

The cover features a central green circle with the text '2024 INTERIM REPORT'. Surrounding this are ten circular icons: a bar chart with an upward arrow, a gear with an upward arrow, a wind turbine, a shopping cart, a solar panel with a sun, a truck, a shield with a leaf, a globe, an electric car, and a cloud with 'CO2' and downward arrows. The background consists of concentric green circles and a stylized cityscape at the bottom.

2024 INTERIM REPORT



CHERISH SUNSHINE INTERNATIONAL LIMITED

承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

Contents

- 2 Corporate Information
- 4 Management Discussion and Analysis
- 16 Condensed Consolidated Statement of Profit or Loss
- 17 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 18 Condensed Consolidated Statement of Financial Position
- 20 Condensed Consolidated Statement of Changes in Equity
- 22 Condensed Consolidated Statement of Cash Flows
- 23 Notes to the Condensed Consolidated Financial Statements
- 57 General Information
- 64 Corporate Governance



Corporate Information



DIRECTORS

Executive Directors

Ms. Wu Siyuan (*Chairman*) *MSc, BSc*
(*ceased on 28 August 2024*)

Mr. Shi Qiang (*Chief Executive*) *MBA, LL.B*
(*ceased on 28 August 2024*)

Ms. He Qian, *CPA (PRC), EMBA, BAcc*
(*ceased on 9 September 2024*)

Mr. Yang Hua (*Joint Chairman and Chief Executive*) *DBE*
(*appointed on 28 August 2024*)

Mr. Zhou Xiangtao (*Joint Chairman*) *MBA*
(*appointed on 9 September 2024*)

Mr. Sze Kam Shing, Alan *CFA, CPA, MFin*
(*appointed on 9 September 2024*)

Non-executive Director

Mr. Li Shun, *ACG, HKACG, CGMA, MSc, BA*
(*ceased on 28 August 2024*)

Independent Non-executive Directors

Mr. Zhong Dengyu, *CPA (PRC)*

Ms. Deng Hua, *MA, BA*

Ms. Yang Xiaoyan, *BA, MBA*
(*ceased on 9 September 2024*)

Mr. Zhao Zhijiao *BSc*
(*appointed on 9 September 2024*)

BOARD COMMITTEES

Audit Committee

Mr. Zhong Dengyu (*Chairman*)

Ms. Deng Hua

Ms. Yang Xiaoyan
(*ceased on 9 September 2024*)

Mr. Zhao Zhijiao
(*appointed on 9 September 2024*)

Remuneration Committee

Ms. Deng Hua (*Chairman*)

Ms. Yang Xiaoyan (*Chairman*)
(*ceased on 9 September 2024*)

Mr. Zhong Dengyu

Mr. Zhao Zhijiao
(*appointed on 9 September 2024*)

Nomination Committee

Ms. Deng Hua (*Chairman*)

Ms. Wu Siyuan (*Chairman*)
(*ceased on 28 August 2024*)

Mr. Zhong Dengyu

Ms. Yang Xiaoyan
(*ceased on 9 September 2024*)

Mr. Zhao Zhijiao
(*appointed on 9 September 2024*)

AUTHORISED REPRESENTATIVES

Mr. Sze Kam Shing, Alan (*as to Listing Rules*)
(*appointed on 27 September 2024*)

Mr. Li Shun (*as to Listing Rules*)
(*ceased on 27 September 2024*)

Ms. Wu Siyuan (*as to Listing Rules*)
(*ceased on 28 August 2024*)

Mr. Lau Man Kit
(*as to Companies Ordinance*)

JOINT COMPANY SECRETARY

Mr. Sze Kam Shing, Alan
(*appointed on 13 September 2024*)

Mr. Li Shun
(*ceased on 27 September 2024*)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda



Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 807, Block 9
No.1818-2 Wenyi West Road
Yuhang Street, Yuhang District
Hangzhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 705, 7/F
Nam Wo Hong Building
148 Wing Lok Street
Sheung Wan, Hong Kong

AUDITOR

Crowe (HK) CPA Limited
*(Certified Public Accountants and
Registered Public Interest Entity Auditor)*

LEGAL ADVISERS

As to Hong Kong law

DeHeng Law Offices (Hong Kong) LLP

As to Bermuda law

Conyers Dill & Pearman

PRINCIPAL BANKERS

Hang Seng Bank Limited
China Merchants Bank Co., Ltd.

STOCK CODE

1094

WEBSITE

www.sunshine1094.com



(I) BUSINESS REVIEW

For the six months ended 30 September 2024 (the “**Period**”), Cherish Sunshine International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) recorded a total revenue of approximately HK\$82.8 million, representing a decrease of approximately 59.3% as compared with the revenue of approximately HK\$203.6 million recorded for the six months period ended 30 September 2023 (the “**Corresponding Prior Period**”). The decrease is mainly due to economic slowdown and more stringent budget in spending of customers during the Period.

Procurement business has been one of the Group’s major businesses for over 10 years. With continuing customer relationship with government authorities and large corporations, the Group’s procurement and IT business contributed approximately 61.0% of the Group revenue for the Period. Another significant segment is rental business, which contributed approximately 11.0% of the Group revenue for the Period, and generated steady cash flows to the Group.

The Group continues to pursue the goals of promoting sustainability and environmental protection. During the Period, the admission to the United Nations Global Compact showed our commitments to implement universal sustainability principles and to support the goals of the United Nations. In response to the PRC Central Government’s promotion of carbon peak by 2030 and carbon neutrality by 2060, the Group promoted sustainability and environmental protection by providing energy consulting services to customers. The management considers this as a high growth potential business in the next few years.

Provision of procurement services and other IT services

During the Period, the Group recorded a revenue of approximately HK\$40.8 million for provision of procurement services, representing a decrease of approximately 55.0% as compared to Corresponding Prior Period. The decrease is mainly due to the completion of two significant Engineering, Procurement and Construction (“**EPC**”) projects which recognised revenue in Corresponding Prior Period. The IT services contributed approximately HK\$9.8 million to the total revenue, representing a decrease of approximately 43.6% as compared to Correspondence Prior Period, mainly due to the decrease in revenue from IT maintenance and consultancy services.

Trading business

The trading revenue decreased by approximately HK\$62.8 million during the Period, representing a decrease of approximately 76.6% as compared to Corresponding Prior Period. The profit margins of the trading business have been thin in the previous years, and recorded a slight loss during the Period due to impairment loss of trade receivables. The management believes that this segment should be scaled back in favor of focusing on other more profitable businesses.

Rental income

During the Period, the rental income of the Group increased by approximately 15.1% to HK\$9.1 million as compared with HK\$7.9 million for Corresponding Prior Period. The increase in rental income revenue is mainly due to the improvement in occupancy rate. During the Period, the PRC government implemented various policies to stabilize the property market and improve the business environment. The management expects the occupancy rate will maintain at a high level and the value of the investment property will increase in the next year.



Management Discussion and Analysis

Provision of energy management contracting services

The provision of the energy management contracting services recorded a revenue of approximately HK\$4.0 million during the Period, representing a decrease of approximately 31.4% as compared to Corresponding Prior Period. The decrease is mainly due to completion of certain contracting services. During the Period, the Group recorded approximately HK\$0.6 million revenue from carbon neutrality consulting services. The management is pleased to see the growth in energy consulting services and will continue to expand this business in the next few years.

(II) FINANCIAL REVIEW

Operational Performance

1. Revenue

Revenue for the Period was HK\$82,776,000, representing a decrease of HK\$120,780,000 or 59.3% as compared to HK\$203,556,000 for the Corresponding Prior Period. It is mainly due to the decrease in sales of trading goods and procurement of goods for EPC services.

The revenue for the Period included (i) provision of procurement services and other IT services of HK\$50,526,000, accounting for 61.0% of the total revenue (six months ended 30 September 2023: HK\$107,843,000, 52.9%); (ii) revenue from trading business of HK\$19,141,000, accounting for 23.1% of the total revenue (six months ended 30 September 2023: HK\$81,957,000, 40.3%); (iii) rental income of HK\$9,091,000, accounting for 11.0% of the total revenue (six months ended 30 September 2023: HK\$7,896,000, 3.9%); and (iv) revenue from energy management contracting business of HK\$4,018,000, accounting for 4.9% of the total revenue (six months ended 30 September 2023: HK\$5,860,000, 2.9%).

2. Cost of sales and services rendered

Cost of sales and services rendered for the Period was HK\$61,062,000 (six months ended 30 September 2023: HK\$176,877,000). Decrease in revenue leads to a reduction of the cost of sales and services rendered. The costs mainly included material costs for trading sector, operating costs for lease business and the consumption of technical and human resources for contracts in segments of provision of procurement services and other IT services and energy management contracting business.

3. Gross profit

Gross profit for the Period was HK\$21,714,000 (six months ended 30 September 2023: HK\$26,679,000), whereas the gross profit margin for the Period was 26.2%, representing an increase of 13.1 percentage points as compared to the gross profit margin of 13.1% for the Corresponding Prior Period.

The increase in gross profit margin was mainly attributable to the decreased proportion of revenue generated from trading sector and the provision of procurement services associated with the new energy EPC projects, which, in line with industry norms, typically have a lower profit margins. The decreased proportion of those businesses therefore caused the increase in overall profit margin in spite of the decrease in profits in absolute value.



4. Other income and gains/(losses)

The other income and gains/(losses) mainly comprised fair value gain on investment properties, government grants and exchange gain. For the Period, the account balance was a gain of HK\$4,346,000, as compared to a gain of HK\$4,966,000 for the Corresponding Prior Period. Such change is mainly due to fair value gain of investment properties.

5. Administrative expenses

The administrative expenses for the Period was HK\$18,921,000 (six months ended 30 September 2023: HK\$24,392,000). The administrative expenses mainly comprised staff cost, legal and other professional fees, depreciation for property, plant and equipment and right-of-use assets and general office expenses. Due to implementation of costs control, the administrative expenses decreased by 22.4% in comparison with the Corresponding Prior Period. Cost saving mainly came from the reduction in staff and operational expenses.

6. Impairment loss for trade and other receivable and contract assets

Based on the expected credit loss calculation and internal review on the recoverability of trade and other receivables and contract assets for the Period, the Group made impairment loss for trade and other receivable and contract assets of approximately HK\$2,274,000 (six months ended 30 September 2023: HK\$172,000) as the Group had concerns on recoverability of these receivables. The expected loss calculation has been made using provision matrix approach for each of the reporting periods, which is a simplified approach by reference to the expected credit loss ratio which took into account historical default rate, internal credit rating and forward-looking information.

7. Finance costs

Finance costs for the Period was HK\$3,289,000 as compared to HK\$3,852,000 for the Corresponding Prior Period. Such decrease was mainly due to the decrease in interest payment to other borrowings for the Period.

8. Income tax credit/(expense)

Income tax credit for the Period amounted to HK\$77,000 (six months ended 30 September 2023: an expense of HK\$1,623,000). Tax credit made for the Period was mainly recognition of deferred taxation on tax loss from a major subsidiary.

9. Profit for the Period

Profit for the Period amounted to HK\$2,323,000 as compared to the profit of HK\$3,498,000 for the Corresponding Prior Period. The profit generated for the Period was mainly due to reduction of administration expenses. In compared with the Corresponding Prior Period, profit dropped is mainly due to less reversal of impairment loss of prepayment and increase in impairment loss on trade and other receivable and contract assets.



Management Discussion and Analysis

Financial Position

1. *Liquidity and capital structure*

As at 30 September 2024, the Group had restricted bank deposits of approximately HK\$11,288,000 (31 March 2024: 61,593,000) and cash and cash equivalents of approximately HK\$43,760,000 (31 March 2024: HK\$6,309,000). As at 30 September 2024, cash, bank deposits and restricted deposit of the Group mentioned above totally approximately HK\$55,048,000 (31 March 2024: HK\$67,902,000) of which HK\$12,363,000 (31 March 2024: HK\$66,981,000) were denominated in RMB. The total assets of the Group amounted to approximately HK\$752,084,000 (31 March 2024: HK\$727,927,000), the total equity amounted to approximately HK\$351,212,000 (31 March 2024: HK\$295,310,000), the total liabilities amounted to approximately HK\$400,872,000 (31 March 2024: HK\$432,617,000). The assets-liabilities ratio (total assets over total liabilities) was 1.88:1 (31 March 2024: 1.68:1), the current ratio (current assets over current liabilities) was 1.10:1 (31 March 2024: 1.26:1 (restated)) and the gearing ratio (total bank and other borrowings and convertible bonds over total equity) was 0.43:1 (31 March 2024: 0.42:1).

2. *Funding and treasury policies*

The Group's funding and treasury policies aim to ensure that it has adequate financial resources to support its businesses and investment activities, while managing its financial risks in a prudent and efficient manner. The Group maintains a diversified funding base and manages its financial risks, including interest rate risk and foreign exchange risk, through the use of financial instruments and risk management strategies. The Group also seeks to maintain a healthy balance sheet and strong liquidity position to enhance its financial flexibility and resilience.

3. *Structure of interest-bearing bank and other borrowings*

As at 30 September 2024, the Group's interest-bearing bank and other borrowings amounted to approximately HK\$126,982,000 (31 March 2024: HK\$100,211,000) which were all denominated in RMB (31 March 2024: all denominated in RMB). As at 30 September 2024, interest-bearing bank and other borrowings of approximately HK\$88,013,000 were wholly repayable within one year (31 March 2024: HK\$46,334,000 repayable within one year).

As at 30 September 2024, interest-bearing bank borrowings with principal amounts of HK\$73,484,000 were arranged at effective interest rates of 4.95% per annum which are ranging at 1-Year Loan Prime Rate ("**LPR**") quoted by National Interbank Funding Centre plus 1.3% per annum to 1-Year LPR plus 1.5% per annum. Except for the portion of bank borrowings of approximately HK\$20,041,000 with a fixed 1-Year LPR adopted throughout the loan period, the 1-Year LPR of the remaining portion of bank borrowings of approximately HK\$53,443,000 shall be adjusted at the anniversary of the respective loan drawdown dates. In addition, all interest-bearing bank borrowings were secured by a charge over the Group's buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network Technology Limited ("**Gongcai Network**"), a wholly-owned subsidiary of the Company. Furthermore, such facilities were also guaranteed free of charge by Ms. Liu Luoxiu ("**Ms. Liu**") and Mr. Zou Yuwen ("**Mr. Zou**", the spouse of Ms. Liu),



whereas Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 38.7% of the Company's issued ordinary shares as at 30 September 2024. Furthermore, an interest-bearing bank borrowing with principal amount of approximately HK\$32,288,000 was arranged at effective interest rate of 6.5% per annum, repayable within one year and secured by certain properties in PRC and guaranteed free of charge by a son of Ms. Liu and Mr. Zou without any security. For remaining other borrowings in total of approximately HK\$21,210,000, they are interest-free, repayable within one year and unsecured, except the amount of HK\$15,587,000 which is secured by the Group's investment properties. For the secured other borrowing of approximately HK\$15,587,000, the Group failed to repay this amount to the lender on time as at 30 September 2024 and the lender filed a statement of claim against the Group. Details of the claim are set out in the section "Litigations and contingent liabilities" to this report.

4. *Prepayment for goods and services*

As at 30 September 2024, the Group had prepayments for goods and services amounting to approximately HK\$191,058,000 (31 March 2024: HK\$300,867,000) in relation to the provision of EPC services, and the provision of procurement services in respect of goods with regards to new solar power related EPC projects. Such projects include different solar projects at various locations of PRC, such as projects at Zhanjiang City of Guangdong Province, Heshan County of Guangxi Province, Binzhou City of Shaanxi Province, Lianyungang City of Jiangsu Province, and so on. Since those projects would be over 1 gigawatt in aggregate in terms of power capacity upon completion, the total value of investment injected into those new solar power construction projects would be in billions of RMB. The need for procurement services and the total purchase value of materials for those projects will therefore be significant. Being one of the procurement service providers to those large projects, in order to secure the customers and suppliers, the Group has to carry out its job along the supply chain of the EPC projects, under which various prepayments for the procurement of materials required for different projects were made.

During the Period, prepayments in aggregate of approximately HK\$513,000 were made for the above mentioned projects or other new projects. As at 30 September 2024, approximately HK\$26,905,000 had been utilised and settled upon completion of some projects. For some other projects where the projects construction had come across various problems, such as the need to obtain additional or new governmental approvals leading to prolonged delays in the projects, the management of the Group had decided to pull out and negotiated with the relevant parties, such as suppliers, for a refund of the prepayment made. During the Period, the relevant suppliers did a refund of approximately HK\$90,501,000. The management of the Group are closely monitoring the projects' progress and will take actions timely when necessary such as requesting the refunds of the prepayments. Alternatively, the Group may request the delivery of the goods equaling to the value of the prepayments so that the Group may resell them in return for cash or utilise them in other projects or potential projects of the Group.



Management Discussion and Analysis

(III) OTHER ISSUES

1. Significant investment and material acquisition and disposal of subsidiaries and future material investment or capital and assets acquisition plan

Pursuant to a joint venture agreement and a capital increase agreement made on 21 August 2024 and 6 September 2024, Hangzhou Chenghui New Energy Limited, a wholly-owned subsidiary of the Company, invested a 19% equity interest of Ruoqiang Huiheng Industrial Group Company Limited (“**Ruoqiang Huiheng**”), a joint venture established in the PRC. Total capital contribution of RMB53,200,000 was made by the Company in September 2024. No dividend income was recognised in the Period. This equity investment represents approximately 7.88% of the Group’s total assets value as at 30 September 2024. Its fair value at 30 September 2024 was approximately HK\$58,409,000. Ruoqiang Huiheng is principally engaged in the provision of super power computing service and generation and provision of electricity in the PRC. The management of the Group considered that this investment presents a good opportunity for the Group to achieve two objectives in the promising and fast developing information technology and new energy industries, namely, (i) upgrading its information technology services level; and (ii) expanding its presence in the new energy, such as solar power, industry which the Group has all along been engaging in by providing EPC services.

Save for those disclosed above and in this report, there were no other significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the Period and there is no plan for material investments or capital assets as at the date of this report.

2. Pledge of assets

As at 30 September 2024, the Group had a bank borrowing of RMB66,000,000 (equivalent to approximately HK\$73,484,000) from a bank in the PRC which was secured by the pledging of the Group’s buildings, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network. The borrowing is also guaranteed by Ms. Liu and Mr. Zou free of charge, whereas Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 38.7% of the Company’s issued ordinary shares as at 30 September 2024, while Mr. Zou is the spouse of Ms. Liu.

In addition, the Group had other borrowing of RMB14,000,000 (equivalent to approximately HK\$15,587,000) which was secured by the pledging of the Group’s investment properties.



3. Litigations and contingent liabilities

- (i) On 8 January 2024, the People's Court of Wuhan Donghu New Technology Development Zone ("**People's Court of Wuhan Donghu**") sent a summons and related filing materials (the "**Materials**") to Gongcai Network. According to the Materials, Nanchang Nanfei Fire Protection Equipment Manufacturing Co., Ltd. ("**Plaintiff 1**") requested Gongcai Network, and China Energy Construction Group Anhui Electric Power Construction Second Engineering Co., Ltd., the main project developer of an EPC project, to repay approximately RMB9,144,000 together with a penalty for late payment in respect of a purchase order for fixing stands. The fixing stands were materials used in a 100 megawatt photovoltaic power station project in Daishan County, Zhejiang Province, the PRC and procured by Gongcai Network. Gongcai Network had instructed its business department to negotiate with Plaintiff 1. Currently, Gongcai Network has entered into mediation agreement and debts transfer agreement with the correspondent customer of this transaction. The customer agreed to file a counter claim against Plaintiff 1 in name of Gongcai Network. As at 30 September 2024, the Group had recognised a payable of approximately RMB7,839,000 in the condensed consolidated financial statements in view of the above.
- (ii) On 22 February 2024, a civil lawsuit was brought by Ningbo Zhongchun Hi-Tech Co., Ltd. (the "**Plaintiff 2**") against Hangzhou Chenghui Engineering Technology Co., Ltd. ("**Hangzhou Chenghui**"), a wholly-owned subsidiary of the Company, in regard of a procurement order of pile foundation for a construction contract. Plaintiff 2 claimed that it had completed the shipments to Hangzhou Chenghui and claimed against Hangzhou Chenghui for the outstanding amount of approximately RMB3,433,000 and interest for the overdue payment. As at the date of this report, Hangzhou Chenghui has lodged an appeal with the People's Court of Yinzhou District of Ningbo City, Zhejiang Province, the PRC and the court has accepted the appeal. Hearing of the court in the second instance is to be scheduled. As at 30 September 2024, the Group had recognised a payable to Plaintiff 2 of approximately RMB3,433,000 in the condensed consolidated financial statement in view of the above.
- (iii) On 27 September 2024, Suzhou Industrial Park People's Court sent a summons and related filing materials (the "**Related Materials**") to Gongcai Network. According to the Related Materials, Zhu Yanfang ("**the Plaintiff 3**") filed a statement of claim against Gongcai Network for a breach of loan agreement due to failure in repayment of loan in amount of RMB14,000,000 on time and requested Gongcai Network to repay the loan principal together with a penalty and professional fees for late payment. The first hearing of the legal proceeding was conducted on 5 November 2024 and a mutual agreement between Plaintiff 3 and Gongcai Network was made. Gongcai Network will repay to Plaintiff 3 the sum of approximately RMB14,420,000 by installments. An interest, which is calculated at twice of the LPR quoted by the National Interbank Funding Centre, will be charged on the sum for the period from 1 November 2024 till to loan clearance date. As at 30 September 2024, the Group had recognised the loan borrowing of approximately RMB14,000,000 in the condensed consolidated financial statements in view of the above.



Management Discussion and Analysis

As a result of the cases abovementioned, certain bank deposits of the Group of approximately RMB1,082,000 (or equivalent to approximately HK\$1,205,000) were temporarily frozen as at 30 September 2024.

During the Period, the Company has also launched the following lawsuits against certain of its customers:

- (iv) On 8 March 2024, Gongcai Network filed a civil lawsuit at People's Court of Wuhan Donghu against Yancheng Zhuozhouyong Trading Co., Ltd., Cai Kouzhang, Chen Xuerong, Cai Kouzhong (collectively the "**Defendants Group 1**") in regard of a contract dispute with contract sum of approximately RMB23,870,000. Gongcai Network claimed that it had completed all shipments of fixing stands to Defendants Group 1 and requested Defendants Group 1 to honor the contract and repay the remaining contract sum of approximately RMB8,880,000 and interest for the overdue payment. Recently, Gongcai Network and Defendants Group 1 reached the mediation agreement that Defendants Group 1 would file a counterclaim against Plaintiff 1 in above case (i) and bear the claim amount in above case (i).
- (v) On 27 March 2024, Hangzhou Chenghui filed a civil lawsuit at Hangzhou Yuhang District People's Court, Zhejiang Province ("**Yuhang District Court**") against Jiangsu Rongmo Technology Development Co., Ltd. ("**Jiangsu Rongmo**"), Shen Jing, Chen Xuerong, Cai Kouzhong (collectively the "**Defendants Group 2**") in regard of a dispute of purchase contract for pile foundation supply. Confirmation for the order shipments was signed and agreed by Hangzhou Chenghui and Jiangsu Rongmo in December 2023. Hangzhou Chenghui did not receive the remaining contract sum of approximately RMB5,003,000 at the agreed time. Hence, the Group took legal action against Defendants Group 2. Yuhang District Court accepted this case and conducted mediation works. Based on civil mediation letter issued by Yuhang District Court on 29 October 2024, Jiangsu Rongmo agreed to pay the amount and the relevant overdue interest and professional fees in mid of November 2024.

Based on the advice of the Group's PRC legal adviser, the management of the Group considered that the legal proceedings are unlikely to result in any other material net outflow of economic benefits from the Group and therefore no contingent liability has been recognised. In addition, the Group has performed impairment assessment on the relevant trade receivables under the expected credit loss model, and substantially recorded the relevant trade payables against Plaintiff 1 and Plaintiff 2. The Group did not further recognise any provision for the cases abovementioned as at 30 September 2024.



4. Foreign exchange exposure

During the Period, the Group mainly earned revenue in RMB and incurred costs mainly in Hong Kong dollars and RMB. The Group does not foresee any real significant risk caused by exchange rate fluctuation to its financial health in the near future. However, any permanent or significant changes in RMB against Hong Kong dollars may still have an impact on the Group's presentation of financial results in the future. The management will monitor the foreign exchange risk and may adopt appropriate hedging policy when necessary.

5. Staff and remuneration policy

The Group determines staff remuneration in accordance with market terms, individual qualifications and performances. Remuneration of Directors are determined and from time to time reviewed by the Board based on the recommendations from the remuneration committee of the Company with reference to the Group's operating results, individual performance and comparable market statistics. Staff recruitment and promotion is based on individuals' merit and their development potential for the positions offered. As at 30 September 2024, the Group employed approximately 88 employees (as at 31 March 2024: 180), and the total remuneration of employees (including the Directors) was approximately HK\$12,633,000 for the Period (six months ended 30 September 2023: HK\$23,788,000). During the Period, according to the Company's share option scheme and share award plan, no share options and awarded shares previously granted were vested to Directors and eligible employees due to unfulfillment of the relevant vesting conditions of the share option scheme and the share award plan. To enhance the expertise of our employees, the Group also provides them on-the-job training and sponsors them to attend external training courses and seminars.

6. Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

7. Rights Issue

On 18 October 2022, in order to satisfy the funding needs of the Group for the Group's business expansion, the Company proposed to conduct rights issue of not more than 201,366,286 rights shares (the "**Rights Share(s)**") at the subscription price of HK\$0.63 per Rights Share on the basis of five (5) Rights share for every eight (8) existing shares of the Company in issue (the "**Rights Issue**"). An underwriting agreement was entered into between the Company and Eastmount Global Limited, a substantial shareholder of the Company, as the underwriter to the Rights Issue on 18 October 2022 (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, the Rights Issue had been conducted on a fully underwritten basis. A placing agreement (the "**Placing Agreement**") had also been entered into between the Company and Eddid Securities and Futures Limited as the placing agent (the "**Placing Agent**") on the same day, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for unsubscribed Rights Shares. An aggregate of 189,907,953 new shares were allotted and issued by the Company on 8 February 2023 as a result of the Rights Issue. Among all 189,907,953 new shares issued, Eastmount Global Limited, as the underwriter, had performed its underwriting obligation under the Underwriting Agreement and took up 123,596,678 Rights Shares that were unsubscribed and were not placed by the Placing Agent.



Management Discussion and Analysis

The Rights Shares had been offered for subscription at the subscription price of HK\$0.63 per Rights Share. The gross proceeds from the Rights Issue were approximately HK\$119.6 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, were approximately HK\$117.1 million. The net price per Rights Share is therefore HK\$0.62. The Rights Shares (when allotted, fully paid or credited as fully paid and issued) rank *pari passu* in all respect among themselves and with the shares of the Company in issue as at the date of allotment and issuance. The closing price of the shares as quoted on the Stock Exchange on 18 October 2022, being the date of publication of the announcement in relation to the Rights Issue, was HK\$0.73 per share. On 15 January 2024, taking into consideration of the adverse and ongoing uncertain market condition of the Hong Kong property sector, the management of the Company was of the view that it was not the best timing for the Company to make property investment in Hong Kong as it might lead to potential losses to the Group and its shareholders. As such, the Board resolved to change and reallocate the use of the unutilised net proceeds originally intended for property investment of approximately HK\$23.4 million, such that (i) approximately HK\$20.0 million will be used for the pursuance of strategic acquisitions of businesses engaging in energy management contracting (“**EMC**”) services; and (ii) the remaining HK\$3.4 million will be reallocated as the general working capital of the Group.

The utilisation of the net proceeds from the Rights Issue has been summarised as follows:

	Approximate percentage of total net proceeds	Original allocation of net proceeds	Revised allocation of net proceeds	Amount utilised up to 30 September 2024	Unutilised balance as at 30 September 2024	Expected timeline for utilisation
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
1) Research and development of the procurement service software	5%	5,855	–	5,855	–	N/A
2) Procurement services business	50%	58,550	–	58,550	–	N/A
3) Trading business	10%	11,710	–	11,710	–	N/A
4) Investment in office properties in Hong Kong	–	23,420	(23,420)	–	–	N/A
5) General working capital	18%	17,565	3,420	20,985	–	N/A
6) Acquisition of EMC business	17%	–	20,000	–	20,000	By the end of March 2025
		117,100	–	97,100	20,000	

As at 30 September 2024, the net proceeds of approximately HK\$70.3 million were used for paying orders for procurement services business and trading business; approximately HK\$5.9 million were used for research and development of the procurement service software; and approximately HK\$21.0 million were used for payment to suppliers and operating expenses as intended.



Further details of the Rights Issue and change in use of proceeds are set out in the announcements of the Company dated 18 October 2022, 29 November 2022, 20 December 2022, 7 February 2023 and 15 January 2024 and the prospectus of the Company dated 6 January 2023.

8. Issue of new shares

To enhance the Group's financial capability to expand new energy business while also support the development of its procurement services and working capital, on 19 August 2024, the Company and subscribers who are not less than six subscribers, entered into a subscription agreement, pursuant to which the subscribers has agreed to subscribe for, and the Company has agreed to allot and issue 98,752,000 ordinary shares under general mandate (being approximately 20% of the existing issued share capital of the Company as at the date of the agreement, being approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares) at the subscription price of HK\$0.4405 per share. The aggregate nominal value of the subscription shares is approximately HK\$9,875,000. The closing price on 19 August 2024 was HK\$0.550. Through several times of extension of long stop date and revising placing price, a total of 98,752,000 ordinary shares at the subscription price of HK\$0.433 were placed to eight subscribers on 26 September 2024. The net proceeds from the subscription are approximately HK\$42.2 million. The net price per the new shares is therefore HK\$0.427. In line with the intention as disclosed in the announcement of the Company dated 26 September 2024, approximately HK\$16.9 million will be been utilised for investment into new energy related projects, approximately HK\$16.9 million for the expansion and development of the procurement services provided by the Group, and approximately HK\$8.4 million for the replenishment of the general working capital of the Group.

The utilisation of the net proceeds from the issue of shares has been summarised as follows:

	Approximate percentage of total net proceeds	Allocation of net proceeds	Amount utilised up to 30 September 2024	Unutilised balance as at 30 September 2024	Expected timeline for utilisation
		HK\$'000	HK\$'000	HK\$'000	
1) Investment into new energy related projects	40%	16,900	–	16,900	By end of 2025
2) For expansion and development of the procurement services	40%	16,900	–	16,900	By end of 2025
3) General working capital	20%	8,400	–	8,400	By 31 March 2025
		42,200	–	42,200	

Save as disclosed in this interim report, the utilisation of proceeds was in accordance with the planned applications. The unutilised portion of the proceeds will be applied in a manner consistent with the above planned applications.



Management Discussion and Analysis

9. Event after the Period

From 30 September 2024 to the date of this report, there was no important event affecting the Group.

(IV) BUSINESS PROSPECTS

Procurement and IT business will continue to be one of the major businesses of the Group. During the Period, our research and development team worked on a domestic transformation project to convert and upgrade the procurement software in line with the domestic standards. The conversion and upgrading are expected to be completed in early 2025. The management expects the upgraded procurement system will enhance user experience, increase number of users and generate higher revenue to the Group. In addition, based on the transaction data of the procurement system, the Group will provide services of supply chain management to customers.

The Group continues to engage in providing full life cycle services of new energy services, including EPC, maintenance and operation services. In the coming year, the Group will expand into the business of EPC, maintenance and operation business of artificial intelligence (“AI”) data centre. Despite geopolitical risk and uncertainties in the global financial market in recent years, the new energy and AI industries keep expanding. The management believes AI is the future of technology and is committed to leverage its potential. To this end, the Group will actively expand the “AI + new energy” business through cooperation with certain business partners to form the super computing and data processing centres.

Save as disclosed in this report, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules during the Period.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024	2023
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	6	82,776	203,556
Cost of sales and services rendered		(61,062)	(176,877)
Gross profit		21,714	26,679
Other income and gains/(losses)	7	4,346	4,966
Administrative expenses		(18,921)	(24,392)
Reversal of impairment loss for prepayment		–	546
Change in fair value of derivatives embedded in convertible bonds	21(b)	670	1,346
Impairment loss for trade and other receivables and contract assets, net		(2,274)	(172)
Profit from operations		5,535	8,973
Finance costs	8	(3,289)	(3,852)
Profit before tax		2,246	5,121
Income tax credit/(expense)	9	77	(1,623)
Profit for the period	10	2,323	3,498
Profit/(loss) attributable to:			
Owners of the Company		2,343	3,312
Non-controlling interests		(20)	186
		2,323	3,498
Earning per ordinary share (HK cents per share)			
Basic	11	0.48	0.69
Diluted	11	0.48	0.59



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	2,323	3,498
Other comprehensive income/(expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Net fair value change on financial assets at fair value through other comprehensive income ("FVTOCI")	130	–
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	11,293	(19,522)
Reclassification of cumulative foreign currency translation reserve upon disposal of a subsidiary	–	10
Other comprehensive income/(expense) for the period, net of tax	11,423	(19,512)
Total comprehensive income/(expense) for the period	13,746	(16,014)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	13,940	(16,196)
Non-controlling interests	(194)	182
	13,746	(16,014)

Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		As at 30 September 2024	As at 31 March 2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	13	6,184	6,284
Investment properties		244,193	232,673
Right-of-use assets	14	8,574	8,148
Intangible assets		29,575	28,667
Interest in an associate		213	197
Derivative component of convertible bonds	21(b)	5,567	2,964
Financial assets at FVTOCI	15	86,867	–
Deferred tax assets		1,388	376
Total non-current assets		382,561	279,309
Current assets			
Inventories – raw materials		80	230
Trade and other receivables	16	297,993	360,079
Contract assets		16,402	20,407
Loan receivables	17	–	–
Restricted bank deposits		11,288	61,593
Bank and cash balances		43,760	6,309
Total current assets		369,523	448,618
TOTAL ASSETS		752,084	727,927



Condensed Consolidated Statement of Financial Position

As at 30 September 2024

		As at 30 September 2024	As at 31 March 2024
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited) (Restated)
EQUITY			
Share capital	18	58,397	48,522
Reserves		304,704	258,483
Equity attributable to owners of the Company		363,101	307,005
Non-controlling interests		(11,889)	(11,695)
TOTAL EQUITY		351,212	295,310
LIABILITIES			
Non-current liabilities			
Bank borrowings	19	38,969	53,877
Deferred income		2,603	2,788
Lease liabilities		228	–
Deferred tax liabilities		22,362	20,849
Total non-current liabilities		64,162	77,514
Current liabilities			
Bank and other borrowings	19	88,013	46,334
Lease liabilities		808	652
Trade and other payables	20	158,149	223,576
Convertible bonds	21(a)	23,514	23,246
Derivative component of convertible bonds	21(b)	7,971	6,038
Contract liabilities		40,537	37,862
Current tax liabilities		17,718	17,395
Total current liabilities		336,710	355,103
TOTAL EQUITY AND LIABILITIES		752,084	727,927
Net current assets		32,813	93,515
Total assets less current liabilities		415,374	372,824

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company													
	Share capital	Share premium	Contribution surplus	Other reserves	Share held for share award scheme	Share-based payment reserve	Statutory reserve	FVTOCI reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2024 (audited)	48,522	127,186	(114,233)	9,014	(1,813)	1,634	16,395	-	119,028	8,278	92,994	307,005	(11,695)	295,310
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	2,343	2,343	(20)	2,323
Net fair value change on financial assets at FVOCI	-	-	-	-	-	-	-	130	-	-	-	130	-	130
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	-	11,467	-	-	11,467	(174)	11,293
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	-	130	11,467	-	2,343	13,940	(194)	13,746
Transfer to statutory reserve	-	-	-	-	-	-	203	-	-	-	(203)	-	-	-
Issuance of shares, net of transaction costs (note 18(iii))	9,875	32,281	-	-	-	-	-	-	-	-	-	42,156	-	42,156
Forfeiture of share options and awarded shares	-	-	-	-	-	(1,634)	-	-	-	-	1,634	-	-	-
Changes in equity for the period	9,875	32,281	-	-	-	(1,634)	203	130	11,467	-	3,774	56,096	(194)	55,902
At 30 September 2024 (unaudited)	58,397	159,467	(114,233)	9,014	(1,813)	-	16,598	130	130,495	8,278	96,768	363,101	(11,889)	351,212



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2024

	Attributable to owners of the Company												
	Share capital	Share premium	Contribution surplus	Other reserve	Share held for share award scheme	Share-based payment reserve	Statutory reserve	Foreign currency translation reserve	Revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	48,300	124,969	(114,233)	8,390	(1,813)	3,951	16,004	137,490	8,278	90,538	321,874	(11,507)	310,367
Profit for the period	-	-	-	-	-	-	-	-	-	3,312	3,312	186	3,498
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	(19,518)	-	-	(19,518)	(4)	(19,522)
Reclassification of foreign currency cumulative translation reserve upon disposal of a subsidiary	-	-	-	-	-	-	-	10	-	-	10	-	10
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	-	(19,508)	-	3,312	(16,196)	182	(16,014)
Transfer to statutory reserve	-	-	-	-	-	-	391	-	-	(391)	-	-	-
Vesting of awarded shares	222	2,217	-	-	-	(1,419)	-	-	-	-	1,020	-	1,020
Share-based payment expenses	-	-	-	-	-	3,245	-	-	-	-	3,245	-	3,245
Lapse of share options and awarded shares	-	-	-	-	-	(138)	-	-	-	138	-	-	-
Changes in equity for the period	222	2,217	-	-	-	1,688	391	(19,508)	-	3,059	(11,931)	182	(11,749)
At 30 September 2023 (unaudited)	48,522	127,186	(114,233)	8,390	(1,813)	5,639	16,395	117,982	8,278	93,597	309,943	(11,325)	298,618

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2024

Six months ended 30 September

	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,246	5,121
Adjustments for:		
Amortisation of intangible assets	45	40
Depreciation of property, plant and equipment	425	441
Depreciation of right-of-use assets	549	720
Net fair value gain on investment properties	(3,687)	(4,298)
Loss on disposal of property, plant and equipment	41	165
Impairment loss for trade and other receivables and contract assets, net	2,274	172
Reversal of impairment loss for prepayment	–	(546)
Change in fair value of derivatives embedded in convertible bonds	(670)	(1,346)
Share-based payments expenses	–	3,245
Decrease/(increase) in restricted bank deposits	50,845	(5,472)
Other operating activities	7,978	63,980
NET CASH GENERATED FROM OPERATING ACTIVITIES	60,046	62,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of financial assets at FVTOCI	(84,615)	–
Other investing activities	(61)	(45)
NET CASH USED IN INVESTING ACTIVITIES	(84,676)	(45)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank and other borrowings	(29,327)	(109,190)
Proceeds from issue of shares	42,156	–
New bank and other borrowings raised	52,192	49,135
Principal elements of lease payments	(241)	(471)
Interest paid	(3,580)	(4,157)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	61,200	(64,683)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,570	(2,506)
Effect of foreign exchange rate changes	881	137
CASH AND CASH EQUIVALENTS AT 1 APRIL	6,309	8,478
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		
 REPRESENTED BY BANK AND CASH BALANCES	43,760	6,109



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its head office and principal place of business in the People's Republic of China (the "**PRC**") is Unit 807, Block 9, No. 1818-2 Wenyi West Road, Yuhang Street, Yuhang District, Hangzhou, Zhejiang Province, the PRC. The principal place of business in Hong Kong is Unit 705, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are provision of procurement services and other IT services, trading of general goods, provision of energy management contracting services in the PRC and leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, financial assets at FVTOCI and derivative financial instruments, which are measured at fair values.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2024, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2025 due to the amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which came into effect during the Period and the application of the following accounting policies which became effective to the Group upon the acquisition of financial assets at FVTOCI during the Period. Details of any changes in the amendments to the HKFRSs which came into effect during the Period and the changes of accounting policies are set out below.



3. PRINCIPAL ACCOUNTING POLICIES (Continued)

The preparation of condensed consolidated financial statements in conformity with HKAS 34 requires 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 condensed consolidated financial statements contain unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The condensed consolidated financial statements and notes thereon do not include all of the information and disclosures required for a full set of consolidated financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2024.

The condensed consolidated financial statements for the Period have not been audited but have been reviewed by the Company's audit committee.

Application of amendments to HKFRSs

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The Group has not applied any new accounting standards and amendments to existing standards and interpretation that are not yet effective for this Period.

The Group has applied the amendments to HKFRSs retrospectively. The application of the amendments to HKFRSs in the Period has the following impacts on the convertible bonds with call option and conversion option not meeting "fixed-for-fixed criterion":



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

Impact on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”)

Convertible bonds (with call option and conversion option not meeting “fixed-for-fixed criterion”)

Accounting policies

When determining the classification of convertible bonds (including the host liability and the related derivative components) as current or non-current, the Group considers both the redemption through cash settlement and the transfer of the Group’s own equity instruments as a result of exercise of conversion options by holders as settlement of the convertible bonds.

Transition and summary of impact

The Group’s outstanding convertible bonds, which include the holders’ conversion option and the Group’s call option, do not meet equity instruments classification by applying HKAS 32. The host liability component is measured at amortised cost and derivative components (including the call option and the conversion option) are measured at fair value. Upon the application of the 2020 Amendments, given that the conversion options are exercisable anytime, the host liability component as at 1 April 2023 and 31 March 2024 of approximately HK\$22,635,000 and HK\$23,246,000 respectively are reclassified as current liabilities as the holders have the option to convert within twelve months after the reporting period, and the derivative component (i.e. the conversion option) as at 1 April 2023 and 31 March 2024 of approximately HK\$14,670,000 and HK\$6,038,000 respectively continue to be classified as current liabilities.

The effects of the changes in accounting policy as a result of application of the 2020 Amendments on the condensed consolidated statement of financial position as at the end of the reporting period (i.e. 30 September 2024), immediately preceding year (i.e. 31 March 2024) and beginning of the comparative period (i.e. 1 April 2023), are as follows:

	As at 30 September 2024 (As reported)	Adjustments	As at 30 September 2024 (Without the application of the 2020 Amendments)
	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)
Non-current liabilities			
Convertible bonds	–	23,514	23,514
Current liabilities			
Convertible bonds	23,514	(23,514)	–
Net current assets	32,813	23,514	56,327
Total assets less current liabilities	415,374	23,514	438,888
Net assets	351,212	–	351,212

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

Impact on application of Amendments to HKAS 1 "Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") (Continued)

Convertible bonds (with call option and conversion option not meeting "fixed-for-fixed criterion") (Continued)

Transition and summary of impact (Continued)

	As at 31 March 2024 (Originally stated)	Adjustments	As at 31 March 2024 (As reported)
	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Non-current liabilities			
Convertible bonds	23,246	(23,246)	–
Current liabilities			
Convertible bonds	–	23,246	23,246
Net current assets	116,761	(23,246)	93,515
Total assets less current liabilities	396,070	(23,246)	372,824
Net assets	295,310	–	295,310
	As at 1 April 2023 (Originally stated)	Adjustments	As at 1 April 2023 (As reported)
	HK\$'000 (Audited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Non-current liabilities			
Convertible bonds	22,635	(22,635)	–
Current liabilities			
Convertible bonds	–	22,635	22,635
Net current assets	48,910	(22,635)	26,275
Total assets less current liabilities	370,213	(22,635)	347,578
Net assets	310,367	–	310,367



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new accounting policies

Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associate, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Equity investments

An investment in equity securities is classified as FVTPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in the other comprehensive income ("OCI"). Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the FVTOCI reserve (non-recycling) is transferred to retained profits and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's investment properties, financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- | | |
|---------------------|--|
| Level 1 valuations: | Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. |
| Level 2 valuations: | Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available. |
| Level 3 valuations: | Fair value measured using significant unobservable inputs. |

During the Period, there are no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 2023: Nil). The Group's policy is to recognise transfers into and transfers out of any of the three levels as to the date of the event or change in circumstances that caused the transfer.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



4. FAIR VALUE MEASUREMENTS (Continued)

The following table shows the carrying amounts and fair value of investment properties, financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets/financial liabilities not measured at fair value, as the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy:

Description	As at 30 September 2024 (unaudited)			
	Fair value measurements categorised into			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:				
Non-financial assets				
Investment properties – Commercial units situated in the PRC	–	–	244,193	244,193
Financial assets				
Financial assets at FVTOCI	–	–	86,867	86,867
Call options embedded in convertible bonds	–	–	5,567	5,567
Financial liabilities				
Conversion options embedded in convertible bonds	–	–	(7,971)	(7,971)
Total	–	–	328,656	328,656



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy: (Continued)

Description	As at 31 March 2024 (audited)			
	Fair value measurements categorised into			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements:				
Non-financial assets				
Investment properties – Commercial units situated in the PRC	–	–	232,673	232,673
Financial assets				
Call options embedded in convertible bonds	–	–	2,964	2,964
Financial liabilities				
Conversion options embedded in convertible bonds	–	–	(6,038)	(6,038)
Total	–	–	229,599	229,599

**4. FAIR VALUE MEASUREMENTS** (Continued)**(b) Reconciliation of assets/liabilities measured at fair value based on Level 3:**

	Investment properties	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
At the beginning of the period	232,673	267,130
Change in fair value	3,687	4,298
Exchange differences	7,833	(15,354)
At the end of the period	244,193	256,074
Total profit recognised in profit or loss for assets held at end of the reporting period	3,687	4,298
	Call options embedded in convertible bonds	
	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
At the beginning of the period	2,964	9,904
Change in fair value	2,603	(2,820)
At the end of the period	5,567	7,084
Total loss recognised in profit or loss for assets held at the end of the reporting period	2,603	(2,820)



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets/liabilities measured at fair value based on Level 3: (Continued)

	Conversion options embedded in convertible bonds	
	Six months ended 30 September	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At the beginning of the period	6,038	14,670
Change in fair value	1,933	(4,166)
At the end of the period	7,971	10,504
Total profit recognised in profit or loss for liabilities held at the end of the reporting period	1,933	(4,166)

	Financial assets at FVTOCI	
	Six months ended 30 September	
	2024	2023
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
At the beginning of the period	–	–
Acquisition	84,615	–
Change in fair value	130	–
Exchange differences	2,122	–
At the end of the period	86,867	–
Total profit recognised in OCI for assets held at the end of the reporting period	130	–

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

For Level 3 fair value measurements, the Group will normally engage independent professional qualified valuers (the “**Valuers**”) with the recognised professional qualifications and recent experience to perform the valuations. Discussion of valuation processes and results are held between the management of the Company and the Valuers at each interim and annual reporting date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 3 fair value measurements

Description	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at	
					30 September 2024	31 March 2024
					HK\$'000 (Unaudited)	HK\$'000 (Audited)
Assets						
Commercial units located in the PRC	Income capitalisation	Terminal yield	5–7% (31 March 2024: 5.5–7.5%)	Decrease	244,193	232,673
		Reversionary yield	6–8% (31 March 2024: 6–8%)	Decrease		
		Monthly rental (RMB/square metre)	35–336 (31 March 2024: 30.6–312.5)	Increase		
Financial assets at FVTOCI	Income capitalisation	Discount for lack of marketability ("DLOM")	15.7% (31 March 2024: N/A)	Decrease	86,867	–
Call options embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	106.18% (31 March 2024: 97.4%)	Increase	5,567	2,964
Liabilities						
Conversion options embedded in convertible bonds	Binomial Option Pricing Model	Expected volatility	106.18% (31 March 2024: 97.4%)	Increase	(7,971)	(6,038)

There were no changes in the valuation techniques used during the Period.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

The fair value of call option embedded in convertible bonds is determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 30 September 2024, it is estimated that, with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have increased the Group's profit by approximately HK\$129,000/HK\$469,000 (unaudited) (31 March 2024: decreased/increased the Group's profit by approximately HK\$117,000/HK\$217,000 (audited)).

The fair value of conversion option embedded in convertible bonds is also determined using the Binomial Option Pricing Model. The fair value measurement is positively correlated to the expected volatility of the share price of the Company. As at 30 September 2024, it is estimated that, with all other variables held constant, a decrease/increase in expected volatility of the share price of the Company by 5% would have increased/decreased the Group's profit by approximately HK\$547,000/HK\$312,000 (unaudited) (31 March 2024: HK\$180,000/HK\$284,000 (audited)).

The fair value of financial assets at FVTOCI is determined using income approach. The fair value measurement is negatively correlated to the DLOM. As at 30 September 2024, it is estimated that, with all other variables held constant, a decrease/increase in the DLOM by 5% would have increased/decreased the Group's profit by approximately HK\$288,000/HK\$288,000 (unaudited) (31 March 2024: N/A (audited)).

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors that makes strategic and operating decisions.



5. SEGMENT INFORMATION (Continued)

As at 30 September 2024 and 31 March 2024, the Group has four identified reportable operating segments and the operations in each of the Group's identified reportable operating segments are described below:

- | | | |
|---|---|---|
| Provision of procurement services and other IT services | – | Provisions of procurement services to governmental institutions and private enterprises, development of software and provision of maintenance services to customers, procurement of goods for Engineering, Procurement and Construction (“EPC”) service and provision of EPC services |
| Trading business | – | Trading of general goods |
| Rental income | – | Leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC |
| Energy management contracting business | – | Provision of energy management contracting services in the PRC |

The Group's reportable operating segments are strategic business units that offer different products and services. They are managed separately because each business segment requires different technology and marketing strategies.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. SEGMENT INFORMATION (Continued)

	Provision of procurement services and other IT services	Trading business	Rental income	Energy management contracting business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 September 2024 (unaudited):					
Revenue from external customers	50,526	19,141	9,091	4,018	82,776
Segment profit/(loss)	12,079	(22)	4,830	3,223	20,110
<i>Amounts included in the measure of segment profit or loss:</i>					
Impairment loss/(reversal of impairment loss) for trade and other receivables and contract assets, net	1,691	44	21	(152)	1,604
As at 30 September 2024 (unaudited):					
Segment assets	270,750	8,392	246,682	10,171	535,995
Segment liabilities	135,969	10,027	5,139	1,235	152,370
Six months ended 30 September 2023 (unaudited):					
Revenue from external customers	107,843	81,957	7,896	5,860	203,556
Segment profit	18,737	595	3,954	3,622	26,908
<i>Amounts included in the measure of segment profit or loss:</i>					
Impairment loss/(reversal of impairment loss) for trade and other receivables and contract assets, net	146	164	(25)	32	317
Reversal of impairment loss for prepayments	–	(546)	–	–	(546)
As at 31 March 2024 (audited):					
Segment assets	425,963	8,952	234,346	6,416	675,677
Segment liabilities	206,527	9,630	4,539	1,121	221,817

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



5. SEGMENT INFORMATION (Continued)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reconciliations of reportable segment profit or loss:		
Total profit of reportable segments	20,110	26,908
Administrative expenses	(18,921)	(24,392)
Other income and gains/(losses)	4,346	4,966
Finance costs	(3,289)	(3,852)
Unallocated (impairment loss)/reversal of impairment loss for trade and other receivables and contract assets, net	(670)	145
Change in fair value of derivatives embedded in convertible bonds	670	1,346
Consolidated profit before tax	2,246	5,121

6. REVENUE

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision of procurement services	4,751	5,766
Provision of EPC services	8,269	–
Procurement of goods for EPC services	27,742	84,759
Trading of general goods	19,141	81,957
Provision of other IT services	9,764	17,318
Rental income	9,091	7,896
Provision of energy management contracting services	4,018	5,860
Total	82,776	203,556



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers by major products or services lines and the timing of revenue recognition for the periods are as follow:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at point in time:		
– Trading of general goods ¹	19,141	81,957
– Procurement of goods for EPC services ²	27,742	84,759
– Provision of procurement services ²	4,751	5,766
– Sales of online procurement software ²	555	1,225
Recognised over time:		
– Licensing online procurement platform income ²	4,563	7,339
– Provision of maintenance services ²	4,646	8,754
– Provision of energy management contracting services ³	4,018	5,860
– Provision of EPC services ²	8,269	–
	73,685	195,660
Revenue from other sources		
– Rental income ⁴	9,091	7,896
	82,776	203,556

¹ Classified under “Trading business” segment.

² Classified under “Provision of procurement services and other IT services” segment.

³ Classified under “Energy management contracting business” segment.

⁴ Classified under “Rental income” segment.

All of the above revenue were arisen in the PRC.

Contracts with customers with unsatisfied performance obligations on the aforementioned revenue, have original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



7. OTHER INCOME AND GAINS/(LOSSES)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of deferred day-1 gain of the convertible bonds <i>(note 21(a))</i>	49	49
Bank interest income	169	7
Exchange gain	33	206
Net fair value gain on investment properties	3,687	4,298
Loss on disposals of property, plant and equipment	(41)	(165)
Loss on lease modification	(6)	–
Government grants – amortisation of deferred income	272	273
Government grants <i>(Note)</i>	112	4
Sundry income	71	294
	4,346	4,966

Note: The government grants represented financial subsidies for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities.

8. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	2,205	2,782
Interest on lease liabilities	11	30
Effective interest on convertible bonds <i>(note 21(a))</i>	1,073	1,040
	3,289	3,852



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

9. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – the PRC		
Provision for the period	99	228
Deferred tax	(176)	1,395
	(77)	1,623

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the Period (six months ended 30 September 2023: Nil).

Pursuant to relevant laws and regulations in the PRC, the PRC Enterprise Income Tax rate of subsidiaries registered in the PRC is 25% (six months ended 30 September 2023: 25%).

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in Bermuda and BVI for both periods.

10. PROFIT FOR THE PERIOD

The Group’s profit for the periods is stated after charging the following:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs		
– Directors’ emoluments	752	1,309
– Salaries, bonuses and allowances	10,527	17,180
– Retirement benefits scheme contributions	1,354	2,054
– Share-based payment expenses	–	3,245
Total staff costs	12,633	23,788
Amortisation of intangible assets (included in administrative expenses)	45	40
Depreciation of property, plant and equipment (included in cost of sales and services rendered and administrative expenses)	425	441
Depreciation of right-of-use assets (included in administrative expenses)	549	720

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



11. EARNING PER ORDINARY SHARE

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earning:		
Earning for the period attributable to owners of the Company for the purpose of basic earning per ordinary share	2,343	3,312
Effective interest on convertible bonds	N/A	1,040
Amortisation of deferred day-1 gain of the convertible bonds	N/A	(49)
Change in fair value of derivatives embedded in convertible bonds	N/A	(1,346)
Earning for the period attributable to owners of the Company for the purpose of diluted earning per ordinary share <i>(note (i))</i>	2,343	2,957

	Six months ended 30 September	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earning per ordinary share <i>(note (iii))</i>	486,466	481,903
Effect of dilutive potential ordinary shares		
– Convertible bonds	N/A	18,333
– Share award granted under the Company's share award plan	N/A	1,879
Weighted average number of ordinary shares for the purpose of diluted earning per ordinary share <i>(notes (i) & (iii))</i>	486,466	502,115

Notes:

- (i) The calculation of diluted earning per ordinary share for the Period did not assume the conversion of CB 2029 (as defined in note 21 to the condensed consolidated financial statements) since the conversion would result in an anti-dilutive effect on earning per ordinary share.
- (ii) For the six months ended 30 September 2024 and 2023, the number of ordinary shares adopted in the calculation of the basic earnings per ordinary share has been arrived at after eliminating the ordinary shares of the Company held under the Company's share award plan.
- (iii) For the six months ended 30 September 2024 and 2023, the computation of diluted earning per ordinary share did not assume the exercise of share options because their exercise price was higher than the average share price.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

12. DIVIDEND

The Directors do not recommend the payment of any dividend for the Period (six months ended 30 September 2023: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group has additions to property, plant and equipment of approximately HK\$138,000 (unaudited) (six months ended 30 September 2023: HK\$494,000 (unaudited)). In addition, certain property, plant and equipment with a carrying amount of approximately HK\$57,000 (unaudited) was disposed of during the Period (six months ended 30 September 2023: HK\$165,000 (unaudited)), resulting in a loss on disposal of approximately HK\$41,000 (unaudited) (six months ended 30 September 2023: HK\$165,000 (unaudited)).

During the six months ended 30 September 2023, certain property, plant and equipment with a carrying amount of approximately HK\$485,000 (unaudited) was disposed of resulting from disposal of a subsidiary.

14. RIGHT-OF-USE ASSETS

During the Period, the Group entered certain leases amounting to approximately HK\$880,000 (unaudited) (six months ended 30 September 2023: Nil (unaudited)). As at 30 September 2024, the carrying amount of right-of-use assets was approximately HK\$8,574,000 (unaudited) (31 March 2024: HK\$8,148,000 (audited)).

15. FINANCIAL ASSETS AT FVTOCI

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Unlisted equity investments	86,867	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

15. FINANCIAL ASSETS AT FVTOCI (Continued)

At the end of the reporting periods, the Group held the following unlisted equity investments:

Name of investee	Notes	Place of establishment and business	Group's effective interest	Principal activities	Fair value as at	
					30 September 2024	31 March 2024
					HK\$'000 (Unaudited)	HK\$'000 (Audited)
Qujing Huiheng Investment Company Limited ("Qujing Huiheng")	(a)	The PRC	19%	Provision of super power computing service; generation and provision of electricity	28,458	–
Ruoqiang Huiheng Industrial Group Company Limited ("Ruoqiang Huiheng")	(b)	The PRC	19%	Provision of super power computing service; generation and provision of electricity	58,409	–
					86,867	–

Notes:

- a) On 21 August 2024, the Group invested in a 19% equity interest of Qujing Huiheng, a joint venture established in the PRC. The capital contribution of RMB24,700,000 was made by the Company in September 2024. Qujing Huiheng is principally engaged in the provision of super power computing service and generation and provision of electricity in the PRC.
- b) Pursuant to a joint venture agreement and a capital increase agreement made on 21 August 2024 and 6 September 2024, the Group invested in a 19% equity interest of Ruoqiang Huiheng, a joint venture established in the PRC. Total capital contribution of RMB53,200,000 was made by the Company in September 2024. Ruoqiang Huiheng is principally engaged in the provision of super power computing service and generation and provision of electricity in the PRC.

The fair values of all of the above investments were determined by the Directors with reference to the professional valuation carried out by Graval Consulting Limited, an independent qualified professional valuer.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

16. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade and other receivables comprise:		
Trade receivables from contracts with customers	35,697	28,979
Less: allowance for credit loss	(4,160)	(2,240)
	31,537	26,739
Lease receivables	2,242	1,911
Less: allowance for credit loss	(513)	(496)
	1,729	1,415
Total trade and lease receivables	33,266	28,154
Other receivables	62,751	21,953
Value-added tax ("VAT") recoverable	4,392	7,286
Prepayment for goods and services	191,058	300,867
Other prepayment	6,190	1,391
Deposits	336	428
	297,993	360,079

Prepayments for goods and services represent the prepayments made by the Group to several independent suppliers for provision of goods for EPC services and provision of EPC services.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



16. TRADE AND OTHER RECEIVABLES (Continued)

Movements of prepayment for goods and services during the Period/year is as follows:

	Six months ended 30 September 2024	Year ended 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 1 April 2024/1 April 2023	300,867	217,987
Additions	513	446,424
Transferred to other receivables (<i>note</i>)	(90,501)	(215,934)
Utilised	(26,905)	(137,144)
Exchange differences	7,084	(10,466)
At 30 September 2024/31 March 2024	191,058	300,867

Note During the Period, certain suppliers entered into agreements with the Group and agreed to refund prepayment for goods and services in an aggregate amount of approximately HK\$90,501,000 (unaudited) (year ended 31 March 2024: HK\$215,934,000 (audited)) to the Group as a result of cancellation of supplying goods to the Group. The abovementioned amount was transferred to "Other receivables" and were settled by the relevant suppliers.

Movement in the loss allowance for trade and other receivables during the Period/year is as follows:

	Six months ended 30 September 2024	Year ended 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 1 April 2024/1 April 2023	84,558	93,928
Net impairment loss recognised for the period/year	2,548	1,638
Written-off	–	(8,473)
Exchange differences	1,554	(2,535)
At 30 September 2024/31 March 2024	88,660	84,558



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

16. TRADE AND OTHER RECEIVABLES (Continued)

For trading business, the Group generally grants a credit period of 30 days (31 March 2024: 30 days) to its customers. Rental income is paid in accordance with the terms of respective agreements. For provision of procurement services and other IT services, the Group mainly requires customers to pay certain of the contract sum in advance and settle the remaining balances within 30 days (31 March 2024: 30 days) from the date of acceptance. For energy management contracting business, the customers paid a certain portion of the contract sum in advance in accordance with the terms of respective agreements. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year or within the Group's normal operating cycle.

Included in trade and other receivables are trade and lease receivables, net of allowance for impairment, of approximately HK\$33,266,000 (unaudited) (31 March 2024: HK\$28,154,000 (audited)) and an ageing analysis based on the invoice date at the end of the reporting period, is as follows:

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
0 to 90 days	20,930	18,279
91 to 180 days	2,867	–
181 to 365 days	9,469	9,875
	33,266	28,154

17. LOAN RECEIVABLES

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Unsecured fixed rate loan receivables	11,023	10,668
Less: allowance for credit loss	(11,023)	(10,668)
	–	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



17. LOAN RECEIVABLES (Continued)

Movement in the loss allowance for loan receivables during the Period/year is as follows:

	Six months ended 30 September 2024	Year ended 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
At 1 April 2024/1 April 2023	10,668	111,266
Written off during the period/year (<i>note</i>)	–	(100,000)
Exchange differences	355	(598)
At 30 September 2024/31 March 2024	11,023	10,668

Note: Detail of the written off of loan receivables of HK\$100,000,000 are set out in the Company's annual report for the year ended 31 March 2024.

Loan receivables represented advances to independent third parties.

As at 30 September 2024, the loan receivables at principal amount of approximately HK\$11,023,000 (unaudited) (31 March 2024: HK\$10,668,000 (audited)) were unsecured, interest-bearing at a range of 0.3% to 0.5% (unaudited) (31 March 2024: 0.3% to 0.5% (audited)) per month and repayable on respective maturity dates.

As at 30 September 2024, included in the Group's loan receivables balance were debts with aggregate carrying amounts of approximately HK\$11,023,000 (unaudited) (31 March 2024: HK\$10,668,000 (audited)) which were past due 90 days or more as at the reporting date, of which approximately HK\$11,023,000 (unaudited) (31 March 2024: HK\$10,668,000 (audited)) had been provided for allowance of credit loss.

The Group will consider to take all possible ways, including but not limited to, legal proceedings, to recover the respective loans and interest receivables.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

18. SHARE CAPITAL

	Notes	Ordinary shares of HK\$0.1 each		Preference shares of HK\$0.1 each		Total	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
		'000	HK\$'000	'000	HK\$'000	'000	HK\$'000
Authorised share capital							
At 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)		4,900,000	490,000	100,000	10,000	5,000,000	500,000
Issued and fully paid							
At 1 April 2023 (audited)		493,761	48,300	-	-	493,761	48,300
Vesting of awarded shares	(i)	-	222	-	-	-	222
At 31 March 2024 (audited)		493,761	48,522	-	-	493,761	48,522
At 1 April 2024 (audited)		493,761	48,522	-	-	493,761	48,522
Issue of ordinary shares	(ii)	98,752	9,875	-	-	98,752	9,875
At 30 September 2024 (unaudited)		592,513	58,397	-	-	592,513	58,397

Notes:

- (i) On 2 September 2023, 2,216,500 awarded shares were vested in accordance with the terms and conditions of the 2022 Share Award Plan (as defined in "General Information" section of the interim report).
- (ii) On 26 September 2024, 98,752,000 ordinary shares of the Company of HK\$0.1 were issued to independent third parties at HK\$0.433 per share, being a gross total consideration of approximately HK\$42,760,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



19. BANK AND OTHER BORROWINGS

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Secured fixed rate bank borrowings	52,329	46,334
Secured floating rate bank borrowings	53,443	53,877
Secured other borrowing	15,587	–
Unsecured other borrowing	5,623	–
	126,982	100,211

The bank and other borrowings are repayable as follows:

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Within one year	88,013	46,334
More than one year, but not exceeding two years	38,969	–
More than two years, but not exceeding five years	–	53,877
	126,982	100,211
Less: Amount due for settlement within 12 months (shown under current liabilities)	(88,013)	(46,334)
Amount due for settlement after 12 months	38,969	53,877

The carrying amount of the Group's bank and other borrowings is denominated in RMB.

All of the bank and other borrowings are measured at amortised cost.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

19. BANK AND OTHER BORROWINGS (Continued)

The effective interest rate of bank and other borrowings was as follows:

	As at 30 September 2024 (Unaudited)	As at 31 March 2024 (Audited)
Bank borrowings	4.95%–6.5%	4.95%
Other borrowings	–	–

At 30 September 2024, the bank borrowings in amount of approximately HK\$73,484,000 (31 March 2024: HK\$100,211,000) were secured by a charge over the Group's building, investment properties, certain right-of-use assets and the entire equity interest of Gongcai Network. In addition, the bank borrowings as at 30 September 2024 were guaranteed by Ms. Liu and Mr. Zou free of charge, whereas Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 38.7% (unaudited) (31 March 2024: 46.44% (audited)) of the Company's issued ordinary shares of the Company as at 30 September 2024, while Mr. Zou is the spouse of Ms. Liu.

Furthermore, an interest-bearing bank borrowing at 30 September 2024 with principal amount of approximately HK\$32,288,000 (unaudited) (31 March 2024: Nil (audited)) was arranged at effective interest rate of 6.5% per annum, repayable within one year and secured by certain properties in PRC and guaranteed free of charge by a son of Ms. Liu and Mr. Zou without any security.

The other borrowing of approximately HK\$5,623,000 (unaudited) (31 March 2024: Nil (audited)) was unsecured, interest-free and repayable within one year.

For the remaining other borrowing of approximately HK\$15,587,000 (unaudited) (31 March 2024: Nil (audited)), it was interest-free and secured by the Group's investment properties. This amount was originally repayable within one year. However, the Group failed to repay this amount to the lender on time as at 30 September 2024, and the lender filed a statement of claim against the Group. The Group and the lender had reached an agreement after the first hearing of the legal proceeding on 5 November 2024. The Group would repay to the lender the loan principal together with a penalty and professional fees totalling RMB14,420,000 by installments. An interest, which is calculated at twice of the LPR quoted by the National Interbank Funding Centre, will be charged on the sum for the period from 1 November 2024 to the loan clearance date.

Details of the pledged assets are disclosed in note 22 to the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



20. TRADE AND OTHER PAYABLES

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Trade and other payables comprise:		
Trade payables	43,857	33,898
Bill payables (<i>note (i)</i>)	65,063	146,645
Other payables:		
– Accruals	13,577	14,502
– Security deposits under provision of procurement services business	112	14
– Receipt in advance	1,860	1,640
– VAT payables	6,956	5,532
– Other payables	22,230	18,790
– Amounts due to an ex-substantial shareholder and its subsidiaries (<i>note (ii)</i>)	2,601	2,518
– Payables for acquisition of intangible assets	1,893	37
	158,149	223,576

Notes:

- (i) Certain bills payables were guaranteed by the Company, secured by certain properties in the PRC and restricted bank deposits of the Group. The abovementioned properties were owned by a company which was independent to the Group.
- (ii) The amounts were unsecured, interest-free and repayable on demand.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

20. TRADE AND OTHER PAYABLES (Continued)

Included in trade and other payables are trade creditors and bill payables of approximately HK\$108,920,000 (unaudited) (31 March 2024: HK\$180,543,000 (audited)) and an ageing analysis based on the invoice date at the end of the reporting period, is as follows:

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
0 to 90 days	31,214	160,837
91 to 180 days	58,354	1,617
181 to 365 days	10,819	17,498
Over 365 days	8,533	591
	108,920	180,543

The carrying amounts of the Group's trade payables and bill payables are denominated in RMB. All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

21. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) Convertible bonds

CB 2029

On 19 April 2022, the Company had successfully placed convertible bonds to Sea Best Group Limited and Mr. Wu Feng (collectively the "**Bondholders**"), in an aggregate principal amount of HK\$27,500,000 with a term of 7 years (together referred to as "**CB 2029**"). The Bondholders are independent to the Group. CB 2029 carry coupon interest at a rate of 5% per annum which is payable on the last business day before each of the anniversary of the issue date and thereafter and on the maturity date (the "**Maturity Date**") (i.e. the date falling on the expiry of seven years from the date of issue of the CB 2029, provided that if such date is not a business day, the business day immediately after such date). Backgrounds of the Bondholders and dilutive impact on then number of issued shares of the Company and substantial shareholders of the Company are further set out in the announcement of the Company dated 19 April 2022.

CB 2029 are denominated in Hong Kong dollars which entitle the Bondholders to convert them into ordinary shares of the Company at any time commencing on the issue date of convertible bonds and up to 4:00 p.m. on the five business days immediately before the Maturity Date, at a conversion price of HK\$1.50 per conversion share (subject to anti-dilutive adjustments).



21. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Convertible bonds (Continued)

CB 2029 (Continued)

Based on the initial conversion price of HK\$1.5 per conversion share and assuming there is no other change in the issued share capital of the Company between the date of this report and the full conversion of the convertible bond, 18,333,333 ordinary shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the convertible bond, representing: (a) approximately 3.09% of the existing issued share capital of the Company; and (b) approximately 3.00% of the issued share capital of the Company as enlarged by the issue of the 18,333,333 ordinary shares.

The Bondholders have the right to convert the whole or any part (in the minimum amount of or in multiple of HK\$1,000,000) of the outstanding principal amount of convertible bonds into such number of ordinary shares of the Company as will be determined by dividing the principal amount of convertible bonds to be converted by the conversion price in effect on the date of conversion. In addition, the Company has the right to redeem the whole outstanding principal amount of CB 2029 by giving not less than 30 nor more than 60 days' notice (the "**Early Redemption Notice**") to the Bondholders, on the date specified in the Early Redemption Notice at 100% of the outstanding principal amount held by the Bondholders together with interest accrued but unpaid to such date (if any).

The fair value of CB 2029 upon issuance is determined using valuation model which involved unobservable inputs. The day-1 gain of approximately HK\$685,000, which represented the difference between the nominal value and the fair value of CB 2029 at the issue date, is not recognised in the condensed consolidated statement of profit or loss and other comprehensive income immediately but is deferred.

Upon issuance of CB 2029, amounts of approximately HK\$22,419,000, HK\$16,267,000 and HK\$11,871,000 were recognised as liability component, derivative component embedded in CB 2029 (liability) and derivative component embedded in CB 2029 (asset), respectively. The day-1 gain of approximately HK\$685,000 is included in the liability component of convertible bonds and will be amortised over the term of CB 2029.

During the Period, no convertible bonds were converted by the Bondholders, and the Company did not redeem any part of CB 2029 (unaudited) (six months ended 30 September 2023: Nil (unaudited)).

As at 30 September 2024, the outstanding principal of CB 2029 were HK\$27,500,000 (unaudited) (31 March 2024: HK\$27,500,000 (audited)).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

21. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Convertible bonds (Continued)

CB 2029 (Continued)

The inputs used in the Binomial Option Pricing Model adopted by the independent professional valuer in determining the derivative components of CB 2029 as follows:

	CB 2029	
	As at 30 September 2024 (Unaudited)	As at 31 March 2024 (Audited)
Share price	HK\$0.63	HK\$0.51
Dividend yield	0%	0%
Expected volatility	106.18%	97.40%
Risk-free rate	2.59%	3.43%

The movements of the liability components of convertible bonds are set out below:

	Liability component HK\$'000	Deferred day-1 gain HK\$'000	Total HK\$'000
As at 1 April 2023 (audited)	22,048	587	22,635
Interest paid	(1,375)	–	(1,375)
Effective interest on convertible bonds	2,084	–	2,084
Amortisation of deferred day-1 gain	–	(98)	(98)
Coupon interest accrued and included in other payables at 31 March 2023	1,306	–	1,306
Coupon interest accrued and included in other payables at 31 March 2024	(1,306)	–	(1,306)
As at 31 March 2024 and 1 April 2024 (audited)	22,757	489	23,246
Interest paid	(1,375)	–	(1,375)
Effective interest on convertible bonds (note 8)	1,073	–	1,073
Amortisation of deferred day-1 gain (note 7)	–	(49)	(49)
Coupon interest accrued and included in other payables at 31 March 2024	1,306	–	1,306
Coupon interest accrued and included in other payables at 30 September 2024	(687)	–	(687)
As at 30 September 2024 (unaudited)	23,074	440	23,514

The effective interest rate of the liability components of CB 2029 is 9.5%.



21. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(b) Derivative components of convertible bonds

The movements of the derivative components of convertible bonds are set out below:

	Assets – CB 2029 HK\$'000	Liabilities – CB 2029 HK\$'000	Total HK\$'000
As at 1 April 2023 (audited)	(9,904)	14,670	4,766
Fair value change	6,940	(8,632)	(1,692)
As at 31 March 2024 and 1 April 2024 (audited)	(2,964)	6,038	3,074
Fair value change	(2,603)	1,933	(670)
As at 30 September 2024 (unaudited)	(5,567)	7,971	2,404

The gain on change in fair value of derivative embedded in of the convertible bonds for the Period of approximately HK\$670,000 (unaudited) (six months ended 30 September 2023: HK\$1,346,000 (unaudited)) and amortisation of day-1 gain of approximately HK\$49,000 (unaudited) (six months ended 30 September 2023: HK\$49,000 (unaudited)) were recognised in the consolidated statement of profit or loss, of which fair value gain of approximately HK\$670,000 (unaudited) (six months ended 30 September 2023: HK\$1,346,000 (unaudited)) was related to derivative components of convertible bonds at 30 September 2024. The related interest expense of the liability component of the convertible bonds for the Period amounted to approximately HK\$1,073,000 (unaudited) (six months ended 30 September 2023: HK\$1,040,000 (unaudited)), which was calculated using the effective interest method.

22. PLEDGE OF ASSETS

The following assets of the Group and their respective carrying values as at the end of the reporting period are pledged to secure the Group's bank and other borrowings and bill payables:

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Investment properties	244,193	232,673
Property, plant and equipment – building	1,513	1,541
Right-of-use assets	7,825	7,683
Restricted bank deposits	9,408	60,456
	262,939	302,353

As at 30 September 2024 (unaudited) and 31 March 2024 (audited), the entire equity interest of Gongcai Network is also pledged to secure the Group's bank borrowings.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

23. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	As at 30 September 2024	As at 31 March 2024
	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Acquisition of intangible assets	7,442	7,203

24. RELATED PARTY DISCLOSURES

(a) Related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following related party transactions during the six months ended 30 September 2024 and 2023:

Relationship	Nature of transaction	Six months ended 30 September	
		2024	2023
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Companies which are controlled by close family members of Ms. Liu ¹	Payment of principal element of lease liabilities	45	23
	Payment of interest element of lease liabilities	11	5
	Provision of energy management contracting services	47	100
	Provision of other IT services	–	1,288
Companies which are associates of Ms. Liu ¹	Provision of procurement services	17,023	–
	Provision of energy management contracting services	696	–
	Provision of other IT services	171	–
	Cost of provision of procurement services	346	–

¹ Ms. Liu is the settlor of a discretionary trust of which Trident Trust Company (Singapore) Pte Limited is the trustee and it indirectly owned 38.7% (unaudited) of the Company's issued ordinary shares as at 30 September 2024 (31 March 2024: 46.44% (audited)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024



24. RELATED PARTY DISCLOSURES (Continued)

(b) Related party balances

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group have following outstanding balances with related parties at 30 September 2024 and 31 March 2024:

Relationship	Nature of balance	As at	As at
		30 September	31 March
		2024	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Companies which are controlled by close family members of Ms. Liu ¹ (note 24(a))	Contract assets	745	1,718
	Lease liabilities	768	276
Companies which are associates of Ms. Liu ¹ (note 24(a))	Trade receivables	3,211	7,946
	Contract assets	1,371	1,984
	Other payables	2,877	1,740
	Bill payables	–	1,078
	Contract liabilities	2,590	–

(c) Compensation of key management personnel

Directors of the Company are key management personnel of the Group whose remuneration is disclosed in note 10 to the condensed consolidated financial statements.

25. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 29 November 2024.

General Information

2022 SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**2022 Share Option Scheme**”) at the annual general meeting held on 3 August 2022 by way of an ordinary resolution passed by the shareholders of the Company, allowing the Company to grant share options to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group; (ii) give incentives to such eligible participants to encourage and retain them for continual operation and development of the Group; and (iii) to attract suitable personnel for the future development of the Group. Participants under the 2022 Share Option Scheme include, among others, Directors and employees of the Group. The Company is aware that under the new rule 17.03A of the Listing Rules which came into effect on 1 January 2023, participants of share schemes shall only comprise employee participants, related entity participants and service providers (as defined in the Listing Rules). The Company will only grant share options to eligible participants in compliance with the new rule 17.03A and pursuant to the transitional arrangements for share schemes existing as at 1 January 2023 as specified by the Stock Exchange. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for a period of 10 years commencing from 3 August 2022.

Details of the share options granted to the grantees under the 2022 Share Option Scheme and the movement of such share options during the Period are set out below:

Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Number of share options			
						Outstanding at 1 April 2024	Reclassification	Lapsed/ forfeited during the period	Outstanding at 30 September 2024
			(note (i))	HK\$	HK\$		(note (v))	(note (iii))	
					(note (iii))				
Ms. Wu Siyuan (Executive director)	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	522,506	–	(522,506)	–
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	–	–	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	522,506	(522,506)	–	–
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	522,506	(522,506)	–	–
Mr. Shi Qiang (Executive director)	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	578,433	–	(578,433)	–
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	–	–	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	578,433	–	(578,433)	–
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	578,433	–	(578,433)	–
Ms. Liu Qian (Non-executive director)	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	376,214	–	(376,214)	–
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	–	–	–	–
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	376,214	–	(376,214)	–
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	376,214	–	(376,214)	–

General Information



Eligible person	Date of grant	Exercisable period	Vesting date	Fair value per share option	Adjusted exercise price	Number of share options			
						Outstanding at 1 April 2024	Reclassification	Lapsed/ forfeited during the period	Outstanding at 30 September 2024
			(note (ii))	HK\$	HK\$ (note (iii))		(note (v))	(note (iii))	
Mr. Li Guanghua (Non-executive director)	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	306,046	-	(306,046)	-
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	-	-	-	-
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	306,046	-	(306,046)	-
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	306,046	-	(306,046)	-
Mr. Li Shun (Non-executive director)	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5912	1.1644153	174,255	-	(174,255)	-
		2 September 2024 – 1 September 2025	2 September 2024	0.7061	1.1644153	-	-	-	-
		2 September 2025 – 1 September 2026	2 September 2025	0.7639	1.1644153	174,255	-	(174,255)	-
		2 September 2026 – 1 September 2027	2 September 2026	0.8349	1.1644153	174,255	-	(174,255)	-
						5,872,362	(1,045,012)	(4,827,350)	-
Employees	2 September 2022 (note (iv))	2 September 2023 – 30 August 2024	2 September 2023	0.5752	1.1644153	1,031,545	-	(1,031,545)	-
		2 September 2024 – 1 September 2025	2 September 2024	0.6950	1.1644153	-	-	-	-
		2 September 2025 – 1 September 2026	2 September 2025	0.7544	1.1644153	1,031,545	522,506	(949,984)	604,067
		2 September 2026 – 1 September 2027	2 September 2026	0.8264	1.1644153	1,031,546	522,506	(949,985)	604,067
						3,094,636	1,045,012	(2,931,514)	1,208,134
						8,966,998	-	(7,758,864)	1,208,134
Exercisable at the end of the period						2,988,999			-
Weighted average exercise price (HK\$)						1.1644153	-	1.1644153	1.1644153



General Information

Notes:

- (i) The vesting of the share options is subject to the fulfilment of certain performance targets and vesting conditions as specified by the Directors in the letters of grant issued to each of the grantees, which is set out as follows: (a) all optionholders have to remain to be a director or an employee of the Group; (b) optionholders have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective optionholders will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.
- (ii) Upon the allotment and issuance of 189,907,953 new shares of the Company on 8 February 2023 as a result of the rights issue of the Company, the number of share options was adjusted from 13,321,000 to 13,796,421 and the corresponding exercise price was adjusted from HK\$1.206 to HK\$1.1644153 per share option.
- (iii) The lapse/forfeiture of the relevant share options is due to resignation of directors and employees or expiration of exercisable period.
- (iv) The closing price per share of the Company as quoted on the Stock Exchange on 1 September 2022, being the date immediately before the date on which the share options were granted, was HK\$1.08.
- (v) Ms. Wu Siyuan ceased to be a director of the Company on 28 August 2024 and remained as an employee of the Group.

During the Period, no share options were vested to the Directors and the employees of the Company and 7,758,864 share options lapsed/forfeited due to the resignation of directors and employees or expiration of exercisable period. No share options were granted, exercised or cancelled during the Period. As no share options granted under the 2022 Share Option Scheme has been exercised since the date of grant, the number of shares available for issue under the 2022 Share Option Scheme both as at 1 April 2024, 30 September 2024 and as at the date of this interim report is 29,308,372, representing approximately 5.94% of the total issued shares of the Company as at 1 April 2024 and representing approximately 4.95% of the total issued shares of the Company as at each of 30 September 2024 and the date of this report. The number of share options available for grant under the 2022 Share Option Scheme as at each of 31 March 2024 and 30 September 2024 is 20,341,374 and 28,100,238 respectively, representing approximately 3.43% and 4.74% of the total issued shares of the Company as at the date of this report.

The weighted average remaining contractual life of the 2022 Share Option Scheme is 7.93 years (31 March 2024: 8.43 years).

During the Period, the Group did not recognise share-based payment expenses (six months ended 30 September 2023: HK\$1,886,000) for the 2022 Share Option Scheme in the condensed consolidated statement of profit or loss.



2022 SHARE AWARD PLAN

The Company adopted a share award plan (the “**2022 Share Award Plan**”) pursuant to a Directors’ resolution on 29 April 2022 in order to (i) recognise the contributions made to the Group by the selected participants; (ii) retain and attract the current and future employees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) encourage and motivate the selected participants to achieve individual performance goals as well as the corporate objectives. The 2022 Share Award Plan will remain in force for a period of 10 years commencing on the date of its adoption (i.e. 29 April 2022).

The following table sets out the movements of the Company’s awarded shares granted under the 2022 Share Award Plan during the Period:

Eligible person	Date of grant	Vesting date	Number of awarded shares			
			Unvested at 1 April 2024	Reclassification	Lapsed during the period	Unvested at 30 September 2024
		<i>(note (i))</i>		<i>(note (iii))</i>	<i>(note (ii))</i>	
Ms. Wu Siyuan (Executive director)	2 September 2022	2 September 2025	314,500	(314,500)	–	–
		2 September 2026	314,500	(314,500)	–	–
Mr. Shi Qiang (Executive director)	2 September 2022	2 September 2025	314,500	–	(314,500)	–
		2 September 2026	314,500	–	(314,500)	–
Ms. Liu Qian (Non-Executive director)	2 September 2022	2 September 2025	679,250	–	(679,250)	–
		2 September 2026	679,250	–	(679,250)	–
Mr. Li Guanghua (Non-Executive director)	2 September 2022	2 September 2025	76,500	–	(76,500)	–
		2 September 2026	76,500	–	(76,500)	–
Mr. Li Shun (Non-Executive director)	2 September 2022	2 September 2025	314,500	–	(314,500)	–
		2 September 2026	314,500	–	(314,500)	–
			3,398,500	(629,000)	(2,769,500)	–
Employees	2 September 2022	2 September 2025	506,000	314,500	(506,000)	314,500
		2 September 2026	506,000	314,500	(506,000)	314,500
			1,012,000	629,000	(1,012,000)	629,000
			4,410,500	–	(3,781,500)	629,000



General Information

Notes:

- (i) The vesting of the awarded shares is subject to the fulfilment of certain performance targets and vesting conditions as specified by the Directors in the letters of grant issued to each of the grantees, which is set out as follows: (a) all awarded share holders have to remain to be a Director or an employee of the Group; (b) awarded share holders have not materially breached any law or internal regulation of the Group on the date of vesting; (c) the Group should have achieved by the respective dates of vesting for the four tranches, respective revenue growth of not less than 60%, 400%, 600% and 1,000% as compare to the audited consolidated revenue of the Group for the fifteen months ended 31 March 2022; and (d) the respective awarded share holders will have to pass the annual corporate culture and value assessment and achieve a minimum individual appraisal score on their personal performance in carrying out their job duties and responsibilities.
- (ii) The lapse of the awarded shares is due to either resignation of directors and employees or their voluntary abandonment.
- (iii) Ms. Wu Siyuan ceased to be a director of the Company on 28 August 2024 and remained as an employee of the Group.

During the Period, no awarded shares were vested and allotted to the respective holders of the awarded shares and 3,781,500 awarded shares lapsed upon resignation or voluntary abandonment of the relevant employees in accordance with the terms and conditions of the 2022 Share Award Plan.

During the Period, no award shares were granted by the Company. As at (a) 31 March 2024 and 1 April 2024; and (b) 30 September 2024, the total number of award shares available for issue under the 2022 Share Award Plan is 12,437,686, representing approximately 2.52% and 2.10% of the total issued shares of the Company as at 31 March 2024 and the date of this report. As at 1 April 2024 and as at 30 September 2024, the total number of award shares available for grant under the 2022 Share Award Plan is 8,027,186 and 11,808,686 respectively, representing approximately 1.35% and 1.99% of the total issued shares of the Company as at the date of this report.

During the Period, the Group did not recognise share-based payment expense (six months ended 30 September 2023: HK\$1,359,000) for the 2022 Share Award Plan in the condensed consolidated statement of profit or loss.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2024, none of the Directors and chief executive of the Company had or was deemed to have any interest and short position in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("**SFO**")) that was required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 September 2024, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the Directors or chief executives of the Company, had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares of the Company

Name of Shareholders	Capacity	Number of Shares of the Company interested	Total interests as to percentage of the issued share capital of the Company as at 30 September 2024 <i>(Note 1)</i> <i>(approximately)</i>
Eastmount Global Limited	Beneficial owner	229,291,903 <i>(Note 2)</i>	38.70%
Wu Siyuan	Discretionary beneficiary of a discretionary trust	229,291,903 <i>(Note 2)</i>	38.70%
Trident Trust Company (Singapore) Pte Limited	Trustee of a discretionary trust	229,291,903 <i>(Note 2)</i>	38.70%
Liu Luoxiu	Founder of a discretionary trust	229,291,903 <i>(Note 2)</i>	38.70%
Jiangxi Bank Co., Ltd* (江西銀行股份有限公司)	Person having a security interest in shares of the Company	63,860,200 <i>(Note 3)</i>	10.78%
Zhang Yibin	Beneficial owner	59,200,000	9.99%

* For identification purposes only



General Information

Notes:

1. As at 30 September 2024, the issued share capital of the Company was 592,512,678 Shares.
2. These Shares were held by Eastmount Global Limited, which was wholly-owned by Fu Ze Ventures Limited, which was in turn wholly-owned by Eshay Investments Limited. Eshay Investments Limited was wholly-owned by Frandor Limited, which in turn was wholly-owned by Trident Trust Company (Singapore) Pte Limited, the trustee of a discretionary trust of which Ms. Liu Luoxiu is the settlor and certain family members of Ms. Liu Luoxiu, including Ms. Wu Siyuan, are discretionary beneficiaries. Each of aforementioned persons and entities was deemed to be interested in the shares of the Company held by Eastmount Global Limited by virtue of Part XV of the SFO.
3. These Shares were pledged to Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) under a share pledge agreement between Jiangxi Bank Co., Ltd* (江西銀行股份有限公司) and Eastmount Global Limited dated 15 July 2022.

Save as disclosed above, the Company had not been notified of any other person (other than a Director or chief executive of the Company) who had an interest (whether direct or indirect) in 5% or more of the shares comprised in the relevant share capital or a short position which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 30 September 2024.

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

No information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIVIDEND

The Directors do not recommend the payment of any dividend for the Period (six months ended 30 September 2023: Nil).



1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Stock Exchange issued the corporate governance code (“**CG Code**”) as set out in part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), which provides code provisions and recommends best practices in relation to corporate governance for listed companies. The Company has complied with the CG Code during the Period except for the deviation as described below.

Under code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Yang Hua was appointed as the chief executive and the chairman of the Board on 28 August 2024 and become the joint chairman when Mr. Zhou Xiangtao was appointed as the joint chairman on 9 September 2024. The roles of the Joint Chairman are clearly defined and segregated. Mr. Yang Hua primarily focuses on the daily operations and management of the Group. Mr. Zhou Xiangtao primarily focuses on the strategic planning and the development of corporate culture of the Group. Through the supervision of the Board and the Board committees, balance of power and authority can be ensured. Therefore, the Board believes that it is in the best interests of the Company for Mr. Yang Hua to assume the roles of chief executive and the chairman until such time as the Board considers that such roles should be assumed by different individuals.

The Company considered its prevailing structures and systems to be satisfactory in terms of ensuring its compliance with the CG code and will continuously enhance the corporate governance standards throughout the Group and ensure further measures to be put in place by reference to the recommended best practices whenever suitable and appropriate.

2. AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely, Mr. Zhong Dengyu (Chairman), Mr. Zhao Zhijiao and Ms. Deng Hua. All of them are independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management in respect to the financial reporting matters, including review of the unaudited interim results of the Group for the Period. The Audit Committee has no disagreement with the accounting treatment adopted by the Group and is also of the opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

3. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by the Directors and relevant employees of the Group. The Company, having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard of dealings set out therein throughout the Period.

By order of the Board
CHERISH SUNSHINE INTERNATIONAL LIMITED
Yang Hua
Joint Chairman and Chief Executive

Hong Kong, 29 November 2024