



Huasheng International Holding Limited

華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)



2024/2025
Interim Report





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Corporate Information

Executive Directors

Mr. Wong Jeffrey
Mr. Kong Chi Keung

Non-executive Director

Mr. Li Renjie (*Chairman*)

Independent Non-executive Directors

Mr. Kwok Kam Tim
Mr. Tso Ping Cheong, Brian
Ms. Zhu Xiaojia

Audit Committee Members

Mr. Kwok Kam Tim (*Chairman*)
Mr. Tso Ping Cheong, Brian
Ms. Zhu Xiaojia

Remuneration Committee Members

Mr. Kwok Kam Tim (*Chairman*)
Mr. Tso Ping Cheong, Brian
Ms. Zhu Xiaojia

Nomination Committee Members

Mr. Tso Ping Cheong, Brian (*Chairman*)
Mr. Kwok Kam Tim
Ms. Zhu Xiaojia

Authorised Representatives

Mr. Wong Jeffrey
Ms. Kwong Oi Man Patty

Company Secretary

Ms. Kwong Oi Man Patty

Listing Information

Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 1323

Company's Website

www.huashengih.com

Registered Office

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P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Suites 2301-03, 23/F.
Far East Consortium Building
No. 121 Des Voeux Road Central
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

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

Principal Banker

Bank of East Asia, Limited
DBS Bank (Hong Kong) Limited

Auditor

ZHONGHUI ANDA CPA Limited
23/F, Tower 2, Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong



Management Discussion and Analysis

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 September 2024 (the “Interim Period”).

Business and Financial Review

During the Interim Period, the Group has been engaged in (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”).

For the Interim Period, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$24.4 million (six months ended 30 September 2023: approximately HK\$3.8 million).

Revenue

The Group’s revenue decreased by approximately HK\$107.2 million or 34.3% from approximately HK\$312.9 million for the six months ended 30 September 2023 to approximately HK\$205.7 million for the Interim Period.

The following table sets forth a breakdown of the Group’s revenue by segments and geographical locations and as a percentage of the Group’s total revenue for the Interim Period, with comparative figures for the corresponding period in 2023:

	Six months ended 30 September			
	2024 HK\$'000 (unaudited)	2024 %	2023 HK\$'000 (unaudited)	2023 %
By segment:				
Concrete Business	199,962	97.2	302,187	96.6
Money Lending Business	5,692	2.8	10,696	3.4
Total	205,654	100.0	312,883	100.0
By geographical location:				
The People’s Republic of China (the “PRC”)				
– Mainland China	199,962	97.2	302,187	96.6
– Hong Kong	5,692	2.8	10,696	3.4
Total	205,654	100.0	312,883	100.0

During the Interim Period, revenue from Concrete Business accounts for approximately 97.2% of the Group’s total revenue. Revenue from Concrete Business decreased by approximately 33.8% from approximately HK\$302.2 million for the six months ended 30 September 2023 to approximately HK\$200.0 million for the Interim Period, which was mainly due to the overall weak demand for ready-mixed commercial concrete products in the PRC. The sluggishness of the PRC real estate market and the slowdown in construction progress being affected by the tough business environment in the PRC real estate industry unavoidably impacted our Concrete Business.



Management Discussion and Analysis

Business and Financial Review (Continued)

Revenue (Continued)

Revenue from Money Lending Business decreased by approximately HK\$5.0 million or 46.8% from approximately HK\$10.7 million for the six months ended 30 September 2023 to approximately HK\$5.7 million during the Interim Period, which was due to the decrease in average gross loan portfolio to customers from approximately HK\$212.8 million for the six months ended 30 September 2023 to approximately HK\$149.7 million for the Interim Period.

Cost of Sales

The cost of sales for the Interim Period mainly consists of cost of raw materials, direct labour cost and other manufacturing cost incurred by our Concrete Business. The cost of sales decreased by approximately HK\$58.2 million or 26.4% from approximately HK\$220.7 million for the six months ended 30 September 2023 to approximately HK\$162.5 million during the Interim Period, which was mainly due to the effect of the decline in demand of our concrete products which was mitigated by the rise in cost of raw materials.

Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin by business segment for the Interim Period, with comparative figures for the corresponding period in 2023:

	Six months ended 30 September			
	2024 HK\$'000 (unaudited)	2024 GP %	2023 HK\$'000 (unaudited)	2023 GP %
By segment:				
Concrete Business	37,463	18.7	81,482	27.0
Money Lending Business	5,692	100.0	10,696	100.0
Overall	43,155	21.0	92,178	29.5

Gross profit decreased by approximately HK\$49.0 million or 53.2% from approximately HK\$92.2 million for the six months ended 30 September 2023 to approximately HK\$43.2 million for the Interim Period. The decrease in gross profit was mainly due to the drop in gross profit generated by the Concrete Business as a result of decrease in sales volume of our concrete products and drop in gross profit generated by the Money Lending Business resulted from the Group's continuous effort to scale down its loan portfolio during the Interim Period.

The Group's gross profit margin for the Concrete Business decreased from approximately 27.0% for the six months ended 30 September 2023 to approximately 18.7% for the Interim Period. The significant decrease in gross profit margin for the Concrete Business was mainly due to the increase in raw materials costs together with the lower selling price of our concrete products mainly due to the weak demand. Despite the Group has taken a number of measures to reduce the costs of operation, such measures were only mitigating part of the negative effects of the weak demand and resulted in a decrease in gross profit margin for the Concrete Business.

The gross profit margin for the Money Lending Business remains 100% for both six months ended 30 September 2024 and 2023 which continue to contribute a positive impact to the Group's gross profit margin.



Management Discussion and Analysis

Business and Financial Review *(Continued)*

Other Gains and Losses, Net

Other gains and losses, net for the Interim Period mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$7.8 million and impairment loss on loan receivables of approximately HK\$7.2 million.

The Group's net other losses decreased by approximately HK\$17.4 million or 54.7% from approximately HK\$31.9 million for the six months ended 30 September 2023 to approximately HK\$14.4 million for the Interim Period. Such decrease was primarily attributable to (i) the decrease in impairment loss on loan receivables and trade, retention, and other receivables by approximately HK\$2.8 million and HK\$5.5 million respectively when compared with that of the corresponding period of previous year; and (ii) nil impairment loss on goodwill recognised during the Interim Period whereas approximately HK\$5.6 million was recognised for the corresponding period in 2023.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses, staff cost for distribution unit and commission paid to sales agents. Selling and distribution expenses significantly decreased by approximately HK\$6.6 million or 24.1% for the Interim Period as compared with the corresponding period in 2023 primarily due to the decrease in transportation costs as a result of the decrease in sales volume.

Administrative Expenses

Administrative expenses mainly consist of staff costs (including directors' remuneration), legal and professional fee, consultancy fee and depreciation charge for owned assets and right-of-use assets. Administrative expenses decreased by approximately HK\$4.2 million or 15.6% from approximately HK\$27.0 million for the six months ended 30 September 2023 to approximately HK\$22.8 million for the Interim Period primarily due to the decrease in staff costs and headcounts.

Finance Costs

Finance costs mainly consist of interest expenses on bonds payable, borrowings and lease liabilities. The finance costs increased by approximately HK\$3.5 million or 39.6% from approximately HK\$9.0 million for the six months ended 30 September 2023 to approximately HK\$12.5 million for the Interim Period mainly due to (i) six-months period of interest expenses for the corporate bond issued by the Group during March 2024 was recognised during the Interim Period; and (ii) the increase in interest expenses on borrowings as a result from rising average borrowings principal for Concrete Business during the Interim Period.

Loss before Income Tax

The Group recorded a loss before income tax of approximately HK\$25.5 million for the Interim Period as compared to approximately HK\$2.5 million during the corresponding period in 2023, representing an increase of approximately HK\$23.0 million. The period-on-period expansion of loss before income tax during the Interim Period was attributed by the significant decrease in revenue generated from the Concrete Business together with the increase in costs of raw materials and the increase in interest expenses on borrowings.



Management Discussion and Analysis

Business and Financial Review *(Continued)*

Income Tax Credit (Expense)

The Group recorded income tax credit of approximately HK\$1.1 million during the Interim Period as compared to income tax expense of approximately HK\$1.3 million during the six months ended 30 September 2023. There was no significant change in applicable tax rates of the Company's subsidiaries during the Interim Period. The reduction in current income tax expense is generally a result of decreased taxable profits in both the Concrete Business and the Money Lending Business. Deferred tax expenses reduced generally relating to the reduction in impairment loss on loan and trade receivables during the Interim Period.

Impairment Loss on Goodwill

The management performs regular review on the carrying values of the Group's business units to determine any potential impairment loss. During the Interim Period, nil impairment loss on goodwill had recognised over its business units (30 September 2023: approximately HK\$5.6 million impairment loss on goodwill in relation to Money Lending Business was recognised). The management assessed the recoverable amount of the business unit based on a value-in-use calculation with reference to professional valuation performed by independent professional appraisal firm. Details of the impairment testing on goodwill are set out in Note 15 to the unaudited condensed consolidated financial statements of this report.

Total Comprehensive Loss for the Period Attributable to Owners of the Company

The Group recorded a total comprehensive loss for the period attributable to owners of the Company of approximately HK\$6.5 million for the Interim Period as compared to a total comprehensive loss of approximately HK\$23.0 million for the six months ended 30 September 2023.

Liquidity, Financial Resources and Gearing

As at 30 September 2024, the Group had indebtedness comprising, bonds payable and borrowings amounted to approximately HK\$325.5 million (31 March 2024: approximately HK\$328.6 million).

As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$140.5 million (31 March 2024: approximately HK\$163.4 million) which were mainly denominated in Hong Kong Dollar ("HK\$"), Renminbi ("RMB") and United States Dollar ("US\$").

The Group's current ratio as at 30 September 2024, calculated based on current assets over current liabilities, was 2.7 (31 March 2024: 2.5), reflecting the adequate of financial resources. The Group's gearing ratio as at 30 September 2024 was 34.1% (31 March 2024: 34.2%), calculated based on the total debts of approximately HK\$325.5 million (31 March 2024: approximately HK\$328.6 million) over shareholders' equity of approximately HK\$953.9 million (31 March 2024: approximately HK\$960.4 million).

Capital Structure

(A) Share Capital

As at 30 September 2024, the Company has 755,654,743 ordinary shares (31 March 2024: 755,654,743 ordinary shares) in issue with total shareholders' equity of the Group amounted to approximately HK\$953.9 million (31 March 2024: approximately HK\$960.4 million). There was no change in the share capital structure of the Company during the Interim Period.



Management Discussion and Analysis

Capital Structure *(Continued)*

(B) Bonds Payable

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bonds. The corporate bond is denominated in US\$ and is secured by equity interest of certain subsidiaries of the Company. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears.

On 15 November 2021, a direct wholly owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25.0 million to an independent third party at an issue price equal to the face value of the bond. The bond is unsecured and denominated in HK\$. The principal of the unlisted bond bears interest at rates ranged from 8% to 10% per annum and is payable semi-annually in arrears.

On 25 March 2024, the Company issued a six-year corporate bond with a principal amount of HK\$63.0 million to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in HK\$. The principal of the corporate bonds payable bears interest at rates ranged from 3.5% to 10.5 % per annum and is payable semi-annually in arrears. The bond is secured by equity interest of certain subsidiaries of the Company as at 30 September 2024.

Further details of the above bonds payable are set out in Note 22 to the unaudited condensed consolidated financial statements of this report.

Details of other borrowings of the Group are set out in Note 21 to the unaudited condensed consolidated financial statements of this report.

Currency and Interest Rate Exposure

Most of the transactions of the Group are denominated in HK\$, RMB and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB and US\$ to HK\$, it adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. As at 30 September 2024, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

The Directors consider the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the interest rate fluctuation on bank balances is minimal. The Group currently does not have any interest rate hedging policy in relation to interest rate risks. The Directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.



Management Discussion and Analysis

Money Lending Business

Money Lending Business is carried out by Chengxin Finance Limited (“Chengxin Finance”), an indirectly wholly owned subsidiary of the Company, with money lenders license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Money Lending Business offers loan financing services to both corporate and individual clients who are third parties independent of the Group and its connected person(s) (as defined in the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Corporate loans represent loans to corporate clients with business operations in Hong Kong which need loan financing for their corporation needs and individual loans represents loans to individual clients who need loan financing for their purpose. The Group finances Money Lending Business solely by internal resources. Money Lending Business generates revenue and profit by way of providing loans to earn interest income.

When assessing loan applications, the availability of collateral/guarantee will be a factor to be considered for grant of loans, the interest rate and the term. Where no collateral is available, in order to safeguard the recoverability risk, the management will consider, among others, income/assets proof, financial background, assets or capital base, repayment ability and reputation of the customer in a tight and stringent manner.

The loan cases will be assessed, dealt with and monitored based on Chengxin Finance’s own internal control and work procedure. The risk assessment committee of Chengxin Finance, which comprises of the senior management of the Group and Chengxin Finance, is responsible for overseeing the compliance and governance matters among Money Lending Business.

As at 30 September 2024, before taking into account the impairment loss recognised, the Group had total outstanding loan principal amounts of approximately HK\$136.0 million (31 March 2024: HK\$163.3 million). After taking into account the impairment loss recognised in the amount of approximately HK\$105.2 million (31 March 2024: HK\$108.0 million) (among which approximately HK\$91.3 million (31 March 2024: HK\$94.1 million) is in relation to the outstanding loan principal amounts), the Group had total outstanding loan principal amounts of approximately HK\$44.7 million (31 March 2024: HK\$69.2 million) which is in relation to 8 (31 March 2024: 10) active loan accounts which comprised of 3 corporate loans and 5 individual loans (31 March 2024: 4 corporate loans and 6 individual loans). The corporate loans accounted for approximately 15.0% (31 March 2024: 31.9%) while individual loans accounted for approximately 85.0% (31 March 2024: 68.1%) of the outstanding principal of the loan receivables. The average outstanding principal amount per active loan accounts was approximately HK\$5.6 million (31 March 2024: HK\$6.9 million).

The interest rate of the outstanding principal amounts of the active loan accounts ranged from 12% to 18% per annum (31 March 2024: 12% to 18%). As at 30 September 2024, all the aggregate outstanding principal amount of the active loan accounts of approximately HK\$44.7 million were non-collateralised (31 March 2024: out of the aggregate outstanding principal amount of approximately HK\$69.2 million, collaterals were provided by 2 active loan accounts and thus, approximately HK\$9 million were collateral-backed by properties in Hong Kong and Mainland China and the remaining principal amount of HK\$60.2 million were unsecured).



Management Discussion and Analysis

Money Lending Business (Continued)

For the concentration of the Group's loan portfolio as at 30 September 2024, the outstanding loan balance and accrued interest receivables net of impairment, amounts of the top borrower and the top five borrowers amounted to approximately HK\$15.2 million (31 March 2024: HK\$20.0 million) and HK\$43.8 million (31 March 2024: HK\$67.7 million) respectively, which represented approximately 29% (31 March 2024: 21%) and 85% (31 March 2024: 69%) of the Group's loan and accrued interest receivables. As at 30 September 2024, all the outstanding loan and accrued interest receivables amounts of the top five borrowers are non-collateralised (31 March 2024: HK\$12.0 million or 18% are collateral-backed by properties in Hong Kong) and the interest rate of the top five borrowers ranged from 12% to 18% (31 March 2024: 12% to 18%) for the Interim Period.

Set out below is the summary of the top five borrowers of Money Lending Business as at 30 September 2024 arranged in the descending order of their respective outstanding loan amount:

Ranking	Borrower	Term of loan Months	Interest rate Per annum	Latest market value of the collateral HK\$ million (Approximately)	Book value of loan receivables as at	Proportion of the Group's total loan receivables as at
					30 September 2024 HK\$ million (Approximately)	30 September 2024 %
1	Borrower A	12	17%	N/A	15	29%
2	Borrower B	12	18%	N/A	12	23%
3	Borrower C	12	12%	N/A	9	18%
4	Borrower D	24	12%	N/A	4	8%
5	Borrower E	12	12%	N/A	3	7%

Borrower A, B, C and E are individual clients and Borrower D is corporate client. All top five borrowers were introduced to the Group by referral from existing clients and/or management of the Group. They are all businessmen/corporate in Hong Kong and are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Chengxin Finance will continue to monitor the recoverability of the loans and will issue payment reminder(s) to the borrowers as and when necessary to recover any outstanding interests under the loans, failing which Chengxin Finance may take further legal actions against the borrowers.



Management Discussion and Analysis

Charge on Assets

As at 30 September 2024, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year corporate bond due 2028 and the 6-year corporate bond due 2030 in the principal amount of US\$20,000,000 and HK\$63,000,000 respectively, issued by the Company. Certain amount of assets is also pledged to secure the Group's bills payable and factoring loans. Further details are set out in Note 26 to the unaudited condensed consolidated financial statements of this report.

Contingent Liabilities

As at 30 September 2024, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (31 March 2024: Nil).

Commitments

As at 30 September 2024, the Group did not have any significant capital commitments (31 March 2024: Nil).

Employee Information and Remuneration Policy

As at 30 September 2024, the Group employed a total of 173 employees (30 September 2023: 190). During the Interim Period, staff costs, including directors' emoluments amounted to approximately HK\$13.7 million (30 September 2023: approximately HK\$19.9 million).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. The Group also provides on-the-job training to its employees in addition to the statutory mandatory provident fund scheme, statutory retirement benefit and medical insurance.

The Company adopted a share option scheme on 26 February 2015, where share options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group.

Fund Raising Activity

The Company had no equity fund-raising activities during the Interim Period.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Interim Period, the Group did not have any significant investments held nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures.



Management Discussion and Analysis

Significant Events after Reporting Period

Discloseable transaction in relation to the acquisition of the issued share capital of Wisdom Moon (BVI) Limited (“Wisdom Moon”)

On 12 November 2024, the Group, through a wholly owned subsidiary, entered into a sale and purchase agreement with the vendor who is an independent third party to the Group in respect of the acquisition of 0.452 Class A shares of Wisdom Moon, representing 4.52% of issued Class A shares, at a consideration of HK\$45.0 million (the “Acquisition”).

The consideration of HK\$45.0 million shall be payable by the Group as (i) HK\$10.0 million as a refundable deposit in cash to vendor by way of cheque issued by a licensed bank in Hong Kong in favour of the vendor or by telegraphic transfer to designated bank account(s) of the vendor; and (ii) HK\$35.0 million in cash to vendor by way of cheque or telegraphic transfer on completion.

As the Group is already interested in 13.40% of the issued Class A shares of Wisdom Moon, upon the completion, the Group will be indirectly interested in a total of 17.92% of the issued Class A shares of Wisdom Moon and Wisdom Moon will not be accounted for as a subsidiary of the Group and its financial results will not be consolidated into the financial statements of the Group. Further details are set out in the Company’s announcement dated 12 November 2024.

The Acquisition was completed on 19 November 2024. Save as disclosed above, the Group did not have any other significant event requiring disclosure that has taken place subsequent to 30 September 2024 and up to the date of this report.

Future Plans for Material Investments or Capital Assets

Saved as disclosed elsewhere in this report, the Group does not have any firm intention or specific plans for material investments or capital assets as at 30 September 2024.

Prospects

Looking forward, the Group still faces great challenges. Although national real estate policies continued to be optimized and regulations were progressively loosened in several core cities, the real estate market has yet rebound from the bottom out and remained at a relatively gloomy level, the demand for ready-mixed concrete products is expected remain sluggish in coming periods, as well as rising raw material costs and labour costs will continue to challenge the Group’s operations and financial performance in the near term.

In view of present economic uncertainties and difficulties, the Group will regularly review its existing business strategies and may make necessary adjustments so as to be flexibly prepared for encountering any challenges in the future. With an aim of optimising resource utilisation, the Group will strictly adhere to its cost control policy and will take necessary actions to reduce costs and drive efficiency to maintain profitability and competitiveness in the market. On the other hand, the Group will also proactively pursue all suitable investment opportunities to diversify the Group’s business portfolio, which will strengthen the Group’s overall development.



Management Discussion and Analysis

Prospects *(Continued)*

Concrete Business

Concrete Business continue to be the main revenue driver of our Group. Despite the recent gloomy real estate market in the PRC, with the positive policies implemented by the PRC Government towards the development of Hainan Province as a free trade port, the Group is still confident that Concrete Business will continue to play a major role in revenue contribution to the Group and sustain profitability of the Group in the long-term. Resources will be allocated to support further exploration of new opportunities and resilient plan will be implemented, with an aim to maintain the Group's capabilities and positions in the concrete market in Hainan Province for the upcoming years.

Money Lending Business

In view of stringent regulatory imposed by regulators, continuous increase in operating costs and progressively decline in both credit quality and pledge assets quality, those factors further depressed the market demand and the net profit margins of our Money Lending Business. The Group has continued to scale down the loan portfolio in the past few years. The Group will continue to closely monitor the volatile market environment and to adopt prudent credit control procedures and would further lessen its loan portfolio in coming periods.



Other Information

Compliance with the Code on Corporate Governance Practice

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Corporate Governance Code (“CG Code”) in Appendix C1 of the Listing Rules. Throughout the Interim Period, the Company has adopted the CG Code as its corporate governance code of practices and in compliance with the mandatory code provisions set out in the CG Code.

The Board will continue to review and improve the corporate governance practices and standards of the Group to ensure its business activities and decision-making processes are regulated in a proper and prudent manner.

Model Code for Securities Transactions

The Company had adopted a code of conduct regarding directors’ securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. The Company had made specific enquiries to all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Interim Period.

The Group’s employees, who are likely to be in possession of inside information of the Group, are subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was identified by the Company.

Interests of Directors’ and Chief Executive

As at 30 September 2024, none of the Directors and chief executives of the Company had registered interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors’ and Chief Executive’s Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this report, at no time during the Interim Period and up to the date of this report, no right to acquire benefits by means of acquisition of shares or debentures of the Company were granted to any Director and chief executive or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



Other Information

Interests of Substantial Shareholders

As of 30 September 2024, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Nature of interest	Total number of shares held	Approximate percentage of interest in the Company (Note 2)
Lam Kwok Hung Raymond	Beneficial owner	55,000,000	7.28%
Tang Hon Kwong	Beneficial owner	50,693,800	6.71%
Capital Wealth Global Limited (Note 1)	Beneficial owner	135,218,100	17.89%
Chang Chia-Hsiang (Note 1)	Interest of corporation controlled	135,218,100	17.89%

Notes:

1. Capital Wealth Global Limited is wholly owned by Mr. Chang Chia-Hsiang. Accordingly, Mr. Chang Chia-Hsiang is deemed to be interested in the shares held by Capital Wealth Global Limited.
2. The percentage represents the number of shares interested divided by the number of issued shares of the Company as at 30 September 2024 (i.e. 755,654,743 Shares).

Save as disclosed herein, the Company has not been notified of any other person (other than the Directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as of 30 September 2024.



Other Information

Share Option Scheme

The Company has adopted a share option scheme on 26 February 2015 for the purpose of providing incentives and rewards to those at the sole determination of the Board, have contributed or will contribute to the Company or its subsidiaries. Detailed terms of the share option scheme were disclosed in pages 37 to 39 and 127 of the annual report 2023/24 of the Company.

No options were granted, vested, exercised, cancelled, lapsed or remained outstanding under the share option scheme during the Interim Period.

Purchase, Sales or Redemption of Listed Securities

Save as those disclosed in this report, during the Interim Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

Audit Committee and Review of Interim Financial Statements

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with latest written terms of reference revised on 27 November 2018 in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive Directors, being Mr. Kwok Kam Tim (the chairman of the Audit Committee), Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, including the review of the unaudited condensed consolidated financial statements of the Group for the Interim Period, with the management of the Group.

Interim Dividend

The Board does not recommend the payment of interim dividends for the Interim Period (six months ended 30 September 2023: Nil).

Changes to Information in Respect of Directors

During the Interim Period and up to the date of this report, pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information of the Directors and chief executive of the Company.

By the order of the Board
Huasheng International Holding Limited
Wong Jeffrey
Executive Director

Hong Kong, 29 November 2024



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	5	205,654	312,883
Cost of sales		(162,499)	(220,705)
Gross profit		43,155	92,178
Other income		2,344	2,110
Other gains and losses, net	6	(14,444)	(31,862)
Selling and distribution expenses		(20,868)	(27,491)
Administrative expenses		(22,801)	(27,009)
Finance costs	7	(12,529)	(8,976)
Share of results of associates		(367)	(1,456)
Loss before income tax		(25,510)	(2,506)
Income tax credit (expense)	8	1,111	(1,270)
Loss for the period attributable to the owners of the Company	9	(24,399)	(3,776)
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		2,519	(19,211)
Item that will not be reclassified to profit or loss:			
– Fair value changes on equity investment at fair value through other comprehensive income (“FVTOCI”)		15,410	–
Other comprehensive income (loss) for the period, net of income tax		17,929	(19,211)
Total comprehensive loss for the period attributable to the owners of the Company		(6,470)	(22,987)
			(Restated)
Loss per share attributable to owners of the Company	11		
Basic and diluted (HK cents)		(3.23)	(0.85)



Unaudited Condensed Consolidated Statement of Financial Position

At 30 September 2024

	Notes	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	38,724	34,159
Right-of-use assets	12	5,608	6,747
Other intangible assets	13	27,574	33,702
Goodwill	14	125,821	125,821
Interests in associates	16	53,445	53,632
Equity investment at fair value through other comprehensive income	17	133,464	118,054
Retention receivables	19	83,488	83,050
Deferred tax assets		11,054	9,559
		479,178	464,724
CURRENT ASSETS			
Inventories		9,296	8,002
Loan receivables	18	51,809	97,418
Trade, retention and other receivables and prepayments	19	887,977	888,725
Promissory note receivable		13,750	13,750
Tax recoverable		53	–
Bank balances and cash		140,518	163,360
		1,103,403	1,171,255
CURRENT LIABILITIES			
Trade and other payables and accruals	20	292,444	331,929
Lease liabilities		5,984	7,338
Borrowings	21	88,050	94,865
Bonds payable	22	25,921	25,918
Tax payable		–	754
		412,399	460,804
NET CURRENT ASSETS		691,004	710,451
TOTAL ASSETS LESS CURRENT LIABILITIES		1,170,182	1,175,175
NON-CURRENT LIABILITIES			
Lease liabilities		1,014	2,434
Borrowings	21	60,484	58,252
Bonds payable	22	151,062	149,590
Deferred tax liabilities		3,695	4,502
		216,255	214,778
NET ASSETS		953,927	960,397
CAPITAL AND RESERVES			
Share capital	23	75,565	75,565
Reserves		878,362	884,832
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		953,927	960,397



Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company	
	Share capital HK\$'000	Share premium HK\$'000
At 1 April 2023 (audited)	41,981	1,741,887
Loss for the period	–	–
Other comprehensive loss, net of income tax:		
– Exchange differences arising on translation of foreign operations	–	–
Total comprehensive loss for the period	–	–
At 30 September 2023 (unaudited)	41,981	1,741,887
At 1 April 2024 (audited)	75,565	1,748,929
Loss for the period	–	–
Other comprehensive income, net of income tax:		
– Exchange differences arising on translation of foreign operations	–	–
– Fair value changes on equity investment at FVTOCI	–	–
Total comprehensive loss for the period	–	–
At 30 September 2024 (unaudited)	75,565	1,748,929

Notes:

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on the Stock Exchange.
- (ii) The other reserves represent the difference between the fair value of interest-free advance to an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.



Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

Attributable to owners of the Company

Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserve HK\$'000 (Note (ii))	Fair value through other comprehensive income reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
678	2,709	(6,000)	259	(817,212)	964,302
-	-	-	-	(3,776)	(3,776)
-	(19,211)	-	-	-	(19,211)
-	(19,211)	-	-	(3,776)	(22,987)
678	(16,502)	(6,000)	259	(820,988)	941,315
678	(11,453)	(6,000)	1,331	(848,653)	960,397
-	-	-	-	(24,399)	(24,399)
-	2,519	-	-	-	2,519
-	-	-	15,410	-	15,410
-	2,519	-	15,410	(24,399)	(6,470)
678	(8,934)	(6,000)	16,741	(873,052)	953,927



Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Net cash generated from (used in) operating activities	5,230	(8,736)
Net cash (used in) generated from investing activities	(7,826)	2,542
Net cash used in financing activities	(18,818)	(21,447)
Net decrease in cash and cash equivalents	(21,414)	(27,641)
Cash and cash equivalents at beginning of the period	163,360	69,491
Effect of foreign exchange rate changes	(1,428)	3,437
Cash and cash equivalents at end of the period	140,518	45,287
Analysis of cash and cash equivalents		
Cash and bank balances	140,518	45,287



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

1. General Information

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Suites 2301-03, 23/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”).

This unaudited condensed consolidated financial information is presented in Hong Kong Dollar (“HK\$”), which is the Company’s functional currency, and all values are rounded to the nearest thousand except when otherwise stated.

2. Basis of Preparation

These unaudited condensed consolidated financial statements (“Interim Financial Statements”) of the Group for the Interim Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants. The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements have been prepared on the historical cost basis except for equity investment at fair value through other comprehensive income (“FVTOCI”) which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations), the material accounting policies and methods of computation used in the Interim Financial Statements are the same as those followed in the presentation of the Group’s annual financial statements for the year ended 31 March 2024 (“Annual Report”).

The Interim Financial Statements have not been audited or reviewed by the Company’s external auditors, but have been reviewed by the Audit Committee.

Certain figures in the unaudited condensed consolidated financial statements for six months ended 30 September 2023 have been reclassified and restated to conform with the current Interim Period presentation and accounting treatments.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. Material Accounting Policies

Adoption of amendments to HKFRSs

Certain amendments to HKFRSs have been issued. The Directors considered that the adoption of those amendments to HKFRSs which are effective for the accounting periods beginning on 1 April 2023 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted any new and amendments to HKFRSs that have been issued but are not yet effective for the Interim Period. The Directors have already commenced an assessment of the impact of these new and amendments to HKFRSs but are not yet in a position to reasonably estimate whether these new and amendments to HKFRSs would have a significant impact on the Group's results of operations and financial position.

4. Estimates

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Report.

5. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Concrete Business – Production and sales of ready-mixed commercial concrete
- Money Lending Business – Provision of money lending services



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued)

Disaggregation of revenue from contracts with customers:

	For the six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from contracts with customers:		
Sales of goods from Concrete Business	199,962	302,187
Revenue from other source:		
Interest income from Money Lending Business	5,692	10,696
Total segment revenue	205,654	312,883
Timing of revenue recognition:		
At point in time	199,962	302,187
Revenue from contracts with customers	199,962	302,187
Geographical market:		
The People's Republic of China (the "PRC")		
– Mainland China	199,962	302,187
Revenue from contracts with customers	199,962	302,187

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued)

Segment revenues and results

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

	Concrete Business HK\$'000 (unaudited)	Money Lending Business HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
For the six months ended 30 September 2024			
Revenue from external customers	199,962	5,692	205,654
Segment profit (loss)	3,717	(2,404)	1,313
Bank interest income			69
Exchange differences			(10)
Amortisation of other intangible assets			(6,128)
Share of results of associates			(367)
Central administration costs			(20,387)
Loss before income tax			(25,510)
For the six months ended 30 September 2023			
Revenue from external customers	302,187	10,696	312,883
Segment profit (loss)	34,256	(1,336)	32,920
Bank interest income			87
Amortisation of other intangible assets			(6,127)
Fair value change of convertible bonds receivables			(2,570)
Loss on early redemption of promissory note			(111)
Impairment loss on goodwill			(5,611)
Share of results of associates			(1,456)
Central administration costs			(19,638)
Loss before income tax			(2,506)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) earned by each segment without allocation of central administration costs, amortisation of other intangible assets, fair value change of convertible bonds receivables, impairment loss on goodwill, share of results of associates, bank interest income, exchange differences, loss on early redemption of promissory note and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued)

Segment assets and liabilities

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

Segment assets

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Concrete Business	822,902	847,519
Money Lending Business	54,545	99,258
Total segment assets	877,447	946,777
Other intangible assets	27,574	33,702
Goodwill	125,821	125,821
Promissory note receivable	13,750	13,750
Interests in associates	53,445	53,632
Equity investment at FVTOCI	133,464	118,054
Deferred tax assets	11,054	9,559
Tax recoverable	53	–
Bank balances and cash	140,518	163,360
Unallocated corporate assets	199,455	171,324
Consolidated total assets	1,582,581	1,635,979

Segment liabilities

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Concrete Business	277,230	322,801
Money Lending Business	1,479	1,732
Total segment liabilities	278,709	324,533
Tax payable	–	754
Borrowings	148,534	153,117
Bonds payable	176,983	175,508
Deferred tax liabilities	3,695	4,502
Unallocated corporate liabilities	20,733	17,168
Consolidated total liabilities	628,654	675,582



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued)

Segment assets and liabilities (Continued)

Segment liabilities (Continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, promissory note receivable, interests in associates, equity investment at FVTOCI, deferred tax assets, tax recoverable, bank balances and cash and unallocated corporate assets.
- All liabilities are allocated to operating segments other than tax payable, borrowings, bonds payable, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

The following is an analysis of other segment information:

	Concrete Business HK\$'000 (unaudited)	Money Lending Business HK\$'000 (unaudited)	Unallocated Corporate Office HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
For the six months ended 30 September 2024				
Capital additions	7,895	–	–	7,895
Depreciation of property, plant and equipment	3,034	263	225	3,522
Depreciation of right-of-use assets	172	321	1,833	2,326
Impairment loss on trade, retention and other receivables	7,789	–	–	7,789
Impairment loss on loan receivables	–	7,163	–	7,163
For the six months ended 30 September 2023				
Capital additions	2,651	–	–	2,651
Depreciation of property, plant and equipment	3,383	263	224	3,870
Depreciation of right-of-use assets	1,109	405	1,967	3,481
Impairment loss on trade, retention and other receivables	13,243	–	–	13,243
Impairment loss on loan receivables	–	9,973	–	9,973
Impairment loss on goodwill	–	5,611	–	5,611
Written-off of trade receivables	405	–	–	405

These segment information has been included in the measures of segment results or assets.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued) Revenue from major products and services

The following is an analysis of the Group's revenues from its major products and services:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Sales of goods from Concrete Business	199,962	302,187
Interest income from Money Lending Business	5,692	10,696
	205,654	312,883

Information about geographical areas

In determining the Group's information about geographical areas, revenue is allocated to the segments based on the locations of the customers.

The following table provides an analysis of the Group's revenue generated from external customers by geographical market, irrespective of the origin of the goods.

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
The PRC		
– Mainland China	199,962	302,187
– Hong Kong	5,692	10,696
	205,654	312,883



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. Revenue and Segment Information (Continued) Information about geographical areas (Continued)

As at 30 September 2024, approximately HK\$245,314,000 and HK\$5,858,000 of the non-financial assets classified as non-current assets are located in Mainland China and Hong Kong, respectively.

As at 31 March 2024, approximately HK\$246,746,000 and HK\$7,315,000 of the non-financial assets classified as non-current assets are located in Mainland China and Hong Kong, respectively.

Information about major customer

For the Interim Period, revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Customer A ¹	20,416	34,226

¹ Revenue is from Concrete Business.

6. Other Gains and Losses, Net

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Exchange differences	(10)	–
Fair value change of convertible bonds receivables	–	(2,570)
Impairment loss on trade, retention and other receivables	(7,789)	(13,243)
Impairment loss on loan receivables	(7,163)	(9,973)
Impairment loss on goodwill	–	(5,611)
Gain on disposal of property, plant and equipment	–	51
Net gain on sales of loan receivables	518	–
Loss on early redemption of promissory note	–	(111)
Written off of trade receivables	–	(405)
	(14,444)	(31,862)



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

7. Finance Costs

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Effective interest on bonds payable	5,800	4,403
Interest on borrowings	6,521	4,411
Interest on promissory notes	–	60
Interest on lease liabilities	208	102
	12,529	8,976

8. Income Tax Credit (Expense)

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Income tax credit (expense) represents:		
Current tax:		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax (“PRC EIT”)	(1,884)	(5,897)
	(1,884)	(5,897)
Over-provision in respect of prior years:		
– PRC EIT	807	1,217
Deferred taxation	2,188	3,410
	1,111	(1,270)

(i) Hong Kong

Hong Kong Profits Tax for both periods ended 30 September 2024 and 2023 is calculated at 16.5% of the estimated assessable profits for the period, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

Accordingly, during the six months ended 30 September 2024, the provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

8. Income Tax Credit (Expense) (Continued)

(ii) Mainland China

PRC EIT is calculated at 25% (30 September 2023: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for a subsidiary of the Company which was accredited as “High and New Technology Enterprise” (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiary is entitled to the preferential tax rate of 15% corporate income tax rate for HNTE for both six months ended 30 September 2024 and 2023.

(iii) Other jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax for both six months ended 30 September 2024 and 2023.

9. Loss for the Period

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
The Group's loss for the period has been arrived at after charging:		
Directors' remuneration	857	4,250
Other staff costs	10,734	13,591
Retirement benefit scheme contributions	2,096	2,074
Total staff costs	13,687	19,915
Cost of inventories sold (<i>Note</i>)	161,204	219,130
Depreciation of property, plant and equipment	3,522	3,870
Depreciation of right-of-use assets	2,326	3,481
Amortisation of other intangible assets	6,128	6,127

Note:

Cost of inventories sold included approximately HK\$7,664,000 (six months ended 30 September 2023: HK\$8,776,000) relating to staff costs and depreciation expenses, in which these amounts are also included in the respective total amounts disclosed separately in this note for each of these expenses.

10. Dividends

The Directors do not recommend for payment of a dividend for the Interim Period (30 September 2023: Nil).



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

11. Loss per Share

The calculations of basic loss per share is based on the loss for the period attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the period.

As at 30 September 2024 and 2023, the diluted loss per share is the same as the basic loss per share as there was no dilutive potential ordinary shares in issue during the six months ended 30 September 2024 and 2023.

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

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(24,399)	(3,776)
Weight average number of ordinary shares for the purpose of calculation of basic loss per share (Note)	755,654,743	445,447,071 (Restated)

Note:

The weighted average number of ordinary shares in issue has taken into account of the effect of rights issue during the year ended 31 March 2024 and share consolidation on the basis that every 10 shares of HK\$0.01 each in the capital of the Company would be consolidated into one ordinary share of HK\$0.1 each as if they had occurred at 1 April 2023, the beginning of the earliest period reported.

12. Property, Plant and Equipment and Right-Of-Use Assets

(a) Right-of-use of assets

During the Interim Period, the Group has renewal the lease agreements for leasing Hong Kong offices, and therefore recognising additions of right-of-use assets amounted of approximately HK\$1,184,000 (six months ended 30 September 2023: approximately HK\$2,777,000).

(b) Additions in property, plant and equipment

During the Interim Period, the Group had addition of property, plant and equipment amounting to approximately HK\$7,895,000 (six months ended 30 September 2023: approximately HK\$2,651,000).



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

13. Other Intangible Assets

	Customer Network HK\$'000
COST	
At 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	85,787
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2023 (audited)	39,830
Charge for the year	12,255
At 31 March 2024 (audited)	52,085
Charge for the period	6,128
At 30 September 2024 (unaudited)	58,213
NET CARRYING VALUES	
At 30 September 2024 (unaudited)	27,574
At 31 March 2024 (audited)	33,702

The Customer Network represents a long and close business relationship with customers of Alpha Youth Limited (together with its subsidiaries, the "Alpha Youth Group"), which was acquired as part of the Group's acquisition of Alpha Youth Group in prior years; and has been allocated to the Concrete Business cash generating unit ("CGU"). The Customer Network of Alpha Youth Group is amortised on a straight-line basis over 7 years.

Particulars regarding impairment testing on other intangible assets are set out in Note 15.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

14. Goodwill

	Concrete Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
COST			
At 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	154,505	21,795	176,300
ACCUMULATED IMPAIRMENT LOSSES			
At 1 April 2023 (audited)	28,684	2,081	30,765
Impairment loss recognised	–	19,714	19,714
At 31 March 2024 (audited) and 30 September 2024 (unaudited)	28,684	21,795	50,479
NET CARRYING VALUES			
At 30 September 2024 (unaudited)	125,821	–	125,821
At 31 March 2024 (audited)	125,821	–	125,821

As at 30 September 2024, goodwill arising in prior years related to the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

Goodwill arising in prior years related to the acquisition of Chengxin Finance Limited (“Chengxin Finance”) has been allocated to the Money Lending Business CGU and was fully impaired as at 31 March 2024.

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 15.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

15. Impairment Testing on Other Intangible Assets And Goodwill

For the purpose of impairment testing as at 30 September 2024, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to an individual CGU, which comprising subsidiaries in Concrete Business; while for the year ended 31 March 2024 have been allocated to two individual CGUs, including the above CGU and a subsidiary in Money Lending Business.

During the Interim Period, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the Concrete Business CGU.

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margin is the management's expectation of market development and future performance of the respective CGU. The discount rate used reflects specific risks relating to industries in relation to the respective CGU.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Concrete Business CGU

The recoverable amount of this unit as at 30 September 2024 had been determined based on value-in-use (31 March 2024: value-in-use) calculation with reference to a professional valuation performed by Asset Appraisal Limited ("AAL"), an independent firm of professionally qualified valuers (31 March 2024: AAL). That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period (31 March 2024: a 5-year period). Cash flows beyond the projection period are extrapolated using an estimated zero growth rate (31 March 2024: 0%). The pre-tax rate used to discount the forecast cash flows is 12.29% (31 March 2024: 18.5%).

For Concrete Business CGU, no impairment loss was recognised during the Interim Period, reasonably possible changes in key assumptions on which the management had based its determination of its recoverable amount would not cause its carrying amount to exceed the respective recoverable amount.

Money Lending Business CGU

The recoverable amount of this unit as at 31 March 2024 has been determined to approximately HK\$45,085,000 based on a value-in-use calculation with reference to a professional valuation performed by AAL, an independent firm of professionally qualified valuers. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period. Cash flows beyond the projection period are extrapolated using zero growth rate. The pre-tax rate used to discount the forecast cash flow is 15.31%.

Based on the impairment assessment of the Money Lending Business CGU, the goodwill allocated to Money Lending Business was determined to be impaired. An impairment loss of approximately HK\$19,714,000 was recognised in the consolidated statement of profit or loss and other comprehensive income under other gains and losses, net during the year ended 31 March 2024. The impairment loss recognised during the year ended 31 March 2024 was mainly attributable to the unfavourable changes towards the expected return of the loan portfolio and increase in operating cost over the five-year forecast period due to the increase in competition among other market participants. The goodwill allocated to Money Lending Business CGU was fully impaired as at 31 March 2024.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

16. Interests in Associates

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Cost of investments		
– unlisted	56,415	56,240
Share of post-acquisition loss and other comprehensive loss, net of dividend received	(2,970)	(2,608)
	53,445	53,632

Particulars of the associates as at 30 September 2024 and 31 March 2024 are set out below, of which are unlisted corporate entities whose quoted market price is not available.

Name of associate	Place of incorporation and business	Particular of registered capital	Attributable equity interest held by the Group as at		Principal activity
			30 September 2024 (%)	31 March 2024 (%)	
海南叁豐小額貸款有限公司 Hainan San Fong Micro-Credit Company Limited*	The PRC	Renminbi ("RMB") 100,000,000	30%	30%	Provision of loans to small and medium enterprises in the PRC
凱沃國際貿易(海南)有限公司 Kaiwo International Trade (Hainan) Co., Limited*	The PRC	RMB100,000,000	20%	20%	Trading of imported motor vehicles in Hainan Province

* the English names represent management's best effort at translating the Chinese names of the companies as no English names have been registered. English translated name is for identification purpose only.

All of the above associates are accounted for using the equity method in the unaudited condensed consolidated financial statements.



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For the six months ended 30 September 2024

17. Equity Investment at Fair Value Through Other Comprehensive Income

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Unlisted equity investment	133,464	118,054

The above unlisted equity investment represents that the 13.4% Class A shares equity interest of Wisdom Moon (BVI) Limited (“Wisdom Moon”), a private entity incorporated in the BVI, which is principal engaged in investment holding which was acquired on 13 January 2023 at total consideration of United State Dollar (“US\$”) 15,000,000 (equivalent to approximately HK\$117,000,000). The Group designated its investments in Wisdom Moon at FVTOCI (non-recycling) upon adoption of HKFRS 9, as the investment is held for long-term strategic purposes. No dividends were received on this investment during the Interim Period (six months ended 30 September 2023: Nil).

At 30 September 2024 and 31 March 2024, the Group engaged independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach (31 March 2024: income-based approach) valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimate growth rate of approximately 2% (31 March 2024: 2%). The pre-tax rate used to discount the forecast cash flow is approximately 19.49% (31 March 2024: 22.63%).

Changes in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the FVTOCI reserve within equity. The Group transfers amount from FVTOCI reserve to accumulated losses when the relevant equity investment is derecognised.

18. Loan Receivables

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Loan receivables		
– Collateralised	–	19,000
– Non-collateralised	136,046	144,326
	136,046	163,326
Accrued interest receivables	21,001	42,139
	157,047	205,465
Less: impairment loss recognised	(105,238)	(108,047)
	51,809	97,418



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For the six months ended 30 September 2024

18. Loan Receivables (Continued)

The loan receivables of the Group's Money Lending Business are all denominated in HK\$. The initial loan periods granted to customers are mainly within two years. Nil loan receivables are collateral-backed with assets at 30 September 2024 (31 March 2024: approximately HK\$19,000,000 loan receivables are collateral-backed with properties in Hong Kong and the Mainland China).

As at 30 September 2024, the loans provided to customers bore fixed interest rate ranging from 12% to 18% (31 March 2024: 8% to 18%) per annum. The effective interest rates of the above loan receivables ranging from 13% to 20% (31 March 2024: 8% to 20%) per annum as at 30 September 2024.

The ageing analysis of loan receivables (net of allowance of doubtful debt) prepared based on initial loan commencement as set out in the relevant contracts is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
0 – 90 days	–	–
91 – 180 days	–	–
181 – 365 days	–	–
Over 365 days (Note)	44,745	69,215
	44,745	69,215

Note:

As at 30 September 2024 and 31 March 2024, the loan receivables that were past due but not impaired and were related to customers that have made regular payments to the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. The Group has recognised impairment loss on loan receivables of approximately HK\$7,163,000 (six months ended 30 September 2023: approximately HK\$9,973,000) during the Interim Period.



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

19. Trade, Retention and Other Receivables and Prepayments

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Trade receivables, gross	387,010	397,500
Less: impairment loss recognised	(35,382)	(30,151)
Trade receivables, net	351,628	367,349
Retention receivables, gross	344,231	359,048
Less: impairment loss recognised	(26,315)	(23,408)
Retention receivables, net	317,916	335,640
Bills receivables	10,271	22,038
Prepayments and deposits	140,478	124,092
Other receivables	151,172	122,656
Trade, retention and other receivables and prepayments	971,465	971,775
Analysed for reporting purposes as:		
Current	887,977	888,725
Non-current		
– Retention receivables	83,488	83,050
	971,465	971,775

Note:

The trade and other receivables are denominated in the functional currencies of the relevant group entities.

Trade and bills receivables

The Group generally allows an average credit period of 30 to 90 days (31 March 2024: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers. All bills receivables were aged within 180 days as at 30 September 2024 (31 March 2024: 180 days).



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

19. Trade, Retention and Other Receivables and Prepayments (Continued)

Trade and bills receivables (Continued)

The ageing analysis of the Group's trade receivables (net of retention portion and impairment losses) based on the invoice date at the end of the reporting period is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
0 – 30 days	17,048	33,029
31 – 60 days	21,092	8,646
61 – 90 days	28,417	29,638
Over 90 days	285,071	296,036
	351,628	367,349

The Group applies the simplified approach under HKFRS 9 (2014) to provide for Expected Credit Loss (“ECL”) using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Current HK\$'000	1-30 days past due HK\$'000	31-60 days past due HK\$'000	61-90 days past due HK\$'000	Over 90 days past due HK\$'000	Total HK\$'000
At 30 September 2024 (unaudited)						
Weighted average expected loss rate	3.68%	4.05%	4.22%	4.21%	10.75%	
Receivable amount	18,638	22,331	29,373	22,733	293,935	387,010
Loss allowance	(685)	(905)	(1,239)	(956)	(31,597)	(35,382)
At 31 March 2024 (audited)						
Weighted average expected loss rate	2.95%	2.20%	2.51%	2.79%	9.75%	
Receivable amount	34,246	9,423	30,970	47,817	275,044	397,500
Loss allowance	(1,010)	(207)	(777)	(1,332)	(26,825)	(30,151)



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For the six months ended 30 September 2024

19. Trade, Retention and Other Receivables and Prepayments (Continued)

Retention receivables

The Group's retention receivables represent certified contract payments in respect of good delivered for which 20% to 30% of the contract value are withheld by customers for retention purpose, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. In the opinion of the management, the retention receivables to be received after 1 year are classified as non-current assets in the unaudited consolidated statements of financial position since it is not expected to realise the retention receivables in the Group's normal operating cycle.

As at 30 September 2024, retention receivables amounting to approximately HK\$317,916,000 (31 March 2024: HK\$335,640,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

The ageing analysis of the Group's retention receivables (net of impairment losses) based on the revenue recognition date at the end of the reporting period is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
0 – 30 days	232,195	251,982
31 – 60 days	–	229
61 – 90 days	1,938	3,186
Over 90 days	83,783	80,243
	317,916	335,640

The Group applies the simplified approach under HKFRS 9 (2014) to provide for ECL using the lifetime expected loss provision for all retention receivables. To measure the ECL, retention receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward-looking information.



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For the six months ended 30 September 2024

19. Trade, Retention and Other Receivables and Prepayments (Continued)

Retention receivables (Continued)

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 30 September 2024 within lifetime ECL (not credit impaired).

	Current	1-30 days	31-60 days	61-90 days	Over	Total
	HK\$'000	past due	past due	past due	90 days	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	past due	HK\$'000
At 30 September 2024 (unaudited)						
Weighted average expected loss rate	2.70%	-	5.91%	-	18.83%	
Receivable amount	238,620	-	9	-	105,602	344,231
Loss allowance	(6,433)	-	(1)	-	(19,881)	(26,315)
At 31 March 2024 (audited)						
Weighted average expected loss rate	2.38%	1.77%	1.76%	4.83%	17.30%	
Receivable amount	232,892	14,645	10,530	414	100,567	359,048
Loss allowance	(5,541)	(259)	(185)	(20)	(17,403)	(23,408)

20. Trade and Other Payables and Accruals

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Trade payables	113,038	105,013
Bills payable	70,482	105,105
Contract liabilities	10,119	8,321
Other payables and accruals	98,805	113,490
	292,444	331,929



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For the six months ended 30 September 2024

20. Trade and Other Payables and Accruals (Continued)

The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
0 – 30 days	11,535	15,847
31 – 60 days	1,050	5,026
61 – 90 days	11,212	–
Over 90 days	89,241	84,140
	113,038	105,013

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

21. Borrowings

	At 30 September 2024		At 31 March 2024	
	Maturity (unaudited)	HK\$'000 (unaudited)	Maturity (audited)	HK\$'000 (audited)
Current				
Secured				
– Factoring loans (Note (i))	2025	88,050	2024	94,865
Non-current				
Unsecured – Loans (Note (iii))	2025-2029	60,484	2025-2029	58,252
Total borrowings		148,534		153,117

Notes:

- (i) During the Interim Period, an indirectly wholly owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB79,403,000 (equivalent to approximately HK\$88,050,000) (31 March 2024: approximately RMB89,100,000 (equivalent to approximately HK\$94,865,000)). The factoring loans are denominated in RMB and bear interest at rates ranged from 6% to 15% per annum (31 March 2024: 6% to 15% per annum). As at 30 September 2024, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$115,784,000 (31 March 2024: HK\$123,575,000).
- (ii) Alpha Youth Group entered into several loan agreements with its subsidiary's ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured interest-bearing long term loans (the "Loans").

The Loans are denominated in RMB and are unsecured and being matured between 2 to 10 years from the date of the loan agreements. The Loans bear fixed interest rate of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum. During the year ended 31 March 2021, the interest rate was revised from 1% per annum to nil and several early redemption on part of the outstanding Loans was carried out by the Group. During the Interim Period, there is no early repayment of Loans (six months ended 30 September 2023: Nil).



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22. Bonds Payable

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
At the beginning of the period/year	175,508	181,538
Issuance of bonds	–	56,946
Interest expenses incurred	5,800	7,971
Interest paid	(4,325)	(8,141)
Redemption	–	(63,000)
Loss on early redemption	–	823
Exchange realignment	–	(629)
At the end of the period/year	176,983	175,508
Analysed for reporting purposes as:		
Current liabilities	25,921	25,918
Non-current liabilities	151,062	149,590
	176,983	175,508

7-year Bond 2028

On 10 March 2021, the Company issued seven-year corporate bonds with a principal amount of US\$20,000,000 (equivalent to approximately HK\$154,752,000) to an independent third party at an issue price equal to the face value of the bonds (the “7-year Bond 2028”). The 7-year Bond 2028 is unsecured and is denominated in US\$. The principal of the 7-year Bond 2028 bears interest at rate of 4.2% per annum and interest is payable semi-annually in arrears.

On 6 May 2022, the Group entered into share charge agreements with the 7-year Bond 2028 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited, both are indirect wholly-owned subsidiary of the Company, were secured against the 7-year Bond 2028 until its maturity.

During the Interim Period, there is no early redemption of the 7-year Bond 2028 by the Company (31 March 2024: US\$8,063,000 (equivalent to approximately HK\$63,000,000) was early redeemed by the Company).

As at 30 September 2024, the carrying amount of the 7-year Bond 2028 payable comprised of principal amount and accrued interest amounted to US\$11,581,000 (31 March 2024: US\$11,581,000) and approximately US\$44,000 (31 March 2024: approximately US\$30,285) respectively.



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22. Bonds Payable (Continued)

3-year Bond 2024

On 15 November 2021, the direct wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “3-year Bond 2024”). The 3-year Bond 2024 is unsecured and is denominated in HK\$. The principal of the 3-year Bond 2024 bears interest and interest is payable semi-annually in arrears. Interest rate are set out as below:

- 8% per annum for the first anniversary of the issue date;
- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

The Company may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the bond holder provided that not less than one-month advance notice of such redemption intention shall have been given to the bond holders.

The bond holder may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the Company provided that not less than three-month advance notice of such redemption intention shall have been given to the Company.

During the Interim Period and the year ended 31 March 2024, there is no early redemption of the 3-year Bond 2024 by the Group.

On 12 November 2024, a deed of amendment is entered into between the bond holder and the issuer in which the maturity date was extended for a further 2.5 years until 2027. Interest rate of 8% per annum is charged under the extended period and is payable semi-annually in arrears. Bond holders may at any time after 16 May 2025 and before the extended maturity date to early redeem the bonds payable, with the prior written consent from the Company provided that not less than 1-month advance notice of such redemption intention shall have been given to the Company.

6-year Bond 2030

On 25 March 2024, the Company issued six-year corporate bond with a principal amount of HK\$63,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “6-year Bond 2030”). The 6-year Bond 2030 is unsecured and is denominated in HK\$. The principal of 6-year Bond 2030 bears interest and interest is payable semi-annually in arrears. Interest rate is set out as below:

- 3.5% per annum for the first and second anniversary of the issue date;
- 7.0% per annum from the date immediate after the second anniversary of the issue date up to the fourth anniversary date of the issue date; and
- 10.5% per annum from the date immediate after the fourth anniversary date of the issue date up to the maturity date.



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22. Bonds Payable (Continued)

6-year Bond 2030 (Continued)

The Company may at any time after the issue date of the 6-year Bond 2030 and before the maturity date to early redeem the 6-year Bond 2030 payable, with a prior written consent from the bond holder provided that not less than one-month advance notice of such redemption intention shall have been given to the bond holders.

On 30 August 2024, the Group entered into share charge agreements with the 6-year Bonds 2030 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited, both are indirectly wholly-owned subsidiary of the Company, were secured against the 6-year Bond 2030 until its maturity.

During Interim Period and the year ended 31 March 2024, there is no early redemption of the 6-year Bond 2030 by the Group.

23. Share Capital

	30 September 2024		31 March 2024	
	Number of ordinary shares	Amount HK\$'000 (unaudited)	Number of Ordinary shares	Amount HK\$'000 (audited)
Authorised:				
Ordinary shares				
At 1 April 2024, HK\$0.1 each and 1 April 2023, HK\$0.01 each	1,000,000,000	100,000	10,000,000,000	100,000
Share consolidation	-	-	(9,000,000,000)	-
At end of the period/year of HK\$0.1 each	1,000,000,000	100,000	1,000,000,000	100,000
Issued and fully paid:				
At 1 April 2024, HK\$0.1 each and 1 April 2023, HK\$0.01 each	755,654,743	75,565	4,198,098,293	41,981
Placing of shares	-	-	839,600,000	8,396
Share consolidation	-	-	(4,533,928,464)	-
Issue of right shares	-	-	251,884,914	25,188
At the end of the period/year of HK\$0.1 each	755,654,743	75,565	755,654,743	75,565

All the shares issued during the year ended 31 March 2024 rank pari passu with the then existing shares in all respects.



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24. Related Party Disclosures

Saved as disclosed elsewhere in this report, details of material transactions between the Group and other related parties are disclosed below:

Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the Interim Period was as follows:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Fees, salaries and other allowances	1,058	5,035
Retirement benefit scheme contributions	19	32
	1,077	5,067

25. Fair Value Measurement of Financial Instruments

Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 September 2024 (unaudited)				
Assets				
Equity investment at FVTOCI	–	–	133,464	133,464
At 31 March 2024 (audited)				
Assets				
Equity investment at FVTOCI	–	–	118,054	118,054



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25. Fair Value Measurement of Financial Instruments (Continued)

Fair Value Estimation (Continued)

Equity investment at FVTOCI

The fair value of equity investment at FVTOCI as at 30 September 2024 was estimated by applying income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of approximately 2%. The pre-tax discount rate used to discount the forecast cash flow is approximately 19.49%. Should the estimated growth rate increase or decrease by 1%, the fair value of the equity investment at FVTOCI would be increased by approximately HK\$5,762,000 or decreased by approximately HK\$5,896,000. Should the discount rate increase or decrease by 1%, the fair value of the equity investment at FVTOCI would be decreased by approximately HK\$11,658,000 or increased by approximately HK\$11,524,000.

During the Interim Period, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the Interim Period in the balance of Level 3 fair value measurement of equity investment at FVTOCI is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
At beginning of the period/year	118,054	116,982
Fair value gains included in other comprehensive income	15,410	1,072
At end of the period/year	133,464	118,054

Financial assets and liabilities not reported at fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values as at 30 September 2024.



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26. Pledge of Assets

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028's payable and the 6-year Bond 2030's payable (31 March 2024: 7-year Bond 2028) amounted in total to approximately HK\$151,062,000 (31 March 2024: HK\$92,644,000) issued by the Company. Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Pledged bank balances	35,248	52,533
Trade receivables	115,784	123,575
	151,032	176,108

27. Significant Events After Reporting Period

The Group had entered into a discloseable transaction in relation to the acquisition of the issued share capital of Wisdom Moon subsequent to 30 September 2024.

Please refer to the paragraph headed "Significant events after reporting period" under the section headed "Management Discussion and Analysis" of this report for details of the event.

28. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current period presentation. In the opinion of the Directors, this presentation would better reflect the financial performance of the Group.