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## **Zhong Jia Guo Xin Holdings Company Limited**

**中加國信控股股份有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 899)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board (the “Board”) of directors (the “Directors”) of Zhong Jia Guo Xin Holdings Company Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2024 together with the comparative figures for the previous corresponding period as follows:

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

*For the six months ended 30 September 2024*

		<b>For the six months ended 30 September</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Continuing operations</b>			
Revenue	5	<b>9,582</b>	7,584
Cost of sales		<b>(8,475)</b>	(2,168)
Gross profit		<b>1,107</b>	5,416
Other gains	6	<b>161</b>	6,259
Other losses	7	<b>(275)</b>	(5,384)
Selling and distribution expenses		<b>(548)</b>	(482)
Administrative expenses		<b>(13,679)</b>	(14,765)
Share of results of associates		<b>(5,887)</b>	(5,733)
Finance costs	8	<b>(610)</b>	(291)
<b>Loss before taxation</b>	9	<b>(19,731)</b>	(14,980)
<b>Taxation</b>	10	<b>1,520</b>	1,629
Loss for the period from continuing operations		<b>(18,211)</b>	(13,351)
Profit for the period from discontinued operations	11	<b>2</b>	2
<b>Loss for the period</b>		<b>(18,209)</b>	(13,349)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*For the six months ended 30 September 2024*

		<b>For the six months ended 30 September</b>	
	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	<b>2023</b> <i>HK\$'000</i> <b>(unaudited)</b>
<b>Other comprehensive income, net of tax</b>			
Exchange differences on translating foreign operations		<b>6,645</b>	(46,199)
Share of other comprehensive income of associates		<b>(55)</b>	297
		<hr/>	<hr/>
<b>Other comprehensive income for the period, net of tax</b>		<b>6,590</b>	(45,902)
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		<b>(11,619)</b>	(59,251)
		<hr/>	<hr/>
<b>Loss attributable to:</b>			
– Owners of the Company	<i>13</i>	<b>(15,721)</b>	(12,894)
– Non-controlling interests		<b>(2,488)</b>	(455)
		<hr/>	<hr/>
		<b>(18,209)</b>	(13,349)
		<hr/>	<hr/>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>(9,462)</b>	(58,559)
– Non-controlling interests		<b>(2,157)</b>	(692)
		<hr/>	<hr/>
		<b>(11,619)</b>	(59,251)
		<hr/>	<hr/>
		<i>HK\$</i> <b>(unaudited)</b>	<i>HK\$</i> <b>(unaudited)</b>
<b>Loss per share attributable to owners of the Company:</b>			
<b>From continuing and discontinued operations</b>			
– Basic and diluted	<i>13</i>	<b>(0.013)</b>	(0.014)
		<hr/>	<hr/>
<b>From continuing operations</b>			
– Basic and diluted	<i>13</i>	<b>(0.013)</b>	(0.014)
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	15	735,675	731,812
Property, plant and equipment	16	135,296	134,231
Right-of-use assets		967	2,592
Intangible assets	17	564,480	567,615
Interests in associates	18	84,058	90,000
Deposits paid	22	149,121	148,338
		<b>1,669,597</b>	1,674,588
<b>Current assets</b>			
Properties under development	19	–	–
Completed properties held for sale	20	62,643	62,902
Inventories		1,472	944
Trade receivables	21	1,171	428
Prepayments, deposits and other receivables	22	32,518	32,882
Amount due from an associate	18	743	739
Amount due from non-controlling interest	23	2,843	2,759
Financial assets at fair value through profit or loss		1,385	1,434
Restricted bank deposits		761	757
Bank balances and cash		10,027	11,737
		<b>113,563</b>	114,582
<b>Assets classified as held for sale</b>	12	<b>166,336</b>	165,463
		<b>279,899</b>	280,045
<b>Current liabilities</b>			
Trade payables	24	48,717	47,133
Other payables and accruals		104,037	94,052
Amount due to non-controlling interests		15,612	58,779
Amount due to directors		1,499	20,499
Contract liabilities		42,373	42,811
Lease liabilities		1,043	2,320
Tax payables		2,636	5,510
		<b>215,917</b>	271,104

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2024

		At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
<b>Liabilities directly associated with asset classified as held for sale</b>	12	—*	—*
		<b>215,917</b>	271,104
<b>Net current assets</b>		<b>63,982</b>	8,941
<b>Total assets less current liabilities</b>		<b>1,733,579</b>	1,683,529
<b>Capital and reserves</b>			
Share capital	25	131,376	93,840
Reserves		1,265,233	1,249,950
<b>Total equity attributable to owners of the Company</b>		<b>1,396,609</b>	1,343,790
<b>Non-controlling interests</b>		<b>115,257</b>	117,414
		<b>1,511,866</b>	1,461,204
<b>Non-current liabilities</b>			
Deferred tax liabilities		212,842	213,249
Lease liabilities		—	251
Borrowings	26	8,871	8,825
		<b>221,713</b>	222,325
		<b>1,733,579</b>	1,683,529

\* less than one thousand Hong Kong dollars

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

### **1. GENERAL**

Zhong Jia Guo Xin Holdings Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM II, Bermuda and its principal place of business of the Company in Hong Kong is Room 2601, 26/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong.

The Company acts as an investment holding company, while its subsidiaries (hereinafter the Company and its subsidiaries are collectively referred to as the “Group”) are principally engaged in property development, property investment, production and sales of bottled water and mining in the People’s Republic of China (the “PRC”).

The interim financial statements are presented in Hong Kong dollars (HK\$) and all amounts have been rounded to the nearest thousand (HK\$’000), unless otherwise indicated.

### **2. BASIS OF PREPARATION**

The interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This interim financial statements were approved for issue on 26 November 2024. This interim financial statements have not been audited.

### 3. MATERIAL ACCOUNTING POLICIES

The interim financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following new and revised HKFRSs issued by the HKICPA, which are or have become effective for the Group's financial year beginning on 1 April 2024.

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

The adoption of these amendments to HKFRSs does not have a material impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standards, interpretation or amendments that have been issued but are not yet effective.

### 4. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment.

The Group has the following operating segments during the period. These segments are managed separately.

- (1) For water business, the CODM regularly reviews the performance of the water business in the PRC. These operations have been aggregated into a single operating segment and named "Water business".
- (2) For property development and property investment business, the CODM regularly reviews the performance of the property development and property investment business. These operations have been aggregated into a single operating segment and named "Property development and investment".
- (3) For mining business, the CODM regularly reviews the performance of mining business in PRC. These operations have been aggregated into a single operating segment and named "Mining business".

#### 4. SEGMENT INFORMATION (CONTINUED)

- (4) On 27 April 2023, a sale and purchase agreement was entered into between the Company and the purchaser, pursuant to which, the Company has agreed to sell, and the purchaser has agreed to acquire, the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to Century Strong Limited and its subsidiaries (the "Disposal Group"). Century Strong Limited is an investment holding company and the Disposal Group are principally engaged in property investment. The Disposal Group is presented as a discontinued reportable segment and named as "Investment in Yantian".

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

##### For the six months ended 30 September

	Continuing operations						Discontinued operations			
	Water business		Property development and investment		Mining business		Investment in Yantian		Consolidation	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales to external customers	2,437	-	7,145	7,584	-	-	-	-	9,582	7,584
Total revenue	2,437	-	7,145	7,584	-	-	-	-	9,582	7,584
Segment results	(7,443)	(1,627)	1,975	1,889	(283)	-	2	2	(5,749)	264
Fair value loss on financial assets at fair value through profit or loss									(49)	(227)
Central administration costs									(7,434)	(8,991)
Share of results of associates									(5,887)	(5,733)
Finance costs									(610)	(291)
Loss before taxation									(19,729)	(14,978)

#### 4. SEGMENT INFORMATION (CONTINUED)

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

	Continuing operations						Discontinued operations			
	Water business		Property development and investment		Mining business		Investment in Yantian		Consolidation	
	At 30	At	At 30	At	At 30	At	At 30	At	At 30	At
	September	31 March	September	31 March	September	31 March	September	31 March	September	31 March
	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(audited)
<b>ASSETS</b>										
Segment assets	269,957	275,008	976,235	970,810	441,715	439,474	166,336	165,463	1,854,243	1,850,755
Unallocated corporate assets									95,253	103,878
									<u>1,949,496</u>	<u>1,954,633</u>
<b>LIABILITIES</b>										
Segment liabilities	(36,169)	(32,942)	(218,133)	(221,317)	(158,138)	(157,129)	-*	-*	(412,440)	(411,388)
Unallocated corporate liabilities									(25,190)	(82,041)
									<u>(437,630)</u>	<u>(493,429)</u>

#### 5. REVENUE

	For the six months ended	
	30 September 2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
<b>Revenue from contracts with customers</b>		
Sales of properties	628	1,792
Sales of bottled mineral water	2,437	—
	<u>3,065</u>	<u>1,792</u>
<b>Revenue from leases</b>	<u>6,517</u>	<u>5,792</u>
<b>Total Revenue</b>	<u>9,582</u>	<u>7,584</u>

\* less than one thousand Hong Kong dollars



## 6. OTHER GAINS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Interest income relating to termination of acquisition of Shenyang Properties	–	5,827
Interest income on bank deposits	14	52
Interest income relating to amount due from non-controlling interest	69	282
Dividend income from financial assets at fair value through profit or loss	36	24
Sundry	42	74
	<u>161</u>	<u>6,259</u>

## 7. OTHER LOSSES

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Exchange loss, net	3	5,384
Sundry	75	–
Written off of property, plant and equipment	197	–
	<u>275</u>	<u>5,384</u>

## 8. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
Interest on secured bank loan	231	–
Interest on lease liabilities	79	164
Interest on other payables	300	127
	<u>610</u>	<u>291</u>

## 9. LOSS BEFORE TAXATION

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>The Group's loss before taxation from continuing operation is arrived at after charging:</b>		
Amortisation of land use right	100	100
Amortisation of water mining right	4,982	–
Depreciation of right-of-use assets	1,625	1,667
Depreciation of property, plant and equipment	518	1,030
Staff costs (including directors' remuneration and benefits)	7,301	6,610
Lease payment not include in the measurement of lease liabilities	194	54
Fair value loss on financial assets at fair value through profit or loss	<u>49</u>	<u>227</u>

## 10. TAXATION

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Continuing operations</b>		
<b>Current tax:</b>		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	–*	18
	<hr/>	<hr/>
Total current tax expenses	–*	18
	<hr/>	<hr/>
<b>Deferred income tax:</b>		
– Increase in deferred tax assets	(1,505)	(862)
– Decrease in deferred tax liabilities	(15)	(785)
	<hr/>	<hr/>
	(1,520)	(1,647)
	<hr/>	<hr/>
Income tax credit for the period	<u>(1,520)</u>	<u>(1,629)</u>

\* *less than one thousand Hong Kong dollars*

Hong Kong Profits Tax has been provided at the rate of 16.5% on the assessable profit arising in Hong Kong for the six months ended 30 September 2024 and 2023.

Subsidiaries of the Company in the PRC are subject to the PRC Enterprise Income Tax at 25% for the six months ended 30 September 2024 and 2023.

## 11. DISCONTINUED OPERATIONS

On 27 April 2023, the Company and Ms. Mao Yuzhen (“the Purchaser”, an independent third party) entered into a sale and purchase agreement, pursuant to which, the Company has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Century Strong Limited and the shareholder’s loan advanced to the Disposal Group, at a consideration of RMB150,000,000. The disposal was approved by the shareholders of the Company at the special general meeting held on 12 July 2023. The disposal is expected to be completed by early 2025.

The results and cash flows of Disposal Group are treated as discontinued operations.

For the six months ended 30 September 2024, the results and cash flows of the discontinued operations are analysed as follows:

### Analysis of discontinued operations

	For the six months ended	
	30 September	
	2024	2023
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Revenue	–	–
Other gains	2	3
Administrative expenses	–*	(1)
	<hr/>	<hr/>
Profit before taxation	2	2
Taxation	–*	–*
	<hr/>	<hr/>
Profit for the period from discontinued operations	<b>2</b>	<b>2</b>
	<hr/>	<hr/>
<b>Cash flows from discontinued operations:</b>		
Net cash used in operating activities	–	(1)
Net cash generated from investing activities	2	3
Net cash generated from financing activities	–	–
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2	2
Effect of foreign exchange rate changes	15	(123)
	<hr/>	<hr/>
	<b>17</b>	<b>(121)</b>
	<hr/>	<hr/>

\* *less than one thousand Hong Kong dollars*

**12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

As the carrying amount of the Disposal Group will be recovered principally through a sale transaction rather than through continuing use (details of which are set out in Note 11), the Group classified the assets as held for sale.

The major classes of assets and liabilities comprising the Disposal Group classified as held for sale are as follows:

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
<b>Assets</b>		
Properties, plant and equipment	179	179
Deposit paid for acquisition of investment properties in Yantian	152,917	152,117
Deposit paid for naming right and advertising right	8,103	8,060
Cash and cash equivalents	2,609	2,592
Prepayments, deposits and other receivables	<u>2,528</u>	<u>2,515</u>
Assets of Disposal Group classified as held for sale	<u>166,336</u>	<u>165,463</u>
<b>Liabilities</b>		
Tax payable	<u>—*</u>	<u>—*</u>
Liabilities of Disposal Group directly associated with assets classified as held for sale	<u>—*</u>	<u>—*</u>
Net assets directly associated with Disposal Group	<u><b>166,336</b></u>	<u><b>165,463</b></u>

\* *less than one thousand Hong Kong dollars*

### 13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

#### From continuing and discontinued operations

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss for the period from continuing operations attributable to the owners of the Company	(15,723)	(12,896)
Profit for the period from discontinued operations attributable to the owners of the Company	<u>2</u>	<u>2</u>
	<b><u>(15,721)</u></b>	<b><u>(12,894)</u></b>
	<i>'000 Shares</i>	<i>'000 Shares</i>
	(unaudited)	(unaudited)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	<b><u>1,188,643</u></b>	<b><u>938,403</u></b>

The basic and diluted loss per share from continuing and discontinued operations are the same for the six months ended 30 September 2024 and 2023, as there are no dilutive potential ordinary shares in existence.

### 13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

#### From continuing operations

The calculation of basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period from continuing operations attributable to the owners of the Company	<u>(15,723)</u>	<u>(12,896)</u>

#### From discontinued operations

Basic profit per share from discontinued operations is less than HK\$0.0001 per share (2023: less than HK\$0.0001 per share), based on the profit for the period from discontinued operations attributable to the owners of the Company of approximately HK\$2,000 (2023: HK\$2,000). The denominators used are the same as those detailed above for both basic and diluted profit per share.

### 14. DIVIDENDS

No interim dividend was declared by the Company for the six months ended 30 September 2024 (2023: Nil).

## 15. INVESTMENT PROPERTIES

As at 30 September 2024 and 31 March 2024, investment properties are situated in Zhejiang, Suzhou and Beijing, the PRC and are held under medium-term leases.

	<i>HK\$'000</i>
As 1 April 2023 (audited)	775,065
Additions	1,644
Transfer from deposits paid	48,943
Fair value changes	(67,212)
Exchange realignment	<u>(26,628)</u>
As 31 March 2024 (audited)	731,812
Exchange realignment	<u>3,863</u>
As 30 September 2024 (unaudited)	<u><b>735,675</b></u>

### Amount recognised in profit or loss for investment properties

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Lease income from operating leases	<b>6,149</b>	5,434
Direct operating expenses on investment properties that generated lease income	<u><b>718</b></u>	<u>1,104</u>



## **16. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2024, the Group purchased property, plant and equipment of approximately HK\$1,070,000 (2023: HK\$612,000). The items of property, plant and equipment with carrying amount of approximately HK\$197,000 were written off during the six months ended 30 September 2024.

For the six months ended 30 September 2024, the lease income from machinery leased under operating leases of the Group was approximately HK\$368,000 (2023: HK\$358,000).

As at 30 September 2024, the land and buildings with the carrying amount of approximately HK\$37,364,000 (31 March 2024: HK\$37,058,000), which were included in the property, plant and equipment, were pledged as securities for bank borrowings (Note 26).

## 17. INTANGIBLE ASSETS

	<b>Land use right</b>	<b>Water mining right</b>	<b>Exploration and mining right</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note i)</i>	<i>(Note ii)</i>	<i>(Note iii)</i>	
<b>Cost</b>				
At 1 April 2023 (audited)	10,363	374,314	–	384,677
Additions through acquisition of subsidiaries	–	–	359,493	359,493
Exchange realignment	<u>(356)</u>	<u>(141)</u>	<u>1,622</u>	<u>1,125</u>
At 31 March 2024 (audited)	10,007	374,173	361,115	745,295
Exchange realignment	<u>54</u>	<u>20</u>	<u>1,906</u>	<u>1,980</u>
At 30 September 2024 (unaudited)	<u>10,061</u>	<u>374,193</u>	<u>363,021</u>	<u>747,275</u>
<b>Accumulated amortisation and impairment</b>				
At 1 April 2023 (audited)	975	145,509	–	146,484
Accumulated amortisation through acquisition of subsidiaries	–	–	844	844
Amortisation for the year	199	952	–	1,151
Impairment loss for the year	–	29,230	–	29,230
Exchange realignment	<u>(33)</u>	<u>–</u>	<u>4</u>	<u>(29)</u>
At 31 March 2024 (audited)	1,141	175,691	848	177,680
Amortisation for the period	<u>100</u>	<u>4,982</u>	<u>–</u>	<u>5,082</u>
Exchange realignment	<u>8</u>	<u>21</u>	<u>4</u>	<u>33</u>
At 30 September 2024 (unaudited)	<u>1,249</u>	<u>180,694</u>	<u>852</u>	<u>182,795</u>
<b>Carrying amount</b>				
At 30 September 2024 (unaudited)	<u>8,812</u>	<u>193,499</u>	<u>362,169</u>	<u>564,480</u>
At 31 March 2024 (audited)	<u>8,866</u>	<u>198,482</u>	<u>360,267</u>	<u>567,615</u>

## 17. INTANGIBLE ASSETS (CONTINUED)

*Notes:*

- (i) Land use right represents the right to use the land for water exploitation activities in Hunan. The land is located at 湖南新田縣新圩鎮新嘉公路三占塘段西側.

Land use right is amortised on a straight-line basis over its lease term of 50 years.

- (ii) Water mining right represents the right to conduct water exploitation activities in Hunan. The subsidiary, 湖南新田富鋸礦泉水有限公司, has entered into an agreement with Hunan Government to grant the subsidiary a water mining right for exploitation of mineral water for 5 years. The subsidiary has the priority to extend the mineral water mining right afterwards. The mine is located at 湖南新田縣三占塘. The subsidiary has the exclusive rights and authorities to manage and arrange all activities in the mining area. The water mining right was renewed on 1 December 2022 and will expire on 3 December 2025.

Water mining right is amortised on a straight-line basis over its estimated useful economic life which was estimated with reference to the validity of the operation licence held and the productions plans of the Group.

- (iii) The exploration and mining right represents the rights for conducting exploration and mining of lead, zinc, copper and silver at the mines which are located in Enshui Road (Minjiang Market Section), Zhenyuan Yi Hani Lahu Autonomous County, Pu'er City, Yunnan Province, the PRC\* (中國雲南省普洱市鎮沅彝族哈尼族拉祜族自治縣恩水路 (民江集貿市場段) ) and Jiujia Township, Zhenyuan County, Pu'er City, Yunnan Province, the PRC\* (中國雲南省普洱市鎮沅縣九甲鄉). The mines are operated by the subsidiaries of the Company, Zhenyuan County Jinhao Mining Co., Ltd.\* (鎮沅彝族哈尼族拉祜族自治縣金豪礦業有限公司) (“Jinhao”) and Zhenyuan County Jiuyuan Mining Co., Ltd.\* (鎮沅縣九源礦業有限責任公司) (“Jiuyuan”) respectively. The mining license held by Jiuyuan is valid from 25 July 2019 to 25 July 2026 and the exploration license held by Jinhao is valid from 25 July 2022 to 25 July 2027.

No amortisation was provided as commercial production has not yet commenced.

\* *For identification purpose only*

## 18. INTERESTS IN ASSOCIATES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
At the beginning of the period/year	90,000	102,000
Share of post-acquisition losses and other comprehensive income during the period/year, net of dividends received	(5,942)	(11,220)
Impairment loss for the period/year	–	(780)
	<u>84,058</u>	<u>90,000</u>
	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Amount due from an associate ( <i>Notes i and ii</i> )	<u>743</u>	<u>739</u>

*Notes:*

- (i) As at 30 September 2024 and 31 March 2024, amount due from an associate is unsecured, interest-free and repayable on demand.
- (ii) The maximum outstanding balance during the period was approximately HK\$743,000.
- (iii) The Group holds 20% equity interests in Hong Kong Spring Water Ding Dong Group Company Limited which has a wholly-owned subsidiary in Guangxi, Guangxi Spring Water Ding Dong Beverages Company Limited\* (“Guangxi Spring Water Ding Dong”). Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi. The remaining 80% equity interests is held by Mr. Li Yuguo, an executive director of the Company.

\* For identification purpose only

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's associates, which were held indirectly by the Company at the end of the reporting period, were as follows:

Name of associates	Form of business and structure	Place of incorporation/ operation	Class of shares/ registered capital held	Proportion of nominal value of paid capital/registered capital held		Principal activities
				by the Group		
				At	At	
				30 September	31 March	
				2024	2024	
				(unaudited)	(audited)	
Hong Kong Spring Water Ding Dong Group Company Limited	Incorporated	Hong Kong	Ordinary	20%	20%	Investment holding and water business
Guangxi Spring Water Ding Dong Beverages Company Limited*	Incorporated	The PRC	Registered	20%	20%	Production and sales of bottled water

Summarised financial information in respect of the Group's associates is set out below:

	At	At
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Current assets	<b>26,072</b>	22,582
Non-current assets	<b>69,876</b>	72,718
Current liabilities	<b>195,965</b>	186,527
Non-current liabilities	<b>5,434</b>	5,405

\* For identification purposes only

**18. INTERESTS IN ASSOCIATES (CONTINUED)**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Revenue	<u><b>6,080</b></u>	<u>3,067</u>
Loss for the period	<b>(29,434)</b>	(28,663)
Other comprehensive income	<u><b>(275)</b></u>	<u>1,482</u>
Total comprehensive income	<u><b>(29,709)</b></u>	<u>(27,181)</u>

Reconciliation of the net liabilities of associates at the acquisition date to the carrying amount of the interests in associates recognised in the interim financial statements are as follows:

	<b>At</b>	At
	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Net liabilities of the associates as at acquisition date	<b>(33,841)</b>	(33,841)
Proportion of the Group's ownership interests in the associates	<b>20%</b>	20%
Cost of investments in associates unlisted in Hong Kong	<b>(6,768)</b>	(6,768)
Valuation adjustment from acquisition (net of accumulated impairment losses)	<b>179,932</b>	179,932
Share of post-acquisition losses and other comprehensive income, net of dividends received	<u><b>(89,106)</b></u>	<u>(83,164)</u>
Carrying amount of the Group's interests in associates	<u><b>84,058</b></u>	<u>90,000</u>

There is no commitment and contingent liabilities under the associates.

## 19. PROPERTIES UNDER DEVELOPMENT

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Properties under development	312,558	310,916
Less: Provision for impairment	<u>(312,558)</u>	<u>(310,916)</u>
	<u>—</u>	<u>—</u>

Properties under development are the residential properties located at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC\* under development for sale and are held under medium-term leases.

As at 30 September 2024, the carrying amount of the properties under development included land use rights of approximately HK\$114,919,000 (31 March 2024: HK\$114,315,000).

On 27 January 2022, the Group received an idle land decision from Dalian Municipal Bureau of Natural Resources\* (大連市自然資源局) which determined the land of properties under development was in idle condition and the land may be repossessed by the PRC government authorities without compensation. The Board has reviewed and reconsidered the development plan and projected a significant drop in gross profit margin in developing the properties under development. Due to the abovementioned factors, the Board considered a full impairment on the properties under development is appropriate and reasonable. Nevertheless, the management are still using its best endeavors to avoid land repossession by the PRC government authorities without compensation.

\* For identification purpose only

## 20. COMPLETED PROPERTIES HELD FOR SALE

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Completed properties held for sale	119,233	119,745
Less: Provision for impairment	<u>(56,590)</u>	<u>(56,843)</u>
	<u>62,643</u>	<u>62,902</u>

The completed properties held for sale were located at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC\* and are held under medium-term lease. Completed properties held for sale which are expected to be recovered in more than twelve months after the reporting date are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

## 21. TRADE RECEIVABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	<u>1,171</u>	<u>428</u>

Based on the payment terms of tenancy agreements and the credit period granted to customers, the aging analysis of the Group's trade receivables as of each reporting date is as follows:

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
0 to 180 days	1,080	428
181 to 365 days	<u>91</u>	<u>–</u>
	<u>1,171</u>	<u>428</u>

The Group's trade receivables are denominated in RMB and represent rental and management fee receivables from tenants of the PRC investment properties and machinery and trading receipts from sales of bottled mineral water. Rental and management fee are payable in accordance with tenancy agreements and no credit period is granted. Credit period of 1 month is granted to customers of bottled mineral water.

\* For identification purpose only



## 22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
<b>Non-current assets:</b>			
Deposits paid for acquisition of investment properties, net	(i)	<u>149,121</u>	<u>148,338</u>
<b>Current assets:</b>			
Deposits paid, net	(ii)	1,042	1,211
Prepayments	(iii)	3,660	3,142
Accrued income		1,080	824
Other receivables, net	(iv)	<u>26,736</u>	<u>27,705</u>
		<u>32,518</u>	<u>32,882</u>

### Notes:

#### (i) Beijing Properties

As at 30 September 2024, deposit paid of approximately HK\$149,121,000, net of provision for impairment of approximately HK\$23,445,000 (31 March 2024: HK\$148,338,000, net of provision for impairment of approximately HK\$23,322,000) was related to the acquisition of investment properties in Beijing. Details of the acquisition are set out in the announcement of the Company dated 28 February 2017. Due to the outbreak of the COVID-19 pandemic, construction works were temporarily suspended and the vendor failed to hand over the properties to the buyer in accordance with the agreed schedule. The Group took legal action against the vendor and agreed with the vendor to refund the deposit to the Group in the following manner: 1) transfer certain properties in Beijing held by the vendor to the Group; 2) pay an additional cash compensation of RMB8,000,000 to the Group. As at 30 September 2024, the vendor has fully paid the cash compensation of RMB8,000,000 and transferred 4 refund properties with the aggregate value of approximately RMB44,381,600 to the Group. The Group reserves all its rights against the vendor and will continue to follow up and closely monitor the refund progress.

## **22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)**

*Notes: (Continued)*

- (ii) As at 30 September 2024 and 31 March 2024, deposits paid mainly comprised rental deposits and payments for business related matters.
- (iii) As at 30 September 2024 and 31 March 2024, prepayments mainly comprised prepayment of indirect cost incurred for properties under development and purchase cost of machineries for the production of bottled mineral water in Hunan.
- (iv) As at 30 September 2024, other receivables of approximately HK\$26,736,000, net of provision for impairment approximately HK\$3,560,000 (31 March 2024: HK\$27,705,000, net of provision for impairment of approximately HK\$3,540,000), mainly comprised other taxes prepaid in the PRC and advance payments for business related matters.

## **23. AMOUNT DUE FROM NON-CONTROLLING INTERESTS**

The non-controlling interests who holds 33% shareholding of Good Union (China) Limited have committed to provide a production volume guarantee of the water mining business in Hunan to the Group. The compensation relating to the failure to fulfil the production volume guarantee for the years 2019 and 2020 of approximately RMB21,936,000 was mutually agreed between the non-controlling interests and the Group in 2021. Up to the date of this announcement, the Group has received partial compensation of approximately RMB19,935,000 from non-controlling interests.

As at 30 September 2024 and 31 March 2024, amount due from non-controlling interest is unsecured, interest-bearing at 5% per annum and repayable on or before 27 March 2025.

## 24. TRADE PAYABLES

	At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	<u><b>48,717</b></u>	<u>47,133</u>

The following is an aging analysis of trade payables at the end of the reporting period, based on the contract date or invoice date:

	At <b>30 September</b> <b>2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	At 31 March 2024 <i>HK\$'000</i> (audited)
0 to 180 days	<b>2,610</b>	2,153
181 to 365 days	<b>114</b>	–
Over 365 days	<u><b>45,993</b></u>	<u>44,980</u>
	<u><b>48,717</b></u>	<u>47,133</u>

## 25. SHARE CAPITAL

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Amount</b> <i>HK\$'000</i>
<b>Authorised:</b>			
Ordinary share of HK\$0.1 each			
At 1 April 2023 (audited), 31 March 2024 (audited), 1 April 2024 (audited) and 30 September 2024 (unaudited)			
		<u>25,000,000,000</u>	<u>2,500,000</u>
<b>Issued and fully paid:</b>			
Ordinary share of HK\$0.1 each			
At 1 April 2023 (audited), 31 March 2024 (audited) and 1 April 2024 (audited)			
		938,402,800	93,840
Placing of shares	<i>(i)</i>	187,680,560	18,768
Issue of consideration shares	<i>(ii)</i>	<u>187,680,000</u>	<u>18,768</u>
30 September 2024 (unaudited)		<u>1,313,763,360</u>	<u>131,376</u>

### *Notes:*

- (i) On 20 May 2024, the Company completed a placing of 187,680,560 new shares at the placing price of HK\$0.105 per placing share and raised gross proceeds of approximately HK\$19,706,000, of which approximately HK\$18,768,000 was credited to share capital account and the balance of approximately HK\$938,000 was credited to share premium account of the Company.

Share issuance expenses (mainly include the placing commission and other related expenses) that are directly attributable to the placing amounting to approximately HK\$591,000 was treated as a deduction against the share premium account arising from the placing.

- (ii) On 13 June 2024, the Company issued a total of 187,680,000 consideration shares at the issue price of HK\$0.23 per consideration share (equivalent to the amount of HK\$43,166,400) as part of the consideration for the acquisitions of two target companies. Details of the acquisitions are set out in the announcement of the Company dated 23 August 2023 and the circular of the Company dated 9 November 2023. Approximately HK\$18,768,000 was credited to share capital account and the balance of approximately HK\$24,398,000 was credited to share premium account of the Company.

## 26. BORROWINGS

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Bank borrowings – secured	<u>8,871</u>	<u>8,825</u>

As at 30 September 2024, bank borrowings are interest-bearing at 4.615% per annum, secured by factories under land and buildings located in Hunan, the PRC (Note 16) and repayable on 19 September 2026.

## 27. FINANCIAL GUARANTEE LIABILITIES

At 30 September 2024, a wholly-owned subsidiary of the Company, 大連創和置地有限公司 (“大連創和”), incorporated in the PRC, provided corporate guarantees to third parties amounting to approximately RMB100,000,000 (31 March 2024: RMB100,000,000), detailed as follows:

- (1) On 17 April 2014, 大連創和 provided a corporate guarantee to 大連銀行第一中心支行 (“大連銀行(一)”) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連東潤物資回收有限公司 (“大連東潤”). In 2017, 大連銀行(一) took a legal action against 大連東潤 for the recovery of the aforesaid loan. On 21 December 2017, 遼寧省大連市中級人民法院 (the “Court”) ordered 大連東潤 to repay the loan to 大連銀行(一), together with relevant legal cost and interest.
- (2) On 23 May 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連連隆物資有限公司 (“大連連隆”). In 2017, 大連銀行(一) took a legal action against 大連連隆 for the recovery of the aforesaid loan. On 28 December 2017, the Court ordered 大連連隆 to repay the loan to 大連銀行(一), together with relevant legal cost and interest.
- (3) On 19 August 2014, 大連創和 provided a corporate guarantee to 大連銀行(一) for a recurring bank loan of RMB50,000,000 granted to a third party, 大連澤琦貿易有限公司 (“大連澤琦”). In 2017, 大連銀行(一) took a legal action against 大連澤琦 for the recovery of the aforesaid loan. On 21 December 2017, the Court ordered 大連澤琦 to repay the loan to 大連銀行(一), together with relevant legal cost and interest. The loan principal of RMB50,000,000 had been repaid by 大連澤琦 on 30 December 2017.

## 27. FINANCIAL GUARANTEE LIABILITIES (CONTINUED)

Another independent guarantor, 大連順浩置業有限公司 (“大連順浩”) has pledged its properties to secure the bank loans stated in (1), (2) and (3). The estimated value of the pledged properties is over RMB250 million. The directors believe that the aforesaid loans, interests and other costs can be fully recovered from the sales proceeds of the pledged properties. In addition, 大連創和 obtained counter-guarantees given by 創達地產(大連)有限公司 (“創達地產”). 創達地產 undertook to compensate 大連創和 any legal costs and economic losses that may be suffered by 大連創和 in relation to all the aforesaid corporate guarantees.

On 27 December 2017, a restructuring loan agreement was signed by 大連順浩 with 大連銀行. Under this agreement, a new loan of RMB245,000,000 was granted to 大連順浩 for the repayment of the loans, interests and other cost stated in (1), (2) and (3) and then the corporate guarantee provided by 大連創和 will be released. However, the procedure to release the corporate guarantee is still in progress.

The directors are closely monitoring the situations and will continue to use their best endeavor to resolve the corporate guarantee above. The directors are also assessing the legal position of the Group and may consider taking legal actions if appropriate.

Up to the date of this announcement, the Group did not suffer any loss from the above corporate guarantees. Having considered the counter-guarantees provided by 創達地產, pledge of valuable properties by 大連順浩 and subsequent settlement arrangements as stated above, in the opinion of the directors of the Company, the fair values of the financial guarantee contracts are insignificant at initial recognition as the probability of suffering any significant loss by the Group from the above corporate guarantees is low. Accordingly, no provision has been made in the interim financial statements for these guarantees.

## 28. CAPITAL COMMITMENTS

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

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Contracted but not provided for:		
Property development expenditure	100,725	100,196
Construction in-progress for water exploitation activities in Hunan	<u>5,850</u>	<u>5,655</u>
	<u>106,575</u>	<u>105,851</u>

## 29. MATERIAL RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save as disclosed elsewhere in the interim financial statements, details of transactions between the Group and other related parties are disclosed below.

### (a) Transactions with related parties

For the six months ended 30 September 2024 and 2023, interest income relating to termination of acquisition of Shenyang Properties, which were receivable from Mr. Li Yuguo who is an executive director of the Company, are recognised as follows:

	For the six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Interest income relating to termination of acquisition of Shenyang Properties	<u>–</u>	<u>5,827</u>

## 29. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Transaction relating to non-controlling interests

As disclosed in Note 23, during the six months ended 30 September 2024 and 2023, the interest income relating to the amount due from non-controlling interests are recognised as follows:

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income relating to amount due from non-controlling interest	<u>69</u>	<u>282</u>

### (c) Remuneration of key management personnel

The remuneration of key management personnel during the reporting period was at follows:

	For the six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short-term benefits	2,450	2,399
Retirement benefits scheme	<u>18</u>	<u>25</u>
	<u>2,468</u>	<u>2,424</u>

## 30. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board on 26 November 2024.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

For the six months ended 30 September 2024 (the “Reporting Period”), the revenue of Zhong Jia Guo Xin Holdings Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) was approximately HK\$9,582,000 (2023: HK\$7,584,000).

The revenue of the Group for the Reporting Period comprised rental and management income from leases, sales of properties and sales of bottled mineral water. The revenue for the Reporting Period increased as the Group diversified new sources of revenue with the commencement of water business in Hunan since March 2024 and leasing income from Refund Properties in Beijing since last quarter of 2023.

#### **Cost of Sales**

For the Reporting Period, the cost of sales of the Group was approximately HK\$8,475,000 (2023: HK\$2,168,000), including the cost of properties sold and the cost of bottled mineral water sold. The change in cost of sales was in line with the change in revenue from sales of properties and bottled mineral water.

#### **Gross Profit**

For the Reporting Period, the Group recorded a gross profit of approximately HK\$1,107,000 (2023: HK\$5,416,000). The gross profit was mainly attributable to rental income from the investment properties in Suzhou, Zhejiang and Beijing. The decrease in gross profit was mainly due to the gross loss from the water business in Hunan arising from the inclusion of the fixed production costs such as amortisation of water mining right and depreciation of plant and machinery.

## **Other Gains**

For the Reporting Period, the Group recorded other gains of approximately HK\$161,000 (2023: HK\$6,259,000). The decrease was mainly due to absence of interest income relating to the refund of the deposit resulting from the termination of acquisition of properties located in Shenyang, the PRC as compared with the previous reporting period since the entire amount of the outstanding sum had been settled during the year 2023.

## **Other Losses**

For the Reporting Period, the Group recorded other losses of approximately HK\$275,000 (2023: HK\$5,384,000). The decrease in other losses was mainly attributable to the decrease in currency exchange losses on the monetary assets and liabilities denominated in Renminbi (“RMB”) resulting from more stable exchange rate of RMB during the Reporting Period.

## **Selling and Distribution Expenses**

For the Reporting Period, selling and distribution expenses were approximately HK\$548,000 (2023: HK\$482,000). The increase in selling and distribution expenses was mainly due to the commencement of sales of bottled mineral water.

## **Administrative Expenses**

For the Reporting Period, administrative expenses primarily consist of directors’ emoluments, other staff costs and benefits, depreciation, legal and professional fee, land and property taxes and other general office expenses, which were approximately HK\$13,679,000 (2023: HK\$14,765,000). The decrease was mainly due to the decrease in depreciation of assets and legal and professional fees.

## **Share of Results of Associates**

For the Reporting Period, share of losses of associates was approximately HK\$5,887,000 (2023: HK\$5,733,000) which were mainly due to the depreciation of property, plant and equipment and amortisation of water procurement permit of the associate in Guangxi.

## **Finance Costs**

For the Reporting Period, the finance costs of the Group was approximately HK\$610,000 (2023: HK\$291,000), which represented interest on secured bank loans, lease liabilities and other payable.

## **Profit for the Period**

For the Reporting Period, the Group recorded loss for the period of approximately HK\$18,209,000 (2023: HK\$13,349,000). The increase in loss was mainly due to the increase in the fixed production costs from the water business in Hunan, including amortisation of water mining right and depreciation of plant and machinery.

## **BUSINESS REVIEW**

In the post-pandemic era, the overall economy in the PRC remains stagnant. The Group is facing more challenges, including but not limited to downturn of the property market, unfavourable market sentiment and low consumers' demands in the PRC. The Group is proactively and continuously taking actions to mitigate these adverse impacts on the Group.

The Group continued to focus on its core businesses in water business, property development and property investment business. In December 2023, the Group expanded its core businesses to mining business by the acquisitions of 2 companies which are engaged in mineral exploration and mining activities in Yunnan, the PRC.

## **Water Business**

The Group recorded a loss from water business segment of approximately HK\$7,443,000 for the Reporting Period (2023: HK\$1,627,000). The increase in loss from water business segment was mainly due to the fixed production costs such as amortisation of water mining right and depreciation of plant and machinery.

## **Water Production and Sales**

The Group holds 20% equity interests in Hong Kong Spring Water Ding Dong Group Company Limited which has a wholly-owned subsidiary in Guangxi, Guangxi Spring Water Ding Dong Beverages Company Limited\* (“Guangxi Spring Water Ding Dong”). Guangxi Spring Water Ding Dong possesses a water procurement permit for production and sales of bottled water and is currently in operation in Guangxi.

During the Reporting Period, the Group shared losses of associates of approximately HK\$5,887,000 (2023: HK\$5,733,000), which were mainly due to the depreciation of property, plant and equipment and amortisation of water procurement permit.

\* *For identification purpose only*

## Water Mining

The Group holds 67% equity interests in Good Union (China) Limited (“Good Union”), which has a wholly-owned subsidiary in Hunan, Hunan Xintian Strontium Rich Mineral Water Co., Ltd.\* (“Hunan Xintian”). Hunan Xintian possesses a water mining right for exploitation of mineral water in Hunan.

The commercial production of Hunan Xintian has commenced since March 2024. The management of Hunan Xintian is actively soliciting customers and promoting its water products in order to enhance its turnover and customer bases. For the Reporting Period, the Group recognised revenue from the sales of bottled mineral water of approximately HK\$2,437,000 (2023: Nil).

The minority shareholder who holds 33% shareholding of Good Union has committed to provide a production volume guarantee of the water mining business in Hunan to the Group for the years from 2019 to 2028. The compensation relating to the failure to fulfil the production volume guarantee for the years 2019 and 2020 of approximately RMB21,936,000 was mutually agreed between the minority shareholder and the Group in 2021. As at the date of this announcement, the minority shareholder has paid the substantial portion of the compensation of approximately RMB19,936,000 to the Group.

On 28 March 2024, the Group and the minority shareholder entered into a further supplemental agreement, pursuant to which the minority shareholder agreed to pay the outstanding compensation and the accrued interest of RMB2,500,000 together with the interest to be accrued thereon at an interest rate of 5% per annum on or before 27 March 2025.

The production volume guarantee of the years 2021, 2022 and 2023 were not satisfied due to the delay in construction works of the factory building in Hunan resulting from the stringent precautionary measures during the COVID-19 pandemic. For the compensation for the years 2021, 2022 and 2023, the Group is still negotiating with the minority shareholder.

\* For identification purpose only

## **Mining Business**

The Group recorded a loss from mining business segment of approximately HK\$283,000 for the Reporting Period (2023: Nil). The loss from mining business segment represented the operating expenses incurred during the Reporting Period after the completion of acquisition of Jiuyuan Mine and Jinhao Mine in Yunnan. Details of Jiuyuan Mine and Jinhao Mine are set out below.

### **Jiuyuan Mine**

In December 2023, the Group acquired 100% equity interests in Yonyin Investment Holdings Limited (“Yonyin”). Yonyin’s indirect wholly-owned subsidiary, ZhenYuan County JiuYuan Mining Co., Ltd.\* (“Jiuyuan”) holds a mining licence with minerals of lead and zinc located at Jiujia Township, Zhenyuan County, Pu’er City, Yunnan Province, the PRC\* (中國雲南省普洱市鎮沅縣九甲鄉).

In early 2024, the PRC government has conducted a site visit to Jiuyuan Mine and has given various instructions to the Group to make certain improvements and facilities upgrade before commencement of commercial production. The Group is now endeavouring to address the instructions of the PRC government and wish to satisfy their requirements as soon as possible. Based on the current progress, it is expected that the improvement and upgrade works could be completed in early 2025. After that, the Jiuyuan Mine will be subject to further inspections of the PRC government and commercial production could be commenced after the PRC government approved the same, which is expected to be in the first half of 2025.

### **Jinhao Mine**

In December 2023, the Group acquired 73.1% equity interests in Yongming Investment Holdings Limited (“Yongming”). Yongming’s indirect wholly-owned subsidiary, ZhenYuan County JinHao Mining Co., Ltd.\* (“Jinhao”) holds an exploration licence with minerals of copper, lead and silver located at Enshui Road (Minjiang Market Section), Zhenyuan Yi Hani Lahu Autonomous County, Pu’er City, Yunnan Province, the PRC\* (中國雲南省普洱市鎮沅彝族哈尼族拉祜族自治縣恩水路(民江集貿市場段)). Jinhao is in the process of applying the mining licence and expected the production to be commenced in the second half of 2025.

\* For identification purpose only

## **Property Development and Property Investment Business**

The Group maintained stable revenue of approximately HK\$7,145,000 (2023: HK\$7,584,000) and recorded a profit of approximately HK\$1,975,000 (2023: HK\$1,889,000) from property development and investment segment for the Reporting Period.

During the Reporting Period, the Group continued to operate its property development and property investment businesses in the PRC with its properties located in Dalian, Beijing, Zhejiang and Suzhou. Details of the property businesses are set out below.

### **Property Development**

#### *Dalian Properties*

Dalian Chuanghe Landmark Co Ltd.\* (“Dalian Chuanghe”), an indirect wholly-owned subsidiary of the Company in Dalian, the PRC, engages in the development of urban land for residential usage in Dalian and plans to develop 55 buildings with 21 buildings in the first phase (“Phase I”) and 34 buildings in the second phase (“Phase II”) at Beibu District, Jinshitan, Jinzhou New District, Dalian, the PRC\* (中國大連金州新區金石灘北部區).

Phase I, named “Xin Tian Jia Yuan”, was completed in March 2019 and recognised as the completed properties held for sale of the Group. There are 21 buildings established in Phase I with total saleable area of approximately 42,540 square metres including 4 eight-storey apartments (小高層), 9 garden villas (洋房) and 8 garden houses (聯排別墅). Dalian Chuanghe commenced to hand over the properties to buyers in April 2019. For the Reporting Period, approximately 96 square metres of properties were handed over and revenue of approximately HK\$628,000 (2023: HK\$1,792,000) was recorded. Due to the downturn of the property market in the PRC, consumers’ behaviors have changed. They tend to be more conservative and take a wait-and-see attitude towards property investment, which has substantially affected the sales of property. As a result, the revenue from sales of properties decreased during the Reporting Period.

\* For identification purpose only

Up to 30 September 2024, an aggregate of approximately 81% of the total saleable area of Phase I have been handed over to the buyers. As at 30 September 2024, Dalian Chuanghe had sale contracts with contract amount of approximately RMB37,856,000 with gross saleable areas of around 5,100 square metres which are expected to be handed over to buyers in the near future. Under the unfavourable property market sentiment, it is challenging to sell all the remaining unsold units in Phase 1 of the Dalian Properties in the near future. However, the management of Dalian Chuanghe are closely monitoring the property market condition and is using its best endeavor to promote and sell the remaining unsold units.

Phase II is recognised as the properties under development of the Group. The Group planned to develop 34 buildings with aggregate saleable area of approximately 69,000 square metres. The development of Phase II is in preliminary stage. Due to (i) the outbreak of the COVID-19 pandemic since the beginning of 2020; (ii) the debt crisis of some of the property developers in the PRC since mid-2021; and (iii) the downturn of the property market in the PRC, the development of Phase II has been delayed and rescheduled.

On 27 January 2022, Dalian Chuanghe received an idle land decision from Dalian Municipal Bureau of Natural Resources\* (大連市自然資源局), pursuant to which the land of Phase II was determined to be in idle condition. Therefore, there is a risk that the land of Phase II being repossessed by the PRC government authorities without compensation. The management of Dalian Chuanghe is actively negotiating and communicating with the PRC government authorities to lift the decision of idle status and to avoid land repossession by the PRC government authorities without compensation.

Up to the date of this announcement, the legal title of the land of Phase II still remained under the control of Dalian Chuanghe despite the idle land decision. No further action was taken by the PRC government authorities and the Company was not aware of any exact timeline of the repossession.

\* *For identification purpose only*



The Board has reviewed and reconsidered the development plan of Phase II. The construction material costs has continuously increased in recent years, which led to the increase in the development costs. However, the selling price of the properties in Dalian has dropped due to the debt crisis of some of the property developers in the PRC since mid-2021 and the downturn of the property market in the PRC. As a result, the projected profit margin of developing Phase II has dropped significantly. Therefore, the Board considered that developing the land of Phase II under the current market condition is not in the best interest of the Company and its shareholders as a whole. Nevertheless, the management are still using its best endeavors to avoid land repossession by the PRC government authorities without compensation. In the meantime, the Group is also identifying any potential buyer to purchase the land of Phase II. However, up to the date of this announcement, the Group was still not able to identify and secure a buyer.

Nevertheless, given that property development is a highly profitable business, the Company does not intend to cease such business. Rather, the Company has always been prepared to continue its property development business whenever market opportunities arise. Given the recent market conditions of the property market in the PRC, the economic uncertainties and the increasing costs of construction resulting from the global inflation, the Company has adopted a conservative approach on its property development business for the time being.

## **Property Investment**

### *Beijing Properties*

The Group entered into an acquisition agreement on 28 February 2017 to purchase (a) office premises with an aggregate gross floor area of 8,335 square metres and (b) underground car park with an aggregate gross floor area of 3,100 square metres located at Phase III of Beijing Convention and Exhibition International Port (Exhibition Centre Ancillary Facilities) Project\* (北京會展國際港展館配套設施項目第三期) for a consideration of approximately RMB220,000,000 (subject to adjustment). The Group has paid the consideration of RMB200,000,000 (the “Deposit”) in accordance with the payment terms stated in the acquisitions agreement as deposits.

\* *For identification purpose only*

Due to the outbreak of the COVID-19 pandemic, construction works were temporarily suspended during the pandemic and the vendor of the Beijing Properties (the “Vendor”) failed to hand over the properties to its customers on schedule. It was originally expected that the Beijing Properties would be completed in December 2023 and delivered to the Group in June 2024. However, during the year ended 31 March 2024, the Group observed that the development pace of the Beijing Properties has become slower and slower. Due to the financial difficulties faced by various property developers in the PRC during the year, the Group also concerned that the Vendor may be unable to complete the construction of the Beijing Properties. In order to protect the interests of the Company and its shareholders as far as possible, the Group has promptly met and negotiated with the Vendor. The Vendor indicated that there may be difficulties in completing and delivering the Beijing Properties in accordance with the previously agreed schedule. Nevertheless, the Vendor has undertaken to (i) refund the Deposit by transferring certain properties in Beijing held by the Vendor (the “Refund Properties”) and (ii) pay an additional cash compensation of RMB8 million to the Group.

The Group has engaged the PRC lawyers to liaise with the Vendor on the transfer of the Refund Properties.

The Vendor has offered to transfer a total of 10 properties and 106 car parking spaces to the Group (the “Refund Package”) as refund of the Deposit. Those properties and car parking spaces are commercial properties located at Longxing Yujing Garden, Yufeng Road, Shunyi District, Beijing (北京順義區裕豐路龍祥譽景花園), each with gross floor area between 177–793 square metres. Up to the date of this announcement, the Vendor has fully paid the cash compensation of RMB8 million and the Group has received 4 properties, and the other 6 properties and 106 car parking spaces (the “Remaining Refund Properties”) were still pending to be delivered to the Group.

There has been delay in the transfer of the Remaining Refund Properties. The Group has already instructed the PRC lawyers to:

- (i) take legal action for specific performance against the Vendor for the transfer of 4 of the properties and payment of damages and compensation. According to the PRC lawyers, it is expected that it will usually take around 3 months to 6 months for obtaining the order of specific performance under normal circumstances, provided that it may take longer time in case of any special circumstances; and

- (ii) issue legal demands against the Vendor for the transfer of 2 of the properties and 106 car parking spaces and payment of damages and compensation. According to the PRC lawyers, it is expected that it will usually take around 3 months to 12 months for mediation and settlement, provided that it may take longer time in case of any litigation arise.

Under the current adverse market environment, in particular the property market in the PRC, the first priority of the Company is to protect its assets as far as possible. For the Beijing Properties, the Group has paid the Deposit of RMB200 million and securing the refund of the Deposit is of utmost importance for the Group. While the Group has considered to insist on its contractual rights under the acquisition agreement and take legal actions against the Vendor at the beginning, it will inevitably incur substantial legal costs and time and there is also no assurance that, even the Group is successful in the litigations against the Vendor, it will eventually be able to recover the Deposit and other compensation in full. From a commercial and practical point of view, as the first step, the Group has adopted the strategy to mitigate its loss and recover from the Vendor as far as possible and as soon as possible through negotiations. Indeed, this strategy has proved to be effective and the Group has already quickly recovered from the Vendor a cash compensation of RMB8 million and 4 properties with aggregate value of approximately RMB44.4 million, totalling approximately RMB52.4 million. The Group could immediately proceed with its other business plans as far as the refund and those compensations already received are concerned and reduce its opportunity costs in this regard. It could also minimize the legal costs and time in the recovery of the loss and compensation and the need to compete with other creditors of the Vendor. Even there are differences in the portfolio of the Refund Properties and the Beijing Properties, the Refund Properties are also properties designated for commercial use, located in the same area of Beijing as that of the Beijing Properties and are still of substantial value based on the experiences and expertise possessed by the management of the Group. The Group does not intend to hold the Refund Properties for a long term but is prepared to realize the same in the near future when the market conditions allow and suitable buyers are located.

Regarding the defaults of the acquisition agreement by the Vendor, the Group has engaged the PRC lawyers to closely liaise with the Vendor, follow up the same and the progress of the transfer of the Refund Properties. The Company will, with the consultation with the PRC lawyers, formulate the appropriate strategy and take appropriate actions to protect the rights of the Group under the acquisition agreement, taking into account the updated status of transfer of the Refund Properties, refund of Deposit and payment of compensation.

Considering all the risks and uncertainties involved, as far as the purpose of recovering the Deposit and compensation from the Vendor is concerned, the Company considered that, as the first step, the Refund Package is a more feasible way to proceed as compared with taking legal actions against the Vendor for the contractual rights of the Group under the acquisition agreement.

In light of the above, the Board considered the Refund Package was fair and reasonable and in the interest of the Company and its shareholders as a whole.

Since there were subsisting tenants in those Refund Properties which have been delivered to the Group and are currently generating rental income for the Group, those Refund Properties were classified as investment properties in the financial statements of the Company. For the Reporting Period, the Group recorded rental income from the Refund Properties of approximately HK\$248,000 (2023: Nil).

### *Zhejiang Properties*

The Group holds the land use rights in respect of an industrial land parcel with site area of approximately 31,950 square metres and a two-storey industrial building with a total gross floor area of approximately 45,330 square metres together with another land parcel with a total site area of approximately 74,960 square metres located at Chen Village, Shanghua Street, Lanxi City, Jinhua, Zhejiang Province, the PRC\* (中國浙江省金華蘭溪市上華街道沈村).

The industrial lands and building are currently leased to tenants for rental income. The Group recorded rental income of approximately HK\$2,465,000 for the Reporting Period (2023: HK\$2,184,000).

\* *For identification purpose only*

As the property market remained stagnant in the PRC during the Reporting Period, the occupancy rate of the Zhejiang Properties was still under pressure. The Group is now using its best endeavour to identify and solicit new tenants for the vacant units in the Zhejiang Properties. The Company is confident that, once the market conditions improve, the demand for industrial properties will increase and the occupancy rate of the Zhejiang Properties will improve accordingly. The Company intends to adopt a more progressive approach in securing new tenants, including but not limited to (i) carry out more active marketing of the properties available for lease; (ii) offer more competitive rental packages for potential tenants; and (iii) engage more real estate agents to secure potential tenants.

### *Suzhou Properties*

The Group holds the land use rights in respect of several buildings with total construction area of approximately 14,798 square metres together with the land parcel with a total site area of approximately 20,841 square metres located at 6 Waiwujingnong, Suzhou, Jiangsu, the PRC\* (中國江蘇省蘇州市外五涇弄6號).

The Suzhou Properties comprise a garden-style hotel in Suzhou for travel, vacation, conference and meeting. It was being leased out by the Group for rental income and the tenants operated the same as, inter alia, business clubs, featured business boutique hotels, restaurants, shops, offices, etc. For the Reporting Period, the Group recorded rental and management fee income of approximately HK\$3,804,000 (2023: HK\$3,608,000).

As the property market remained stagnant in the PRC during the Reporting Period, the occupancy rate of the Suzhou Properties was still under pressure. The Group is now using its best endeavour to identify and solicit new tenants for the vacant units in the Suzhou Properties. The Company is confident that, once the market conditions improve, the demand for tourism properties will increase and the occupancy rate of the Suzhou Properties will improve accordingly. The Company intends to adopt a more progressive approach in securing new tenants, including but not limited to (i) carry out more active marketing of the properties available for lease; (ii) offer more competitive rental packages for potential tenants; and (iii) engage more real estate agents to secure potential tenants.

\* *For identification purpose only*

*Yantian Properties (Discontinued operations)*

- (A) The Group entered into an acquisition agreement on 24 June 2014, a supplemental agreement on 15 April 2015, the second supplemental agreement on 12 July 2016, the third supplemental agreement on 17 May 2017 and the fourth supplemental agreement on 3 May 2018 to purchase the property at a consideration of approximately RMB100,000,000 (equivalent to approximately HK\$126,000,000).

The property comprises 46 units of Jinma Creative Industry Park (formerly known as “Kingma Information Logistic Park”) which is situated at Depot No. 2, 3rd Road and Shenyang Road Intersect, Inner Logistic Park, Yantian Bonded Area, Yantian District, Shenzhen City, the PRC\* (中國深圳市鹽田區鹽田保稅區物流園內三號路與深鹽路交匯處二號堆場) (“Jinma Creative Industry Park”) with a total gross floor area of approximately 8,699 square metres.

As at 30 September 2024, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB90,000,000 in accordance with the payment terms stated in the acquisition agreement (as supplemented). The remaining balance of the consideration of approximately RMB10,000,000 shall be paid within 30 days from the date on which the relevant building ownership certificates are issued in favour of the purchaser, which is an indirect wholly-owned subsidiary of the Company (the “Jinma Industry Park Purchaser”). The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

\* *For identification purpose only*

- (B) The Group entered into the second acquisition agreement on 15 May 2015, a supplemental agreement on 12 July 2016, the second supplemental agreement on 17 May 2017 and the third supplemental agreement on 3 May 2018 to purchase additional property at a consideration of approximately RMB65,100,000 (equivalent to approximately HK\$81,400,000). The property comprises 30 units of Jinma Creative Industry Park with a total gross floor area of approximately 5,400 square metres.

As at 30 September 2024, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB60,000,000 in accordance with the payment terms stated in the second acquisition agreement (as supplemented). The remaining balance of the consideration of approximately RMB5,100,000 shall be paid within 30 days from the date on which the property is registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

- (C) The Group entered into the third acquisition agreement on 10 November 2015, a supplemental agreement on 17 May 2017 and the second supplemental agreement on 3 May 2018 to purchase additional property at a consideration of approximately RMB101,600,000 (equivalent to approximately HK\$122,000,000). The property acquired was a single-storey reinforced concrete building designated for office and storage uses located at Block 2 of Jinma Creative Industry Park with a total gross floor area of approximately 4,957 square metres.

As at 30 September 2024, the Group had obtained physical possession of the property and paid conditionally refundable deposit in the aggregate sum of RMB100,000,000 in accordance with the terms of payment stated in the third acquisition agreement (as supplemented). The remaining balance of the consideration of approximately RMB1,600,000 shall be paid within 30 days from the date on which the property is registered under the name of the Jinma Industry Park Purchaser. The vendor shall register the title of the property under the name of the Jinma Industry Park Purchaser on or before 31 December 2018 (or such other date as may be mutually agreed).

For Yantian Properties (A), (B) and (C) as described above, as at the date of this announcement, the vendor has still not registered the titles of the properties under the name of the Jinma Industry Park Purchaser. The approval from the PRC government authority for issuing the building ownership certificates remained pending. In April 2021, the Company received the second letter from the vendor requesting for an extension of the deadline to 31 December 2021 for handling the matter of building ownership certificates. However, due to the continuation of the COVID-19 pandemic, the registration of building ownership certificates has not been completed by the extended deadline. The Company has engaged a PRC law firm to negotiate with the vendor to resolve this matter.

Given the title defects in the Yantian Properties, such properties do not generate any revenue nor profit for the Group while the Group has to expend certain costs in continuing to hold and maintain the same.

On 27 April 2023, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Century Strong Limited and the shareholder's loan advanced to Century Strong Limited and its subsidiaries (the "Disposal Group"), at a consideration of RMB150,000,000. The wholly-owned subsidiaries of Century Strong Limited hold the naming right and advertising right of Jimma Creative Industry Park and the Yantian Properties (A), (B) and (C). The disposal constituted a very substantial disposal under the Listing Rules and was approved by the shareholders of the Company at the special general meeting held on 12 July 2023. The disposal is expected to be completed by early 2025. Details of the disposal are set out in the announcement of the Company dated 2 May 2023 and the circular of the Company dated 23 June 2023.

According to the recent discussion with the buyer of the Disposal Group, she re-confirmed her willingness to complete the transaction according to the sale and purchase agreement.



## **PROSPECTS**

Although the Group has faced challenges from the aftermath of the COVID-19 pandemic and the downturn of property market and economy in the PRC, the Directors are optimistic about the economic development of the PRC in the long run and believes that the demands for water products and properties in the PRC will remain stable and sustainable. The Group will continue to strengthen its competitive strengths in its core business, i.e. water business, property development and property investment business and look for appropriate business and investment opportunities in these areas.

In December 2023, the Group has acquired 2 companies which hold a mining licence and a mining exploration licence in respect of certain mines located at Yunnan. The acquisitions represent an excellent opportunity for the Group to invest and tap into the natural resources industry in the PRC and are in line with the development objective of the Group of becoming a market player in the natural resources industry. The Group is looking forward for the contributions from its mining business in near future.

The Group will continue to endeavour to diversify its business and asset portfolio in order to diversify the risks from its existing businesses. Apart from its existing core business, the Group is actively studying the feasibilities of expansion into energy-related business. The management remains open for other business opportunities whenever the same arise.

## **SIGNIFICANT INVESTMENTS**

Save as disclosed in this announcement, the Group had no material investments during the Reporting Period.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Reporting Period (2023: Nil).

## FUND RAISING ACTIVITIES OF THE GROUP

### Placing of Shares on 3 August 2018

The net proceeds (net of all relevant costs and expenses) from placing of shares under special mandate on 3 August 2018 were approximately HK\$316,500,000. Details of the placing of shares were set out in the announcements of the Company dated 17 April 2018 and 3 August 2018 and the circular of the Company dated 5 June 2018.

Up to 30 September 2024, the Group had used the net proceeds as follows:

Intended use of net proceeds	Original allocation		Actual use of net proceeds	Actual allocation		Remaining Utilisation balance of net up to proceeds as at	
	of net proceeds	Actual use of net proceeds		of net proceeds	30 September 2024	30 September 2024	
	<i>HK\$</i>	<i>% of net</i>		<i>HK\$</i>	<i>% of net</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>million</i>	<i>proceeds</i>		<i>million</i>	<i>proceeds</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Capital expenditure on the production facilities of Hunan Xintian	56.0	17.7%	Capital expenditure on the production facilities of Hunan Xintian	56.0	17.7%	35.1	20.9
Potential acquisition of business or companies	213.0	67.3%	Acquisition of Shenyang Properties	213.0	67.3%	213.0	–
Working capital of the Group	47.5	15.0%	Working capital of the Group	47.5	15.0%	47.5	–
	<u>316.5</u>	<u>100.0%</u>		<u>316.5</u>	<u>100.0%</u>	<u>295.6</u>	<u>20.9</u>

Net proceeds of approximately HK\$1 million has been utilised for the capital expenditure on the production facilities of Hunan Xintian during the Reporting Period. Due to the unexpected outbreak of the COVID-19 pandemic in the past few years and the slower-than-expected economic recovery after the pandemic, the upward trend of the PRC economy have been obstructed. Since it may take time for the economy and the market sentiment of the PRC to recover, Hunan Xintian has currently tuned down the production scale from original plan. The Company adopts a prudent approach towards the business development of Hunan Xintian, in particular the expansion of its production scale. The production capacity of the existing production facilities of Hunan Xintian was not yet fully utilized as at the date of this announcement. It is expected that, following the growth in the water business of the Group, the production capacity will gradually reach saturation and additional production facilities will be required. Under such circumstance, Hunan Xintian will need to expand its production facilities. It cannot be ascertained as to when Hunan Xintian will actually need to proceed to expand its production facilities. It must be stressed that the first quarter of 2031 is only the latest possible time at which the unutilized proceeds as at 30 September 2024 of approximately HK\$20.9 million (31 March 2024: HK\$21.9 million) are expected to be utilized. The Group may, taking into account the actual economic and market conditions in the PRC and the business progress of Hunan Xintian, utilize the unutilized proceeds as capital expenditure on the production facilities of Hunan Xintian earlier as and when appropriate. However, the utilization date may be subject to further amendments if the market conditions do not favour such capital investments.

In view for a better utilization of the Company's resources, the Board may temporarily re-allocate the aforesaid unutilised net proceeds for other uses. However, once the expected demand for our products exceeds our production capacity, the Board will deploy the unutilised net proceeds of approximately HK\$20.9 million back to the capital expenditure on the production facilities of Hunan Xintian.

## Placing of Shares on 20 May 2024

The net proceeds (net of all relevant costs and expenses) from placing of shares under general mandate on 20 May 2024 at the placing price of HK\$0.105 per share were approximately HK\$19 million. The net placing price was approximately HK\$0.101 per share. Details of the placing of shares were set out in the announcements of the Company dated 25 April 2024 and 20 May 2024 respectively. The closing price of the shares on the date of placing agreement was HK\$0.12.

Up to 30 September 2024, the Group had utilised the net proceeds as follows:

Intended use of net proceeds	Allocation of net proceeds		Utilisation	Remaining
	<i>HK\$ million</i>	<i>% of net proceeds</i>	up to 30 September 2024	balance of net proceeds as at 30 September 2024
Working capital of the Group	<u>19.0</u>	<u>100%</u>	<u>19.0</u>	<u>–</u>

Net proceeds of approximately HK\$19.0 million has been utilised for the use of working capital of the Group during the Reporting Period. As at 30 September 2024, the net proceeds had been fully utilised.

## CAPITAL STRUCTURE

As at 30 September 2024, total equity attributable to owners of the Company was approximately HK\$1,396,609,000 (31 March 2024: HK\$1,343,790,000). The increase was attributable to the placing of new shares and issue of consideration shares during the Reporting Period, net of the loss for the same period attributable to owners of the Company. There were no other material change in the capital structure of the Group during the Reporting Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the Reporting Period, the Group's liquidity funds were primarily used for our property business, water business and mining business and for their operations and such funds were funded by a combination of capital contribution by shareholders, borrowings as well as cash generated from operation.

As at 30 September 2024, the borrowing of the Group comprised loans from independent third parties of approximately HK\$7,961,000 (31 March 2024: HK\$3,861,000) and secured bank borrowings of approximately HK\$8,871,000 (2023: HK\$8,825,000). The loans from independent third parties are interest-bearing at 7%-10% per annum and repayable within one year. The secured bank borrowings are interest-bearing at 4.615% per annum and repayable on 19 September 2026.

As at 30 September 2024, the Group had total assets of approximately HK\$1,949,496,000 (31 March 2024: HK\$1,954,633,000) which was financed by current liabilities of approximately HK\$215,917,000 (31 March 2024: HK\$271,104,000), non-current liabilities of approximately HK\$8,871,000 (31 March 2024: HK\$8,825,000), non-controlling interests of approximately HK\$115,257,000 (31 March 2024: HK\$117,414,000) and the shareholder's equity of approximately HK\$1,396,609,000 (31 March 2024: HK\$1,343,790,000).

As at 30 September 2024, the Group's current ratio was approximately 1.30 (31 March 2024: 1.03). Current ratio is calculated based on current assets divided by current liabilities.

As at 30 September 2024, the gearing ratio of the Group was approximately 0.012 (31 March 2024: 0.009). Gearing ratio is calculated based on total borrowings divided by total equity.

## **MATERIAL ACQUISITIONS OR DISPOSALS**

The Group has no material acquisition or disposal during the Reporting Period.

## **SUBSEQUENT EVENTS**

As at 30 September 2024 and up to the date of this announcement, the Board is not aware of any significant events that have occurred which require disclosure herein.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group is mainly exposed to fluctuation in the exchange rate of RMB, arising from relevant group entities' monetary assets and liabilities denominated in foreign currency for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management closely monitors the relevant foreign currency exposure from time to time and will consider hedging significant foreign currency exposures should the need arise.

## **EMPLOYEE AND REMUNERATION POLICY**

The Group has a total of approximately 72 (2023: 55) employees in Hong Kong and the PRC as at 30 September 2024. The total staff costs (staff salaries, directors' emoluments and benefits and other staff costs) for the Reporting Period amounted to approximately HK\$7,301,000 (2023: HK\$6,610,000). Remuneration packages are generally structured with reference to market conditions and individual performance. Apart from the mandatory provident fund and statutory retirement benefits, the Group also provides medical benefits and subsidises employees in various training and continuous education programs.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

Save and except for those disclosed in Note 28 to the interim financial statements, the Group did not have other capital commitments and contingent liabilities as at 30 September 2024.

## **FINANCIAL GUARANTEE CONTRACTS**

Save and except for those disclosed in Note 27 to the interim financial statements, the Group did not have other financial guarantee contracts as at 30 September 2024.

## **CHARGES ON GROUP ASSETS**

Save and except for those disclosed in Note 16 to the interim financial statements, the Group did not have other charges over the Group's assets as at 30 September 2024.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Reporting Period.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code contained in Appendix C1 (the "Code") of the Listing Rules. During the Reporting Period, the Company complied with all applicable provisions of the Code except for the deviations as stated below:

### **Code Provision C.1.8**

Under Code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action which may be taken against the Directors. The directors' and officers' liability insurance maintained by the Company has expired on 20 May 2018. As the Company has not yet reached an agreement with an insurer regarding the terms and insurance premium of new insurance policy, the insurance cover in respect of legal action which may be taken against the Directors has not been in place since 21 May 2018. The Company has liaised with various insurance companies and brokers and will continue to liaise with them to arrange appropriate insurance cover for the Directors and officers.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Reporting Period.

## **CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

Mr. Ba Junyu has ceased to be an external supervisor of Shengjing Bank Co., Ltd. (Stock Code: 2066) since 22 February 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **AUDIT COMMITTEE**

The audit committee of the Company currently comprises four Independent Non-executive Directors, namely Mr. So Ting Kong, Mr. Ba Junyu, Mr. Wong Sung and Mr. Xu Xingge. Its primary duties are to, inter alia, review and oversee the financial reporting system, risk management and internal control system of the Group and its effectiveness, and review and monitor the integrity of financial statements of the Company and the Company's annual reports and interim reports.



The audit committee of the Company has reviewed with the management the accounting standards and practices adopted by the Group, and discussed financial reporting matters, including the review of the unaudited interim financial statements for the six months ended 30 September 2024 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and adequate disclosures have been made in respect thereof.

By Order of the Board  
**Zhong Jia Guo Xin Holdings Company Limited**  
**Ouyang Yanling**  
*Chairman*

Hong Kong, 26 November 2024

*As at the date of this announcement, the Board consists of five executive directors, Ms. Ouyang Yanling, Mr. Li Yuguo, Mr. Liu Yan Chee James, Mr. Li Xiaoming and Ms. Wen Junyi; three non-executive directors, Mr. Chen Dong Yao, Mr. Yang Xiaoqiang and Mr. Huang Yilin; and four independent non-executive directors, Mr. Ba Junyu, Mr. So Ting Kong, Mr. Wong Sung and Mr. Xu Xingge.*