RMB255.6 billion by 2026, with the average annual growth rate maintaining at 6.50%. As the Central Economic Work Conference held at the end of 2022 took the recovery of consumption as the primary development strategy, the Maotai-flavor liquor industry will embrace development opportunities under the economic recovery.

According to the "2023-2028 In-Depth Analysis and Investment Value Research and Consultation Report of the Maotai-flavor Liquor Industry (《2023-2028年醬香型白酒行業深度分析及投資價值研究諮詢報告》)" by the Zero Power Intelligence Research Institute (中研普華研究院), it is shown that 2023 will be a watershed in the development of Chinese liquor. In the context of a market where brand potential continues to be strengthened, market competition will be unprecedentedly fierce.

In view of the multiple opportunities and challenges in the sustainable development of Maotai-flavor liquor industry, in the future, by making best use of the special nature of Maotai-flavor liquor, such as high social nature, strong demand, stable customer base and increasingly young customers, the Company will put efforts on online shopping malls, live broadcasts, private domain e-commerce and offline distributors, including reshaping consumption occasion, expanding customer source, innovating package design, enhancing brand operational ability and digital marketing, pay attention to consumer interaction, finally form a perfect closed loop of win-win, co-creation and sharing between distributors and consumers, and steadily enhance the competitiveness and market share of Maotai-flavor liquor.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. GRASPING THE DEVELOPMENT POTENTIAL OF TRAINING MARKET AND STEADILY PROMOTING TRAINING BUSINESS

In the second half of 2024, the economy recovery may present a feature of “developing and advancing with fluctuation” with the structural adjustment of national economy, gradual recovery of endogenous momentum and refreshed economy vitality. The development vitality and service demand of small- and medium-sized enterprises will also be gradually released due to the gradual resuscitation of domestic economy.

The Group will grasp the favorable opportunity with the improvement of macro economy and the recovery of small- and medium-sized enterprises’ vitality, continue to expand the Group’s training business by relying on Shenzhen Co, our subsidiary. The Group will steadily develop training agency business of training courses for small- and medium-sized enterprises, take full advantage of its self-course research and development and agent training business course model, and deeply engage in five training businesses (i.e. investment and financing in capital market, family education, sinology, study tour and new media). Meanwhile, the Group will enhance marketing strategy such as “precision marketing”, aiming at special target student and customer, and adopt targeted marketing strategies in the aspects of marketing strategies, means, ways and price, so as to improve the market shares and the brand influence of the Company when meeting personalized demand of student and customers.

## OTHER INFORMATION

### THE 2023 SHARE AWARD SCHEME

On 15 June 2023, the Company adopted the 2023 share award scheme (the “**2023 Share Award Scheme**”), which shall be valid and effective for a term of 10 years commencing on the adoption date of the 2023 Share Award Scheme (the “**Adoption Date**”). As at the Adoption Date, the maximum number of Shares to be purchased and allocated pursuant to the 2023 Share Award Scheme on the Adoption Date was 21,927,974 Shares, representing approximately 10% of the then existing issued Shares of the Company (i.e. the Scheme Mandate Limit). Within the Scheme Mandate Limit, the total number of Shares which may be issued pursuant to awards to be granted to service provider participants under the 2023 Share Award Scheme was not more than 19,735,176 Shares (the “**Service Provider Sublimit**”).

The details of the 2023 Share Award Scheme were disclosed in the announcements of the Company dated 16 February 2023, 17 May 2023 and the circular dated 22 May 2023.

As at 1 January 2024, 21,927,974 Shares and 19,735,176 Shares were available for grant under the Scheme Mandate Limit and the Service Provider Sublimit, respectively.

On 25 January 2024, the Company adopted the proposed amendments to the 2023 Share Award Scheme. The details of the proposed amendments to the 2023 Share Award Scheme were disclosed in the announcements of the Company dated 5 December 2023, 25 January 2024 and the circular dated 5 January 2024.

As at 25 January 2024, 21,927,974 Shares and 15,349,582 Shares were available for grant under the Scheme Mandate Limit and the Service Provider Sublimit, respectively.

On 27 May 2024 (the “**Grant Date**”), the Company granted award shares (the “**Award Shares**”) pursuant to the 2023 Share Award Scheme and proposed refreshment of scheme mandate limit, details of which were disclosed in the announcements of the Company dated 27 May 2024, 8 August 2024 and the circular dated 19 July 2024.

During the six months ended 30 June 2024, 10,307,678 Award Shares involving 10,307,678 new Shares, representing approximately 1.30% of the total issued Shares as at the Grant Date were granted under the 2023 Share Award Scheme. It follows that, as of 30 June 2024, 11,620,296 Shares and 9,794,582 Shares were available for grant under the 2023 Share Award Scheme Limit and the Service Provider Sublimit, respectively.



## OTHER INFORMATION

10,307,678 shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue (excluding treasury shares) for the six months ended 30 June 2024 is 2.8%.

The table below sets out the details of movements of the Award Shares granted during the period from 1 January 2024 to 30 June 2024 under the 2023 Share Award Scheme:

Name or category of selected participants	Position	Date of grant	Vesting period	Outstanding as at 1 January 2024	Number of Award Shares				Performance target						
					Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period							
<b>Director of the Company</b>															
Sun Yue	Executive Director, vice chairman and chief executive officer	27 May 2024	From 8 August 2024 to 7 September 2024	–	3,965,678	0	0	0	0	3,965,678	0	0.75	0.84	N/A	Note 1
<b>Senior management of the Group</b>															
Yu Kun	executive director and general manager of Guizhou Huairen Guofeng Co., Ltd.	27 May 2024	From 27 May 2024 to 26 May 2025	–	100,000	0	0	0	0	100,000	0	0.75	0.84	N/A	Note 2
<b>Employees of the Group</b>															
Employee participants		27 May 2024	From 27 May 2024 to 26 May 2025	–	687,000	0	0	0	0	787,000	0	0.75	0.84	N/A	Note 2
<b>Service Providers</b>		27 May 2024	From 27 May 2024 to 26 May 2025	–	5,555,000	0	0	0	0	5,555,000	0	0.75	0.84	N/A	Note 2
Total				–	10,307,678	0	0	0	0	10,307,678	0				

Notes:

- (1) There is no performance target for the grantee(s). In considering the grant of Award Shares to Mr. Sun, the Remuneration Committee has considered the extensive experiences of Mr. Sun in the alcoholic beverage industry and the Award Shares to attract and induce Mr. Sun in accepting the employment offer made by the Group to him.
- (2) There is no performance target for the grantee(s). In considering the grant of Award Shares made to the other grantees, the Remuneration Committee has taken into account the following factors: (i) the expected value of the Award Shares subject to the future market price of the Shares, which in turn depends on the business performance of the Group; and (ii) the sales performance and contributions made by the grantees during the year 2023.
- (3) The fair value of the Award Shares was calculated based on market price of the Company's Shares as at the respective grant date.



## OTHER INFORMATION

### AUTHORISED SHARE CAPITAL OF THE COMPANY

As at 30 June 2024, the authorised share capital of the Company was US\$100,000,000 divided into 5,000,000,000 Shares.

### DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBT SECURITIES

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance ("SFO") or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the Reporting Period, there was no transaction, agreement or contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had, whether directly or indirectly, a material interest.

### DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the Directors and chief executives of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of part XV of the SFO which had to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which was required, under Section 352 of the SFO, to be entered in the register referred to in that section, or under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name	Name of corporation	Capacity and nature of interest	Aggregate number of ordinary shares or underlying shares	Approximate percentage of interest in the corporation
Yuan Li <sup>(Note 1)</sup>	The Company	Interest of controlled corporation	383,096,117 shares (L)	48.30%
Xu Xinying <sup>(Note 2)</sup>	The Company	Interest of controlled corporation	31,208,186 shares (L)	3.93%
Zhuang Liangbao <sup>(Note 3)</sup>	The Company	Interest of controlled corporation	2,960,928 shares (L)	0.37%

(L) Denotes long position

Note:

- (1) The 298,472,783 shares were held by Noble Trade International Holdings Limited\* (聖行國際集團有限公司) (formerly 聖商國際集團有限公司) ("Noble Trade International") as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. ("Mogen"). Mogen was owned as to (i) 38.48% by Mr. Yuan Li through Greatssjy Co., Ltd.; (ii) 14.06% by Mr. Xu Xinying through Xu Xinying Co., Ltd.; (iii) 2.96% by Mr. Zhuang Liangbao through Zhuanglb Co., Ltd.. The 84,623,334 shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was 100% wholly-owned by Mr. Yuan Li.
- (2) The 31,208,186 shares were held by Xu Xinying Co., Ltd. as beneficial owner. Xu Xinying Co., Ltd. was 100% wholly-owned by Mr. Xu Xinying.
- (3) The 2,960,928 shares were held by Zhuanglb Co., Ltd. as beneficial owner. Zhuanglb Co., Ltd. was 100% wholly-owned by Mr. Zhuang Liangbao.



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2024, the interests or short positions of those persons (other than Directors or chief executives whose interests are disclosed above) in the ordinary shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Name of corporation	Capacity and Nature of interest	Aggregate number of ordinary shares	Approximate percentage of interest in the corporation
Mogen Ltd. <sup>(Note 1)</sup>	The Company	Interest of controlled corporation	298,472,783 shares (L)	37.63%
Noble Trade International Holdings Limited* (聖行國際集團有限公司) <sup>(Note 1)</sup>	The Company	Beneficial owner	298,472,783 shares (L)	37.63%
Greatssjy Co., Ltd. <sup>(Note 2)</sup>	The Company	Beneficial owner	84,623,334 shares (L)	10.67%
Yuan Yang <sup>(Note 3)</sup>	The Company	Interest of controlled corporation	57,264,356 shares (L)	7.22%
Heimazhidi Co., Ltd. <sup>(Note 4)</sup>	The Company	Beneficial owner	52,230,777 shares (L)	6.59%
Yayue Longte Co., Limited (亞悅隆特有限公司) <sup>(Note 5)</sup>	The Company	Beneficial owner	43,855,948 shares (L)	5.53%
Liu Yang <sup>(Note 5)</sup>	The Company	Interest of controlled corporation	43,855,948 shares (L)	5.53%
Shengshangmingyue Co., Ltd. <sup>(Note 6)</sup>	The Company	Beneficial owner	43,792,131 shares (L)	5.52%

(L) Denote long position

Notes:

- (1) 298,472,783 Shares were held by Noble Trade International as beneficial owner. Noble Trade International was wholly-owned by Mogen. Mogen was owned as to (i) 38.48% by Mr. Yuan Li through Greatssjy Co., Ltd.; (ii) 14.06% by Mr. Xu Xinying through Xu Xinying Co., Ltd.; (iii) 2.96% by Mr. Zhuang Liangbao through Zhuanglb Co., Ltd.
- (2) 84,623,334 Shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was wholly-owned by Mr. Yuan Li.
- (3) 43,792,131 Shares were held by Shengshangmingyue Co., Ltd. as beneficial owner. Shengshangmingyue Co., Ltd. was owned at to 80% by Mr. Yuan Yang. 13,472,224 Shares were held by Energystone Co., Ltd. as beneficial owner. Energystone Co., Ltd. was wholly-owned by Mr. Yuan Yang.
- (4) 52,230,777 Shares were held by Heimazhidi Co., Ltd. as beneficial owner.
- (5) 43,855,948 Shares were held by Yayue Longte Co., Limited (亞悅隆特有限公司) as beneficial owner. Yayue Longte Co., Limited (亞悅隆特有限公司) was wholly-owned by Ms. Liu Yang.
- (6) 43,792,131 Shares were held by Shengshangmingyue Co., Ltd. as beneficial owner.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period from 1 January 2024 up to the date of this interim report, no Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to enhancing corporate governance, and the Board reviews and updates all necessary measures from time to time in order to promote good corporate governance.

Throughout the six months ended 30 June 2024, the Company has complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in the Part 2 of Appendix C1 to the Listing Rules, except for the deviation from the code provision C.2.1 of the Code. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this report, Mr. Yuan Li acted as an executive Director and the chairman of the Board, and assumed the interim duties and responsibilities of the chief executive following the resignation of Ms. Liu Simei on 23 September 2022. However, having considered the nature and extent of the Company’s operations, and Mr. Yuan Li’s in-depth knowledge and experience in the industry and familiarity with the operations of the Company, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances thereby facilitating the execution of the Group’s business strategies and boosting effectiveness of its operation, as well as enabling more effective planning and better execution of long-term strategies.

In order to comply with code provision C.2.1 of the CG Code that the roles of chairman and chief executive should be separate and should not be performed by the same individual, with effect from 27 May 2024, Mr. Sun Yue, an executive Director, has been appointed as the new chief executive officer of the Company. Mr. Yuan Li will remain as an executive Director, the chairman of the Board and the member of the remuneration committee of the Company. For details, please refer to the announcement of the Company dated 27 May 2024.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made with all Directors and each of the Directors has confirmed his/her compliance with the required standard set out in the Model Code during the six months ended 30 June 2024.

The Company has also established the written guidelines no less exacting than the Model Code for securities transactions by relevant employees of the Company (the “**Employees Written Guidelines**”). No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.



## OTHER INFORMATION

### AUDIT COMMITTEE

During the six months ended 30 June 2024, the Audit Committee comprises the independent non-executive Directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Mr. Fung Tak Choi, including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

As of the date of this report, the composition of the Audit Committee is in compliance with relevant requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the CG Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained a sufficient public float throughout the period from 1 January 2024 to 30 June 2024, and up to the date of this report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not have any treasury shares.

### EVENTS AFTER THE REPORTING PERIOD

On 28 June 2024, the Company entered into subscription agreements and supplemental subscription agreements with two subscribers, Yayue Longte Co., Limited and Oupu Shanwei International Holdings Limited respectively, pursuant to which, the Company conditionally agreed to allot and issue and the two subscribers conditionally agreed to subscribe for an aggregate of 158,627,138 Shares, representing 20% of the then issued share capital of the Company, at the subscription price of HK\$0.515 per Share. The net proceeds from the subscriptions amounted to HK\$80,917,094.66 and the Company intended to apply such net proceeds for repayment of debts, general working capital and corporate expenses for the Group. The subscription agreements were completed on 9 July 2024. For details, please refer to the announcements of the Company dated 28 June 2024, 2 July 2024 and 9 July 2024.

On 26 July 2024 (after trading hours), the Company entered into an acquisition agreement with the vendors of Shengshang Entrepreneurial Services Co., Ltd., pursuant to which the Company has conditionally agreed to acquire and the vendors have conditionally agreed to sell the sale shares, representing the entire issued share capital of Shengshang Entrepreneurial Services Co., Ltd.. The consideration of the acquisition agreement amounts to HK\$340,000,000, which will be settled by way of consideration shares, being 850,000,000 Shares of the Company. For further details, please refer to the announcement of the Company dated 26 July 2024 and the circular of the Company dated 4 September 2024.

On behalf of the Board

**Yuan Li**

*Chairman*

Hong Kong, 26 August 2024

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		892	7,423
Right-of-use assets		11,424	14,544
Investment properties		—	24,189
		<b>12,316</b>	<b>46,156</b>
<b>Current assets</b>			
Inventories	4	58,872	56,392
Trade and bills receivables	5	9,995	3,760
Prepayments, deposits and other receivables	6	22,090	40,033
Restricted bank deposits	7	1,670	5,020
Cash and cash equivalents	8	29,324	162,301
		<b>121,951</b>	<b>267,506</b>
<b>Total assets</b>		<b>134,267</b>	<b>313,662</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	9	110,774	29,174
Reserves		(379,618)	(461,822)
		<b>(268,844)</b>	<b>(432,648)</b>
<b>Non-controlling interests</b>		<b>11,190</b>	<b>16,546</b>
<b>Total equity</b>		<b>(257,654)</b>	<b>(416,102)</b>



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	158,909	471,192
Lease liabilities		8,016	11,317
Provision for reinstatement costs		282	282
		<b>167,207</b>	<b>482,791</b>
<b>Current liabilities</b>			
Trade and bills payables	10	24,326	36,557
Accruals and other payables	11	101,998	97,703
Contract liabilities		36,750	48,484
Lease liabilities		7,845	10,434
Other current liabilities		53,560	53,560
Provision for reinstatement costs		235	235
		<b>224,714</b>	<b>246,973</b>
<b>Total liabilities</b>		<b>391,921</b>	<b>729,764</b>
<b>Total equity and liabilities</b>		<b>134,267</b>	<b>313,662</b>
<b>Net current (liabilities)/assets</b>		<b>(102,763)</b>	<b>20,533</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	13	173,335	140,737
Cost of sales		(140,630)	(116,345)
<b>Gross profit</b>		<b>32,705</b>	24,392
Other income	14	4,111	4,018
Other (losses)/gains, net	15	(2,223)	103,405
Selling and marketing expenses		(41,497)	(21,995)
Administrative expenses		(21,620)	(12,241)
<b>Operating (loss)/profit</b>		<b>(28,524)</b>	97,579
Finance income		292	128
Finance costs		(9,708)	(12,151)
Finance costs – net	17	(9,416)	(12,023)
<b>(Loss)/profit before income tax</b>	16	<b>(37,940)</b>	85,556
Income tax credit/(expense)	18	5	(36)
<b>(Loss)/profit for the period</b>		<b>(37,935)</b>	85,520
<b>Attributable to:</b>			
– Equity holders of the Company		(32,579)	86,612
– Non-controlling interests		(5,356)	(1,092)
		(37,935)	85,520
(Loss)/earning per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	19	(0.09)	0.40
Dividends	21	—	—





## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Total comprehensive (loss)/profit for the period</b>	<b>(37,935)</b>	85,520
<b>Attributable to:</b>		
– Equity holders of the Company	<b>(32,579)</b>	86,612
– Non-controlling interest	<b>(5,356)</b>	(1,092)
	<b>(37,935)</b>	85,520

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Sub-total RMB'000	Total equity RMB'000
<b>Balance at 1 January 2023</b>	29,174	1,885,248	28,007	55,395	(2,486,326)	(488,502)	17,786	(470,716)
Profit/(loss) and total comprehensive profit/(loss) for period	—	—	—	—	86,612	86,612	(1,092)	85,520
Disposal of subsidiaries	—	—	—	—	—	—	904	904
<b>Balance at 30 June 2023</b>	29,174	1,885,248	28,007	55,395	(2,399,714)	(401,890)	17,598	(384,292)
<b>Balance at 1 January 2024</b>	29,174	1,885,248	28,007	55,395	(2,430,472)	(432,648)	16,546	(416,102)
Loss and total comprehensive loss for period	—	—	—	—	(32,579)	(32,579)	(5,356)	(37,935)
Issue new shares	81,600	114,783	—	—	—	196,383	—	196,383
<b>Balance at 30 June 2024</b>	110,774	2,000,031	28,007	55,395	(2,463,051)	(268,844)	11,190	(257,654)



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Net cash (used in)/generated from operating activities	(38,255)	14,297
Net cash (used in)/generated from investing activities	(210)	62,137
Net cash used in financing activities	(94,512)	(51,526)
Net (decrease)/increase in cash and cash equivalents	(132,977)	24,908
Cash and cash equivalents at beginning of period	162,301	8,359
Cash and cash equivalents at end of period	29,324	33,267
Analysis of balances of cash and cash equivalents		
Bank and cash balances	29,324	33,267

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is principally engaged in investment holding. The principal activities of the Group included (i) the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance; (ii) the liquor business; and (iii) education-related training services in the People's Republic of China (the "PRC").

The shares of the Company ("Shares") were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 25 March 2010.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and equity investment designated at fair value through other comprehensive income which are measured at fair value, and in accordance to Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2023 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs").

The condensed consolidated interim financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and all values are rounded to the nearest thousands (RMB'000), unless otherwise indicated.

In preparing these condensed consolidated interim financial statements, the Directors have considered the operation of the Group as a going concern as the Group resulted in a net loss of approximately RMB37,935,000 for the six months ended 30 June 2024, and as of that date the Group had net current liabilities and net liabilities of approximately RMB102,763,000 and RMB257,654,000 respectively. These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

The Directors considered that it is appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements, having given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. The ability of the Group to continue as a going concern depends on the ongoing availability of finance to the Group, including the financial support from substantial shareholders of the Company.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the following:

- (i) The Group will continue to carry out cost control measurement in the forthcoming years, including but not limited to reducing discretionary expenses and administrative costs.

Based on the Group's cash flow projections, which cover a period of twelve months from the date of the approval of these condensed consolidated interim financial statements and taking into account the available financial resources, the Directors are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of these condensed consolidated interim financial statements. Accordingly, the Directors consider that it is appropriate to prepare these condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these condensed consolidated interim financial statements.

### APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

Except for the application of new and amendments to HKFRSSs issued by the HKICPA that are effective for the annual periods beginning on or after 1 January 2024, the principal account policies used in the preparation of these condensed consolidated interim financial statements for the six months ended 30 June 2024 are consistent with those adopted in the preparation of audited financial statements for the year ended 31 December 2023.

For the six months ended 30 June 2024, the Group has applied all new and amendments to HKFRSSs issued by the HKICPA that are effective for the Group's financial year beginning on or after 1 January 2024. The application of the new and amendments to HKFRSSs has had no material impact on the Group's financial performance and positions for the current/prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted any new and amendments to HKFRSSs that have been issued by the HKICPA but are not yet effective.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 3. FINANCIAL RISK MANAGEMENT

### 3.1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

#### (a) Categories of financial instruments

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost	43,820	173,226
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	332,901	657,512

#### (b) Foreign exchange risk

The Group operates mainly in the PRC and is exposed to foreign exchange risk with respect to primarily Hong Kong dollar ("HKD") and United States dollar ("USD"). Foreign exchange risk arises from recognised assets and liabilities. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the six months ended 30 June 2024 and 2023.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 3. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1. FINANCIAL RISK FACTORS *(Continued)*

##### (b) Foreign exchange risk *(Continued)*

As at 30 June 2024, the carrying amount of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	Unaudited 30 June 2024		Audited 31 December 2023	
	HKD	USD	HKD	USD
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,208	46	91,027	50
Accruals and other payables	(15,984)	—	(12,002)	—
Borrowings	(158,909)	—	(245,587)	(184,378)
	(173,685)	46	(166,562)	(184,328)

As at 30 June 2024, if RMB had weakened/strengthened by 5% (2023: 5%), against HK Dollar with all other variables held constant, pre-tax loss for the period would have been approximately RMB1,005,000 higher/lower (2023: pre-tax profit for the year RMB2,418,000), mainly as a result of foreign exchange gains/losses on translation of HK dollar-denominated cash and bank balances, accruals and other payables, and borrowings.

As at 30 June 2024, if RMB had weakened/strengthened by 5% (2023: 5%), against US\$ with all other variables held constant, pre-tax loss for the year would not material (2023: Nil), mainly as a result of foreign exchange gains/losses on translation of US\$ denominated cash and bank balances, accruals and other payables and borrowings.

##### (c) Cash flow and fair value interest rate risk

Other than bank deposits with stable interest rate, the Group has no other significant interest-bearing assets. The Group does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, as the interest rates of bank deposits are not expected to change significantly.

The Group's interest-rate risk mainly arises from borrowings. As at 30 June 2024, other borrowings/advances of approximately RMB158,909,000 (31 December 2023: RMB471,192,000). Borrowings at fixed rates exposed the Group to fair value interest rate risk. The Group did not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 12.

##### (d) Credit risk

Majority of the Group's retail sales are settled in cash, credit/other payment cards, bank acceptance bills or telegraph bank transfers by its customers upon delivery of goods. The carrying amounts of the bank balances, trade and bills receivables, and other financial assets included in prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carrying significant exposure to credit risk.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 3. FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1. FINANCIAL RISK FACTORS *(Continued)*

#### (d) Credit risk *(Continued)*

##### (i) Bank balances

The credit risk on bank balance is limited because the counterparties are banks with high credit ratings. Accordingly, no loss allowance was provided in respect of bank balances as at 30 June 2024 and 31 December 2023.

##### (ii) Receivables

Trade receivables are due from wholesale customers with an appropriate financial strength. The Group grants the average credit term to these customers ranging from 30 days to 90 days, and the balances exceeding the credit term are monitored by the Group.

Bills receivables are the bills issued by customers and accepted by banks, they are expired usually in 3 months to 6 months. The directors are of the opinion that there is no significant credit risk on those bills, because most of the bills are accepted by several nationwide and regional renowned financial institutions in the PRC without significant credit risk.

The Group assess the credit quality of other receivables by taking into account various factors including their financial position, past experience and other factors.

Other receivables also comprise the rental deposits. Rental deposits are placed with various landlords in the PRC and are due upon the expiry of the tenancy agreements and handover of the leased premises.

The carrying amount of receivables included in the condensed consolidated interim statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguish between the Group's different customer bases.

As at 30 June 2024 and 31 December 2023, the Group's trade receivables with the aggregate gross carrying amount of RMB10,662,000 and RMB4,475,000, respectively were assessed on individual basis. These trade receivable balances were considered as credit impaired and were fully impaired.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 3. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 3.1. FINANCIAL RISK FACTORS *(Continued)*

##### (e) Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and external sources of funds through committed credit facilities from bank or other borrowings from individual third parties and related parties of the Company to meet the operation needs. Actions taken by management of the Group to meet immediate liquidity needs.

The following tables show the remaining contractual maturities at the end of the Reporting Period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Reporting Period) and the earliest date the Group can be required to pay.

	Contractual undiscounted cash flow						
	Weighted average interest rate %	Within 1 year or demand RMB'000	More than 1 year but Less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying Amount RMB'000
<b>As at 30 June 2024</b>							
<b>Non-derivative financial liabilities</b>							
Other borrowings	4.52%	6,752	12,001	149,138	—	167,891	158,909
Trade and bills payables	—	24,326	—	—	—	24,326	24,326
Accruals and other payables	—	80,246	—	—	—	80,246	80,246
Other current liabilities	—	53,560	—	—	—	53,560	53,560
Lease liabilities	6.64%	677	193	821	—	1,691	15,861
		165,561	12,194	149,959	—	327,714	332,902
<b>As at 31 December 2023</b>							
<b>Non-derivative financial liabilities</b>							
Other borrowings	4.56%	—	50,194	480,293	—	530,487	471,192
Trade and bills payables	—	36,557	—	—	—	36,557	36,557
Accruals and other payables	—	74,452	—	—	—	74,452	74,452
Other current liabilities	—	53,560	—	—	—	53,560	53,560
Lease liabilities	6.64%	11,192	6,346	5,659	—	23,197	21,751
		175,761	56,540	485,952	—	718,253	657,512

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 3. FINANCIAL RISK MANAGEMENT *(Continued)*

### 3.1. FINANCIAL RISK FACTORS *(Continued)*

#### (e) Liquidity risk *(Continued)*

Note:

The interest payments on borrowing are calculated based on borrowings held as at 30 June 2024 and 31 December 2023 without taking into account of future borrowings.

### 3.2. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of cash and cash equivalents of approximately RMB29,324,000 as at 30 June 2024 (31 December 2023: RMB162,301,000) and equity attributable to owners of the Company of approximately (RMB268,844,000) as at 30 June 2024 (31 December 2023: (RMB432,648,000)), comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with its capital.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 4. INVENTORIES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Merchandise held for resale	60,188	57,761
Write-down of inventories for obsolescence	(1,316)	(1,369)
Total	<b>58,872</b>	56,392

### 5. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade receivables	10,662	4,475
Less: Provision for impairment	(667)	(715)
Trade receivables, net	<b>9,995</b>	3,760

The credit terms granted to customers by the Group ranges from 30 days to 90 days.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 5. TRADE AND BILLS RECEIVABLES *(Continued)*

The aging analysis of trade receivables based on invoice date as at the end of the Reporting Period is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 - 90 days	9,567	3,289
91 - 365 days	379	422
1 year - 2 years	49	49
Total	<b>9,995</b>	3,760

As at 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB428,000 (31 December 2023: RMB1,001,000) which are past due as at the reporting date. None of them is considered as in default.

### 6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Prepayments to suppliers	17,403	35,247
Deposits	1,856	2,641
Staff advances	1,537	817
Others	1,294	1,328
	<b>22,090</b>	40,033



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 7. RESTRICTED BANK DEPOSITS

As at 30 June 2024, the amount is pledged as collateral for the Group's bills payables.

### 8. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Cash on hand		
– denominated in RMB	1	3
Cash at bank		
– denominated in RMB	28,069	71,221
– denominated in HKD	1,208	91,027
– denominated in USD	46	50
	<b>29,323</b>	162,298
Total cash and cash equivalents	<b>29,324</b>	162,301

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 9. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Par value	Number of ordinary Shares	Nominal value of ordinary Shares USD	Equivalent nominal value of ordinary Shares RMB'000
<b>Authorised:</b>				
At 1 January 2022, 31 December 2022,				
1 January 2023	US\$0.02	600,000,000	12,000,000	72,444
Issue of new shares (a)	US\$0.02	4,400,000,000	88,000,000	636,865
At 30 June 2024	US\$0.02	5,000,000,000	100,000,000	709,309
<b>Issued and fully paid</b>				
At 1 January 2022, 31 December 2022,				
1 January 2023		219,279,744	4,385,594	29,174
Issue of new shares (b)	US\$0.02	43,855,948	877,119	6,232
Issue of new shares (c)	US\$0.02	530,000,000	10,600,000	75,368
At 30 June 2024	US\$0.02	793,135,692	15,862,713	110,774

- a. Pursuant to the extraordinary general meeting held on 21 May 2024, the shareholders approved, by way of ordinary resolution, to increase the authorised share capital by 4,400,000,000 shares. Accordingly, the authorized share capital of the Company has been increased to US\$100,000,000 (divided into 5,000,000,000 Shares).
- b. On 14 January 2024, the Company entered into a subscription agreement with a subscriber Yayue Longte Co., Limited (亞悅隆特有限公司), pursuant to which the Company conditionally agreed to allot and issue and the subscriber conditionally agreed to subscribe 43,855,948 subscription shares at a subscription price of HK\$0.69 per share. The net proceeds from the subscription amounted to HK\$29,960,604.12. The Company intends to apply such net proceeds for general working capital of the Group and general corporate expenses. All conditions of the subscription agreement were subsequently fulfilled and the subscription agreement was completed on 26 January 2024 in accordance with the terms and conditions of the subscription agreement and the Company has allotted and issued 43,855,948 Shares to the subscriber. For details, please refer to the announcements of the Company dated 14 January 2024 and 26 January 2024.
- c. On 18 March 2024, the Company and a subscriber Noble Trade International Holdings Limited (聖行國際集團有限公司) entered into a subscription agreement, pursuant to which the subscriber conditionally agreed to subscribe and the Company conditionally agreed to allot and issue 530,000,000 Shares. The subscription price is HK\$0.35 per subscription share and the total consideration is HK\$185.50 million, which was settled by offsetting the outstanding principal of HK\$185.50 million under the shareholder loans provided by the subscriber. As the consideration will be satisfied by way of offsetting part of the outstanding principal amount under the shareholder's loans owed by the Company to the subscriber, there will be no remaining net proceeds from the allotment and issue of the subscription shares available to be utilised by the Company. The subscription agreement was completed on 24 May 2024 and 530,000,000 Shares were allotted and issued by the Company to the subscriber. For details, please refer to the announcements of the Company dated 18 March 2024, 30 April 2024 and 24 May 2024 and the circular of the Company dated 30 April 2024.





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 10. TRADE AND BILLS PAYABLES

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade payables		19,051	27,847
Bills payable	(a)	5,275	8,710
		<b>24,326</b>	<b>36,557</b>

Notes:

(a) At 30 June 2024, the bills payable were secured by bank deposits.

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days for both Reporting Periods.

Aging analysis of trade payables based on invoice date as at the end of the Reporting Period is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 - 30 days	15,226	20,577
31 - 90 days	2,495	2,675
91 - 365 days	998	1,805
1 year - 2 years	—	—
2 years - 3 years	327	327
Over 3 years	5	2,463
	<b>19,051</b>	<b>27,847</b>

The trade and bills payables are denominated in RMB and their carrying amounts were approximate to their fair values as at the end of the Reporting Period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 11. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Salary and welfare payables	3,053	4,808
Accrued expenses	22,839	22,970
Interest payable	45,397	37,717
Deposits	20,757	21,764
Value added tax and other tax payables	995	1,487
Others	8,957	8,957
	<b>101,998</b>	<b>97,703</b>

### 12. BORROWINGS

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Non-current</b>			
Other borrowings	(a)	158,909	471,192
		<b>158,909</b>	<b>471,192</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 12. BORROWINGS (Continued)

#### (a) OTHER BORROWINGS

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Independent third parties	(i)	6,508	47,540
Shareholders	(ii)	152,401	423,652
		<b>158,909</b>	471,192
Secured		—	47,540
Unsecured		158,909	423,652
		<b>158,909</b>	471,192

As 30 June 2024, the other borrowings were repayable as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Within 1 year or on demand	—	—
After 1 year but within 2 years	6,508	72,048
After 2 years but within 5 years	152,401	399,144
	<b>158,909</b>	471,192

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 12. BORROWINGS (Continued)

### (a) OTHER BORROWINGS (Continued)

Notes:

(i) Independent third parties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Party A	6,508	6,313
Party B	—	41,227
<b>Total</b>	<b>6,508</b>	<b>47,540</b>

#### Party A

Party A is Mr. Wu Jipeng who is a friend of the chairman. The Directors, to the best of their knowledge, information and belief, considered that Party A is an independent third party of the Group. In October 2021, Party A entered into a loan agreement with a subsidiary of the Group pursuant to which Party A granted a loan of approximately RMB5,532,000 (equivalent to HK\$6,000,000) to the Group for a period of four years. The loan is secured and bearing interest at 5.5% per annum. On 6 June 2022, Party A entered into a loan agreement with a subsidiary of the Group pursuant to which Party A granted a loan of approximately RMB4,610,000 (equivalent to HK\$5,000,000) to the Group for a period of three years. The loan is secured and bearing interest at 5.5% per annum. During the year ended 31 December 2023, such subsidiary has repaid RMB4,610,000 (equivalent to HK\$5,000,000) of the loan.

#### Party B

As of June 30, 2024, the Group has settled all outstanding loans. Since the Group as the seller and Guangdong Shengrong as the purchaser entered into the Equity Transfer Agreement in relation to the Disposal an indirectly wholly-owned subsidiary to settlement all the outstanding loans. Details are set out in the announcement on 20 June 2024.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 12. BORROWINGS (Continued)

### (a) OTHER BORROWINGS (Continued)

Notes: (Continued)

#### (ii) Shareholders

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Noble Trade International	152,401	423,652

On 14 January 2022 and 18 January 2022, Noble Trade International entered into a loan agreement with the Group amounted to RMB17,866,000 (equivalent to HK\$20,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 13 January 2025 according to extension agreement dated on 20 August 2022.

On 18 October 2022, Noble Trade International entered into a loan agreement with the Group amounted to RMB4,466,000 (equivalent to HK\$5,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 17 October 2025 according to extension agreement dated on 20 August 2022.

On 27 February 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB4,526,000 (equivalent to HK\$5,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 26 February 2026.

On 14 March 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB4,073,000 (equivalent to HK\$4,500,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 13 March 2026.

On 30 October 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB4,589,000 (equivalent to HK\$5,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 29 October 2026.

On 18 December 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB11,006,000 (equivalent to HK\$12,220,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 17 December 2026.

On 20 December 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB910,000 (equivalent to HK\$1,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 19 December 2026.

On 27 December 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB191,893,000 (equivalent to HK\$212,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 25 December 2026.

On 22 December 2023, Noble Trade International entered into a loan agreement with the Group amounted to RMB184,150,000 (equivalent to USD26,000,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 21 December 2026.

On 18 March 2024, the Company and Noble Trade International entered into a subscription agreement, pursuant to which the subscriber conditionally agreed to subscribe and the Company conditionally agreed to allot and issue 530,000,000 shares. The subscription price is HK\$0.35 per subscription share and the total consideration is HK\$185.50 million, which was settled by offsetting the outstanding principal of HK\$185.50 million. For the details, please refer to the announcements of the Company dated 18 March 2024, 30 April 2024, 24 May 2024 and the circular of the Company dated 30 April 2024.

On 24 May 2024, since issued new shares to offset part of borrowings, Noble Trade International renewed a loan agreement with the Group, amount to RMB152,401,000 (equivalent to HK\$164,056,000). The loan is unsecured and bearing interest at 4.5% per annum, and repayment on 23 May 2027.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 13. REVENUE AND SEGMENT INFORMATION

#### (i) REVENUE

Revenue represents fair value of the consideration received or receivable and for goods sold in normal course of business to customers, net of discounts and sales related taxes.

Disaggregation of revenue from contracts with customers is as follows:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Types of goods and services</b>		
Sales of home appliances	118,492	121,667
Sales of liquor	36,308	17,235
Rendering of services		
– Maintenance and installation service	—	1,835
Provision of education service	18,535	—
Total revenue	173,335	140,737
<b>Timing of revenue recognition</b>		
A point in time	154,800	140,737
Over time	18,535	—



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 13. REVENUE AND SEGMENT INFORMATION *(Continued)*

#### (ii) SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment focuses on type of goods or services delivered or provided are as follows:

- Household appliance business — retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance;
- Liquor business — trading of liquor; and
- Education business — education-related training services.

No reporting segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

#### Segment revenues and results

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

	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Six months ended 30 June 2024				
Revenue Sales to external customers	118,492	36,308	18,535	173,335
Segment results	11,472	2,902	(17,775)	(3,401)
Unallocated income				69,037
Unallocated expenses				(100,263)
Loss on disposal of subsidiaries				(3,313)
Loss before income tax				(37,940)
Six months ended 30 June 2023				
Revenue Sales to external customers	123,502	17,235	—	140,737
Segment results	3,264	(3,614)	—	(350)
Unallocated income				568
Unallocated expenses				(18,847)
Gain on disposal of subsidiaries				104,185
Profit before income tax				85,556

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

## 13. REVENUE AND SEGMENT INFORMATION *(Continued)*

### (ii) SEGMENT INFORMATION *(Continued)*

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

#### At 30 June 2024

Segment assets and liabilities	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Segment assets	99,431	28,265	5,369	133,065
Unallocated assets				1,202
Total assets				134,267
Segment liabilities	(161,678)	(23,189)	(28,139)	(213,006)
Unallocated liabilities				(178,915)
Total liabilities				(391,921)

#### At 31 December 2023

Segment assets and liabilities	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Segment assets	123,652	59,482	36,358	219,492
Unallocated assets				94,170
Total assets				313,662
Segment liabilities	(571,600)	(44,658)	(42,787)	(659,045)
Unallocated liabilities				(70,719)
Total liabilities				(729,764)





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 14. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Rental income from investment properties	1,155	120
Activities income	247	1,387
Other	2,709	2,511
	4,111	4,018

### 15. OTHER (LOSSES)/GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss on disposal of property, plant and equipment, net	—	(1,369)
Gain on deregistration of subsidiaries	219	—
(Loss)/gain on sale of subsidiaries	(3,313)	104,185
(Write down on)/reversal for obsolescence on inventories	(53)	125
Reversal for impairment on trade receivables	48	182
Other	876	282
	(2,223)	103,405

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 16. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after (crediting)/charging:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cost of merchandise sold	140,264	116,122
Employee benefit expenses - including the Directors' emoluments	21,163	17,061
Amortisation of right-of-use assets	2,592	283
Depreciation of property, plant and equipment	838	2,237
Depreciation of investment properties	792	787
Write down on/(reversal of) obsolescence on inventories	53	(125)
Reversal of impairment on trade receivables	(48)	(182)

### 17. FINANCE COSTS - NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Finance costs		
– Interest expenses on other borrowings	7,347	9,861
– Interest expenses on bonds payables	—	562
– Net foreign exchange loss	1,778	1,140
Interest expenses on lease liabilities	583	588
	9,708	12,151
Finance income		
– Interest income on bank deposits	(292)	(128)
Finance costs – net	9,416	12,023



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 18. INCOME TAX (CREDIT)/EXPENSE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
PRC enterprise and withholding income taxes		
– Income tax (credit)/expenses	(5)	36

#### (a) HONG KONG PROFITS TAX

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong for the six months ended 30 June 2024 (2023: Nil).

#### (b) PRC ENTERPRISE INCOME TAX

Under the Corporate Income Tax Law of the PRC, the enterprise income tax rate applicable to the subsidiaries located in mainland China is 25% (2023: 25%).

### 19. (LOSS)/EARNING PER SHARE

Basic and diluted (loss)/earning per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2024	2023
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(32,579)	86,612
Weighted average number of ordinary shares in issue ('000)	370,690	219,280
Basic and diluted (loss)/earning per share (RMB)	(0.09)	0.40

The computation of diluted (loss)/earning per share for the six months ended 30 June 2024 and 2023 did not assume the exercise of share options and settlement in ordinary shares for the other liabilities arising from the contingent consideration arrangements in prior years as such assumed exercise would decrease the loss per share for both of the six months ended 30 June 2024 and 2023.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2024

### 20. DISPOSAL OF SUBSIDIARIES

On 19 June 2024, Beijing Qidian New Business Technology Co., Ltd.\* (北京奇點新商業科技有限公司), an indirect wholly-owned subsidiary of the Company as the seller and Guangdong Shengrong Financial Services Holdings Limited\* (廣東聖融金服控股有限公司) as the purchaser entered into an equity transfer agreement, pursuant to which Beijing Qidian New Business Technology Co., Ltd. agreed to dispose the entire issued share capital of Yangzhou Laihao Electrical Appliances Trading Co., Ltd.\* (揚州來好電器商貿有限公司) at a consideration of RMB29,300,000 shall be settled by offsetting the outstanding principal amount. For the detail please refer to the announcement dated 26 August 2024.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	6,860
Right-of-use assets	528
Investment property	23,397
Other receivables	2,082
Accruals and other payables	(254)
Net assets disposal of	<u>32,613</u>
Offset the borrowing from purchaser	29,300
Less: Net assets disposal of	<u>(32,613)</u>
Loss on disposal	<u>(3,313)</u>

### 21. INTERIM DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) and the Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024.

### 22. EVENT AFTER THE END OF THE REPORTING PERIOD

On 28 June 2024, the Company entered into subscription agreements and supplemental subscription agreements with two subscribers, Yayue Longte Co., Limited and Oupu Shanwei International Holdings Limited, respectively pursuant to which, the Company conditionally agreed to allot and issue and the two subscribers conditionally agreed to subscribe for an aggregate of 158,627,138 Shares, representing 20% of the then issued share capital of the Company, at the subscription price of HK\$0.515 per Share. For details, please refer to the announcements of the Company dated 28 June 2024, 2 July 2024 and 9 July 2024.

On 26 July 2024 (after trading hours), the Company entered into an acquisition agreement with the vendors of Shengshang Entrepreneurial Services Co., Ltd., pursuant to which the Company has conditionally agreed to acquire and the vendors have conditionally agreed to sell the sale shares, representing the entire issued share capital of Shengshang Entrepreneurial Services Co., Ltd.. The consideration of the acquisition agreement amounts to HK\$340,000,000, which will be settled by way of consideration shares, being 850,000,000 Shares of the Company. For further details, please refer to the announcement of the Company dated 26 July 2024 and the circular of the Company dated 4 September 2024.