

DA SEN HOLDINGS GROUP LIMITED 大森控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1580

2024 INTERIM REPORT



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In case of any inconsistency between the English version and the Chinese version of this interim report, the English version shall prevail.

DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this interim report, references to China do not include Taiwan, the Hong Kong Special Administrative Region of the People’s Republic of China or the Macao Special Administrative Region of the People’s Republic of China
“Company”	Da Sen Holdings Group Limited
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we”, “us” or “our”	the Company and its subsidiaries or, where the context so requires in respect of the period before the Company became the holding company of the present subsidiaries, the present subsidiaries of the Company and the business carried on by such subsidiaries or (as the case may be) their predecessors
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company, with a nominal value of HK\$0.02 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

BOARD

Mr. SUN Yongtao	<i>(Chairman and Non-executive Director) (redesignated to Independent non-executive Director on 11 November 2024)</i>
Mr. CHAI Kaw Sing	<i>(Executive Director) (resigned on 18 April 2024)</i>
Mr. WONG Ben	<i>(Executive Director)</i>
Mr. ZHANG Ayang	<i>(Executive Director) (Duties suspended)</i>
Dr. LEUNG Clara Ka-wah	<i>(Non-executive Director) (appointed on 11 November 2024)</i>
Ms. LO Yuk Yee	<i>(Independent non-executive Director)</i>
Mr. KWOK Yiu Tong	<i>(Independent non-executive Director)</i>
Mr. CHAN Shiu Yuen Sammy	<i>(Independent non-executive Director) (resigned on 11 September 2024)</i>

COMPANY SECRETARY

Mr. LEUNG Wing Lun (HKICPA)

AUDIT COMMITTEE

Mr. KWOK Yiu Tong	<i>(Chairman)</i>
Ms. LO Yuk Yee	
Mr. SUN Yongtao	
Mr. CHAN Shiu Yuen Sammy	<i>(resigned on 11 September 2024)</i>

REMUNERATION COMMITTEE

Ms. LO Yuk Yee	<i>(Chairman)</i>
Mr. SUN Yongtao	
Mr. KWOK Yiu Tong	<i>(appointed on 11 September 2024)</i>
Mr. CHAN Shiu Yuen Sammy	<i>(resigned on 11 September 2024)</i>

NOMINATION COMMITTEE

Mr. SUN Yongtao	<i>(Chairman)</i>
Ms. LO Yuk Yee	
Mr. KWOK Yiu Tong	<i>(appointed on 11 September 2024)</i>
Mr. CHAN Shiu Yuen Sammy	<i>(resigned on 11 September 2024)</i>

RISK MANAGEMENT COMMITTEE

Mr. WONG Ben	<i>(Chairman) (appointed on 18 April 2024)</i>
Mr. SUN Yongtao	
Mr. KWOK Yiu Tong	<i>(appointed on 11 September 2024)</i>
Mr. CHAI Kaw Sing	<i>(resigned on 18 April 2024)</i>
Mr. CHAN Shiu Yuen Sammy	<i>(resigned on 11 September 2024)</i>

AUTHORISED REPRESENTATIVES

(for the purpose of the Listing Rules)
Mr. WONG Ben
Mr. LEUNG Wing Lun (HKICPA)

EXTERNAL AUDITOR

Confucius International CPA Limited
Room 1501-08, 15/F., Tai Yau Building,
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Hong Kong

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703, 27th Floor,
K. Wah Centre,
No. 191 Java Road,
North Point, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Economic Development Zone
Sunsu Town, Chengwu
Shandong, Mainland China

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
No. 183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

1580

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in the wood products operations and related services, leasing and trading of agricultural products.

Wood Operations and Related Services

The plywood products operations and its related services is the principal business of the Group. The Group’s main production base is strategically located in Heze City, Shandong Province in the People’s Republic of China where there are abundant resources of poplars, the major raw materials for plywood products. During the period under review, to horizontally expand the wood operations of the Group so as to broaden the revenue source the Group formed a strategic alliance with a factory in Jiangmen, Guangdong Province, the PRC (the “Alliance Factory”), which is principally engaged in the manufacture of interior decorative materials and furniture. Under the strategic alliance arrangement, the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements.

The Group’s plywood products consist of furniture board (家具板), ecological plywood (生態板) (also known as melamine faced board (三聚氰胺貼面板)), and hardwood multi-layered board (實木多層板). All our products are customised depending on our customers’ needs. Customers of the plywood products of the Group are mainly end users, such as furniture manufacturers, equipment manufacturers, decoration or renovation companies, packing material producers, and trading companies. Most customers of the Group’s plywood products are located in Eastern China and Southern China regions.

During the six months ended 30 September 2024, the Group had on one hand continued to pursue the policy of reducing acceptance of plywood orders that were of low margins and implement measures to control costs and outsourcing of certain non-core works to local workers to reduce production costs, and on the other hand horizontally expanded the wood operation business to broaden the revenue stream through the strategic alliance with the Alliance Factory with revenue commenced to generate since the third quarter of 2023. Such initiatives have successfully increased the Group’s segment revenue generated from the plywood and related business as compared to the corresponding period in 2023. Attributable to the increase in revenue of this segment, the gross profit of the Group also improved from approximately RMB9.6 million for the six months ended 30 September 2023 to approximately RMB10.1 million for the six months ended 30 September 2024. The plywood and related services segment accounted for approximately 55.8 percent of total revenue of the Group for the six months ended 30 September 2024. In addition, leveraged on the Group’s experience and development of plywood products, the Group is developing the business on project management and design services of plywood products and such new business is expected to contribute revenue to the Group starting Q4 of year 2024.

Property Activities

Since 1 July 2020, the Group has entered into lease agreements to partially lease out the idle factory spaces which are surplus to various tenants in order to generate a stable and recurring rental income, and at the same time reducing the costs in managing these assets.

The rental income of the Group accounted for approximately 7.5 percent of the total revenue for the six months ended 30 September 2024.

Trading of agricultural products

As the Group reduced its operation scale in plywood product manufacture, the Group's warehouse in Shandong has become partially idle. Since June 2024, the Group has commenced the trading business of agricultural products, including garlic and onion by utilising this idle warehouse. Such new business initiative has broadened its income stream and provided operating cashflow to the Group. During the six months ended 30 September 2024, revenue generated from the trading of agricultural products segment accounted for approximately 36.7 percent of total revenue.

FINANCIAL REVIEW

Review of Results

The consolidated revenue of the Group was approximately RMB16.6 million for the six months ended 30 September 2024, representing an increase of approximately 54.8 percent from approximately RMB10.7 million for the six months ended 30 September 2023.

The consolidated gross profit of the Group for the six months ended 30 September 2024 was approximately RMB10.1 million, representing an increase of approximately 5.6% as compared to approximately RMB9.6 million for the six months ended 30 September 2023. For the six months ended 30 September 2024, the gross profit margin was approximately 61.1 percent compared to approximately 89.6 percent for the six months ended 30 September 2023. The decrease in gross profit margin was mainly due to the Group commenced the trading of agricultural products business during the period, which has relatively thin margin as compared to the plywood and related business.

The total selling and distribution expenses and administrative expenses were approximately RMB8.4 million for the six months ended 30 September 2024, which was relatively stable as compared to approximately RMB8.6 million for the six months ended 30 September 2023. Such expenses mainly comprised of the relevant selling and administrative expenses incurred for the cooperation with the Alliance Factory and the development of the trading of agricultural products business.

The Group recorded a turnaround from loss before tax of approximately RMB1.0 million for the six months ended 30 September 2023 to a profit before tax of approximately RMB0.4 million for the six months ended 30 September 2024. Such turnaround was mainly due to improvements as driven by the increase in revenue generated from the wood operations and related services business and agricultural products business.

The Group recorded decrease in finance costs from approximately RMB2.0 million for the six months ended 30 September 2023 to approximately RMB1.3 million for the six months ended 30 September 2024. The decrease was mainly due to the reduction in borrowings as the Group settled certain borrowings for the six months ended 30 September 2024.

The Group's income tax expense for the six months ended 30 September 2024 was nil.

The profit attributable to owners of the Company was approximately RMB0.8 million for the six months ended 30 September 2024 as compared to the loss attributable to owners of the Company of approximately RMB0.2 million for the six months ended 30 September 2023. Basic and diluted earnings per share for the six months ended 30 September 2024 was RMB0.07 cents as compared to basic and diluted loss per share of RMB0.03 cents for the six months ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign currency risk

As majority of our assets and liabilities are denominated in RMB, except for certain bank balances, convertible bonds payable and other loan which are denominated in HKD. The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the six months ended 30 September 2024. The Group will continue to monitor its foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arises.

Current assets and liabilities

As at 30 September 2024, the Group held current assets of approximately RMB40.3 million (31 March 2024: RMB40.6 million), comprising inventories, trade and other receivables, financial assets at fair value through profit or loss and cash and cash equivalents.

Cash and cash equivalents balance as at 30 September 2024 decreased to approximately RMB0.6 million as compared to approximately RMB1.0 million as at 31 March 2024. The decrease in cash and cash equivalents balance was mainly due to the settlement of payables and repayment of borrowings.

The Group's inventory balance as at 30 September 2024 comprised of agricultural products (31 March 2024: Work-in-progress and finished goods for plywood products). The inventory balance slightly decreased to approximately RMB0.2 million as at 30 September 2024.

Trade and other receivables balance as at 30 September 2024 mainly represented outstanding receivables balance from customers of our plywood and related services business as well as the receivables from the trading of agricultural products business. There was a slight increase in trade and other receivables balance from approximately RMB38.9 million as at 31 March 2024 to approximately RMB39.1 million as at 30 September 2024.

As at 30 September 2024, the Group's total current liabilities amounted to approximately RMB90.0 million, as compared to approximately RMB91.7 million as at 31 March 2024. The decrease was mainly due to the repayment of borrowings.

Non-current assets

Non-current assets principally include right-of-use assets, property, plant and equipment, investment properties, and intangible asset.

Investment properties of approximately RMB33.4 million as at 30 September 2024 (31 March 2024: RMB34.1 million). Investment properties are stated at costs less accumulated depreciation and accumulated impairment as determined with reference to independent valuer's valuation as at 31 March 2024. As advised by the independent valuer who conducted the valuation of the investment properties of the Group as of 31 March 2024, there has been no material change in fair value of the Group's investment properties since 28 June 2024, the date of issuance of its annual reports, and up to 30 September 2024. Accordingly, the directors of the Company consider it appropriate to determine the fair value of the Group's investment properties of as at 30 September 2024 with reference to the fair value as at 31 March 2024.

As at 30 September 2024, the Group's right-of-use assets, property, plant and equipment and intangible asset are valued at approximately RMB2.7 million, RMB4.7 million and RMB3.6 million, respectively (31 March 2024: RMB2.7 million, RMB4.9 million and nil respectively).

Borrowings

As at 30 September 2024, the Group's borrowings amounted to approximately RMB21.2 million (31 March 2024: RMB22.4 million) in total, comprising approximately RMB8.1 million (31 March 2024: RMB8.1 million) bank borrowings, and approximately RMB13.1 million (31 March 2024: RMB14.3 million) other loans in the PRC and Hong Kong.

The Group's bank borrowings are secured by right-of-use assets and plants and investment properties of the Group, and certain guarantees provided to the banks by certain former and present directors and individuals as at 30 September 2024.

Convertible Bonds

On 3 March 2023, the Company entered into a placing agreement with a placing agent in relation to the placing of convertible bonds with an aggregate principal amount of up to HK\$9,000,000. On 24 March 2023, the convertible bonds with an aggregate principal amount of HK\$7,800,000 have been issued by the Company to eight placees. The convertible bonds carries an interest of 10% per annum which is payable on a semi-annual basis in arrears from the date of issue, and will mature on 23 March 2025. The initial conversion price is HK\$0.15 per convertible bond and the conversion price has been adjusted to HK\$0.3 per convertible bond after share consolidation on 24 October 2023 and the holders are entitled to convert them into ordinary Shares on the maturity date.

The Company received net proceeds of approximately HK\$7.6 million and approximately HK\$5.8 million (equivalent to approximately RMB5.1 million) has been used for the capital injection to a 51% owned subsidiary, namely Shenzhen Vfuchong Qucheng Technology Co., Ltd.* (深圳市微付充趣程科技有限公司) (the "Shenzhen Vfuchong") and the remaining HK\$1.8 million has been utilised for general working capital of the Group.

Security on assets

As at 30 September 2024, certain assets of the Group with an aggregated carrying value of approximately RMB40.1 million were pledged to the bank and an independent third party company as security for the loan facility (31 March 2024: RMB41.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The Group carried out and completed a series of debt reduction exercise during the year ended 31 March 2024 to improve the Group's financial position. With the improvement of its financial position, the Group intends to focus on the development of its business so as to improve the Group's financial performance. Since the third quarter of 2023, the Group commenced to cooperate with the Alliance Factory where the Group could earn service revenue for referring customers such as property developers to the Alliance Factory for the purchase of their products, and the Alliance Factory will also purchase plywood products from the Group for its manufacture of interior decorative materials and furniture in accordance with their requirements. During the year ended 31 March 2024, the Group had successfully introduced a Thai property project to the Alliance Factory for custom made wood furniture. In September 2024, the Group has further referred a property project in Thailand to the Alliance Factory and recognised referral income of approximately RMB8.7 million. As at the date of this report, the Group is in negotiation with another property project in Dongguan for referral to the Alliance Factory. The Directors expect that leveraging on the Group's connection with property projects and the further development of this business, the Group would be able to derive increasing income from this business during the year ending 31 March 2025.

In addition, other than the referral income, leveraged on the Group's experience and development of plywood products, the Group is developing its business to provide project management and design services of plywood products to the Alliance Factory, or directly to property developers that the Group would refer to the Alliance Factory. Under this business, the Group will earn project management and design fees on a project basis. The Group has successfully secured a hotel refurbishment project in Rayong, Thailand and earned its first revenue from design service during the six months ended 30 September 2024. As at the date of this report, the Group is in negotiation for another hotel conversion project in Dongguan, China. It is expected that the Group would enter into contracts for such project by end of 2024 and more revenue from project management and design projects is expected to be generated for the year ending 31 March 2025.

To improve the cashflow of the Group and to make use of the Group's warehouse in Shandong which has become idle following the reduction in operation scale of plywood product manufacture, the Group has commenced the trading of agricultural products business, including garlic and onion since June 2024. Although the profit margin of this business is relatively low, such new business had broadened the Group's income stream and strengthen the cashflow of the Group.

Further, in March 2023, the Group entered into a joint venture agreement in relation to the operation of Shenzhen Vfuchong, a company which will be engaged in the operation of a hotel virtual room card system and an e-commerce membership club platform. Shenzhen Vfuchong has developed a travel agency app which is embedded in the Tencent Map application. During the six months ended 30 September 2024, this business has emerged as the app began to attract popularity and the order volume has exceeded RMB400,000 in September 2024. In light of the growth in this business, it is expected that revenue will be generated from Shenzhen Vfuchong during 2024.

Based on initial updates, the Company's auditors are of the view that the measures undertaken and achievements made by the Company in the six months ended 30 September 2024 and up to the date of this announcement are positively addressing the underlying issues leading to the disclaimer of opinion in the annual report for the year ended 31 March 2024, and, barring unforeseeable circumstances beyond its control, the Company is expecting, with further progress made especially in the additional improvements in financial performance and the removal of the audit modification by the time when the next annual report is issued.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2024 (31 March 2024: Nil).

CAPITAL COMMITMENTS

As at 30 September 2024, the Group had no capital commitments contracted but not provided for (31 March 2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2024, save as disclosed elsewhere in this report, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Future plans for material investments or capital assets

There were no future plans for material investments or capital assets up to the date of this report.

CORPORATE GOVERNANCE

COMPLIANCE

The Company has applied the principles and complied with the applicable code provisions in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “CG Code”) throughout the six months ended 30 September 2024.

Following the resignation of Mr. CHAN Shiu Yuen Sammy as an independent non-executive Director with effect from 11 September 2024, the Board did not meet the requirement under Rule 3.10(1) of the Listing Rules to have at least three independent non-executive Directors and the requirement under Rule 3.10(2) of the Listing Rules to have at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. In addition, the Audit Committee did not meet the requirement under Rule 3.21 of the Listing Rules to have at least one member who is an independent non-executive Director with the aforementioned expertise requirement. Following the redesignation of Mr. SUN Yongtao from a non-executive Director to an independent non-executive Director with effect from 11 November 2024, the Company has recomplied with the above Listing Rules requirements.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the standards set out in the Model Code throughout the six months ended 30 September 2024.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control and risk management principles of the Group and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The Audit Committee consists of three independent non-executive Directors: Mr. SUN Yongtao, Ms. LO Yuk Yee and Mr. KWOK Yiu Tong. Mr. KWOK Yiu Tong served as the chairman of the Audit Committee. The interim results of the Company for the six months ended 30 September 2024 have been reviewed by the Audit Committee.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 September 2024, the interests and short positions of the Directors and chief executive in the share capital and underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in Shares (after taking into account the consolidation of the Shares which became effective on 24 October 2023):

Name of Director	Number of Shares held, capacity and nature of interest			Percentage of the Company's share capital
	Directly beneficially owned	Through spouse or minor children	Total	
Mr. ZHANG Ayang (Note 1)	—	53,922,400	53,922,400	4.92%

Note:

- Mr. ZHANG Ayang is the spouse of Ms. WU Haiyan and he is deemed to be interested in these Shares under the SFO.

Save as disclosed above, as at 30 September 2024, none of the Directors and chief executive had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2024, the following interests and short positions of 5% or more of the share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO (after taking into account the consolidation of the Shares which became effective on 24 October 2023):

Name	Number of Shares held, capacity and nature of interest			Percentage of the Company's share capital
	Directly beneficially owned	Interests in persons acting in concert	Total	
Mr. Wong Tseng Hon	723,215,278	—	723,215,278	66.01%
Mr. Chai Kaw Sing	47,061,522	15,714,964	62,776,486	5.73%

OTHER INFORMATION

EMOLUMENT POLICY

The Group had 28 employees in Hong Kong and the PRC as at 30 September 2024. The total salaries and related costs granted to employees amounted to approximately RMB1.4 million for the six months ended 30 September 2024.

The Group's remuneration policy, bonus and share option scheme determines benefits of employees (including Directors) based on the duties and performance of each individual. The Group has also participated in the mandatory provident fund retirement benefit scheme in Hong Kong, and the central pension scheme operated by the local municipal government in the PRC.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Option Scheme include the Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Shareholders, and any non-controlling shareholder in the Company's subsidiaries.

At no time during the six months ended 30 September 2024 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

As at 30 September 2024 and 31 March 2024, the Company did not have share options outstanding under the Option Scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2024.

DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended 30 September 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in RMB and incurs costs in RMB and HK\$. The Group is exposed to foreign exchange risk based on fluctuations between RMB and HK\$ arising from its core operation in the PRC. In order to minimise the foreign currency risk exposure between these two currencies, the Group generally maintains cash balances in both currencies that are sufficient to meet three to four months of operating cash flows requirements of the Group.

The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the Reporting Period. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

By order of the Board

Da Sen Holdings Group Limited
Sun Yongtao
Chairman
and Independent Non-Executive Director

Hong Kong, 29 November 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Notes	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Revenue	6	16,584	10,711
Cost of sales		<u>(6,447)</u>	<u>(1,113)</u>
Gross profit		10,137	9,598
Selling and distribution expenses		(171)	–
Administrative expenses		(8,265)	(8,636)
Other income, gains or (losses)		28	61
Finance costs		<u>(1,281)</u>	<u>(2,028)</u>
Profit (loss) before tax	7	448	(1,005)
Income tax expense	8	<u>–</u>	<u>–</u>
Profit (loss) and total comprehensive income (expenses) for the periods		<u><u>448</u></u>	<u><u>(1,005)</u></u>
Profit (loss) and total comprehensive income (expenses) attributable to:			
Owners of the Company		763	(212)
Non-controlling interests		<u>(315)</u>	<u>(793)</u>
		<u><u>448</u></u>	<u><u>(1,005)</u></u>
Earnings (loss) per share attributable to the owners of the Company			
— Basic and diluted (expressed in RMB cents per share)	10	<u><u>0.07</u></u>	<u><u>(0.03)</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 September 2024

	Notes	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
ASSETS			
Non-current assets			
Right-of-use assets		2,650	2,684
Property, plant and equipment		4,744	4,914
Investment properties	11	33,389	34,131
Intangible asset	12	3,577	–
		<u>44,360</u>	<u>41,729</u>
Current assets			
Inventories		164	354
Trade and other receivables	13	39,148	38,853
Financial assets at fair value through profit or loss		360	368
Cash and cash equivalents		619	979
		<u>40,291</u>	<u>40,554</u>
Total assets		<u>84,651</u>	<u>82,283</u>
EQUITY			
Share capital	14	19,511	19,511
Share premium	14	252,927	252,927
Other reserves		46,534	46,534
Convertible bonds equity reserves		1,408	1,408
Accumulated losses		(326,930)	(327,693)
Equity attributable to owners of the Company		(6,550)	(7,313)
Non-controlling interests		1,035	(2,350)
Capital deficiency		(5,515)	(9,663)
LIABILITIES			
Non-current liability			
Deferred income		197	210
Current liabilities			
Trade and other payables	15	52,363	52,464
Deferred income		25	25
Receipt in advance		2,309	2,908
Tax payables		6,586	6,586
Amount due to related parties		426	46
Convertible bond payables		7,101	7,284
Borrowings	16	21,159	22,423
		<u>89,969</u>	<u>91,736</u>
Total liabilities		<u>90,166</u>	<u>91,946</u>
Total equity and liabilities		<u>84,651</u>	<u>82,283</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Unaudited							
	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital (Note 14) RMB'000	Share premium (Note 14) RMB'000	Convertible bonds equity reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Sub-total RMB'000		
At 1 April 2024	19,511	252,927	1,408	46,534	(327,693)	(7,313)	(2,350)	(9,663)
Profit (loss) and total comprehensive income (expenses) for the six months ended 30 September 2024	-	-	-	-	763	763	(315)	448
Capital injection from non-controlling interest	-	-	-	-	-	-	3,700	3,700
At 30 September 2024	<u>19,511</u>	<u>252,927</u>	<u>1,408</u>	<u>46,534</u>	<u>(326,930)</u>	<u>(6,550)</u>	<u>1,035</u>	<u>(5,515)</u>
At 1 April 2023	14,165	233,241	1,408	52,942	(274,715)	27,041	(971)	26,070
Loss and total comprehensive expenses for the six months ended 30 September 2023	-	-	-	-	(212)	(212)	(793)	(1,005)
Issue of shares under debt capitalisation	632	3,190	-	-	-	3,822	-	3,822
At 30 September 2023	<u>14,797</u>	<u>236,431</u>	<u>1,408</u>	<u>52,942</u>	<u>(274,927)</u>	<u>30,651</u>	<u>(1,764)</u>	<u>28,887</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Operating activities		
Cash from (used in) operations	2,037	(7,580)
Interest received	4	3
Interest paid	(1,137)	(182)
Income tax paid	—	—
Net cash from (used in) operating activities	<u>904</u>	<u>(7,759)</u>
Financing activities		
Proceeds from borrowings	—	10,600
Repayments of borrowings	(1,264)	(8,500)
Net cash (used in) from financing activities	<u>(1,264)</u>	<u>2,100</u>
Net decrease in cash and cash equivalents	(360)	(5,659)
Cash and cash equivalents at beginning of the periods	<u>979</u>	<u>6,939</u>
Cash and cash equivalents at end of the periods	<u><u>619</u></u>	<u><u>1,280</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

Da Sen Holdings Group Limited (“the Company”) is a limited liability company incorporated in the Cayman Islands. The address of its registered office and principal place of business is Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2703, 27th Floor, K. Wah Centre, No. 191 Java Road, North Point, Hong Kong, respectively. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 19 December 2016.

The principal activities of the Company and its subsidiaries (the “Group”) are manufacturing and selling of plywood and related services, leasing and trading of agricultural products.

These interim condensed consolidated financial information are presented in RMB, unless otherwise stated. All values are rounded to the nearest RMB thousand (“RMB’000”), unless otherwise used.

These interim condensed consolidated financial information have not been audited but have been reviewed by the audit committee of the Company and have been approved for issue by the Board on 29 November 2024.

2. BASIS OF PREPARATION

These interim condensed consolidated financial information have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited.

Going concern basis

As at 30 September 2024, the Group recorded net current liabilities of RMB49,678,000, where the Group’s current borrowings amounted to RMB21,159,000, comprising bank borrowing of RMB8,100,000 and other loans of RMB13,059,000 from independent third parties in the People’s Republic of China (the “PRC”) and Hong Kong, while the Group’s cash and cash equivalents amounted to RMB619,000 only.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

2. BASIS OF PREPARATION – *continued*

Going concern basis – *continued*

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. A number of measures have been taken to mitigate the liquidity pressure of the Group. These include the followings:

- (i) the Group has been in discussion with its lenders for the extension of repayment periods;
- (ii) the Group has been in discussion with the major shareholders and directors of the Company for providing finance to the Group, and in contact with potential buyers to dispose of certain assets of the Group so as to raise additional fund; and
- (iii) the Group will continue its efforts to implement new measures to improve sales such as rolling out new business initiatives with products of higher profit margin, control costs, contain capital expenditures, and accelerate the collection of trade and other receivables so as to enhance the Group's working capital position.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, covering a period of not less than twelve months from the date of this report, and are of the view that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) successfully extending the repayment periods of the Group's loans;
- (ii) successfully and timely raising additional fund through financing from major shareholders and directors of the Company and the potential disposal of certain assets of the Group; and
- (iii) successfully implementing the measures to improve sales, control costs and contain capital expenditures as well as to accelerate the collection of trade and other receivables so as to enhance the Group's working capital position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

2. BASIS OF PREPARATION – *continued*

Going concern basis – *continued*

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board (the "IASB"), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2024.

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2024 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these interim condensed consolidated financial statements.

4. ESTIMATES

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2024.

5. FINANCIAL INSTRUMENTS

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

5.1 Financial risk factors

The Group's major financial instruments include financial assets at fair value through profit or loss, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, amount due to related parties and convertible bond payables. The risks associated with these financial instruments include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 March 2024.

There have been no changes in the risk management department since the last financial period end or in any risk management policies.

5.2 Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(i) *Risk management*

Credit risk is managed on a group basis. Bank deposits and cash at bank are deposited in reputable financial institutions which are considered with low credit risk.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. In view of the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding trade receivables arising from sales of products due from them is not significant.

(ii) *Impairment of financial assets*

The Group has trade receivables for sales of inventory that are subject to the expected credit loss model.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – *continued*

5.2 Credit risk – *continued*

(ii) *Impairment of financial assets – continued*

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 modified retrospective approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days exceed the normal collecting period.

Individually impaired trade receivable is related to customer who is experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 30 September 2024, trade receivables of RMB136,520,000 (31 March 2024: RMB136,520,000) has been fully provided for loss allowance for these individually assessed receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 50% (31 March 2024: 66%) of the total receivables as at 30 September 2024. The Group has concentration of credit risk as 33% (31 March 2024: 34%) and 76% (31 March 2024: 80%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has considered the business, financial or economic conditions and performance and behaviour of customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considered various indicators, including, but not limited to, the prevailing market conditions in assessing how the expected loss rate should be adjusted. The Group had also considered the probability of default ("PD") and potential loss given default ("LGD") for its financial assets in its analysis. Given the difficult economic conditions and its analysis based on the above factors, the Group incorporated both current and forward-looking information by increasing its expected loss rates based with reference to its historical loss rate. In assessing the expected loss rate, the Group calculated the PD and LGD for each class of accounts receivables by incorporating forward-looking adjustments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – *continued*

5.2 Credit risk – *continued*

(ii) *Impairment of financial assets – continued*

Trade receivables – continued

On that basis, the expected credit loss allowance as at 30 September 2024 and 31 March 2024 was determined as follows for trade receivables:

	Unaudited				
	Current RMB'000	Past due for within 6 months RMB'000	Past due for more than 6 months but less than 1 year RMB'000	Past due for more than 1 year RMB'000	Total RMB'000
At 30 September 2024					
Expected credit loss rate	n/a	n/a	n/a	52.06%	41.16%
Gross carrying amount	8,977	354	–	35,219	44,550
Expected credit loss allowance	–	–	–	18,335	18,335
Individually impaired receivables	–	–	–	136,520	136,520
Total expected credit loss allowance	–	–	–	154,855	154,855

	Audited				
	Current RMB'000	Past due for within 6 months RMB'000	Past due for more than 6 months but less than 1 year RMB'000	Past due for more than 1 year RMB'000	Total RMB'000
At 31 March 2024					
Expected credit loss rate	n/a	0.92%	n/a	53.10%	42.83%
Gross carrying amount	–	8,422	–	34,383	42,805
Expected credit loss allowance	–	78	–	18,257	18,335
Individually impaired receivables	–	–	–	136,520	136,520
Total expected credit loss allowance	–	78	–	154,777	154,855

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – *continued*

5.2 Credit risk – *continued*

(ii) *Impairment of financial assets – continued*

Trade receivables – continued

The accumulated expected credit loss allowances for trade receivables as at 30 September 2024 and 31 March 2024 reconcile to the opening expected credit loss allowances as follows:

	Trade receivables RMB'000
At 1 April 2023 (audited)	124,516
Provision for allowance for expected credit losses, net (audited)	31,622
Write-off (audited)	<u>(1,283)</u>
At 31 March 2024 and 1 April 2024 (audited)	154,855
Provision for allowance for expected credit losses, net (unaudited)	<u>–</u>
At 30 September 2024 (unaudited)	<u><u>154,855</u></u>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented within operating result. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables at amortised cost

Other financial assets at amortised cost include other receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – *continued*

5.2 Credit risk – *continued*

(ii) *Impairment of financial assets – continued*

Other receivables at amortised cost – continued

The accumulated expected credit loss allowances for other receivables as at 30 September 2024 and 31 March 2024 reconcile to the opening expected credit loss allowances as follows:

	Other receivables RMB'000
At 1 April 2023 (audited)	–
Provision for allowance for expected credit losses (audited)	<u>125</u>
At 31 March 2024 and 1 April 2024 (audited)	125
Provision for allowance for expected credit losses, net (unaudited)	<u>–</u>
At 30 September 2024 (unaudited)	<u><u>125</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – continued

5.3 Liquidity Risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Unaudited						Total carrying amount RMB'000
	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	
At 30 September 2024							
Borrowings	9.18	22,820	-	-	-	22,820	21,159
Trade and other payables	n/a	52,363	-	-	-	52,363	52,363
Convertible bond payables	9.06	7,387	-	-	-	7,387	7,101
Amount due to related parties	n/a	426	-	-	-	426	426
		<u>82,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,996</u>	<u>81,049</u>

	Audited						Total carrying amount RMB'000
	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	
At 31 March 2024							
Borrowings	9.26	23,031	-	-	-	23,031	22,423
Trade and other payables	n/a	24,362	-	-	-	24,362	24,362
Convertible bond payables	9.06	7,822	-	-	-	7,822	7,284
Amount due to related parties	n/a	46	-	-	-	46	46
		<u>55,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,261</u>	<u>54,115</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

5. FINANCIAL INSTRUMENTS – *continued*

5.4 Fair value estimation

Fair value measurement

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuer to perform the valuation as at 31 March 2024.

The following gives information about how the fair values of these financial assets are determined.

	30 September 2024 Level 3 RMB'000	31 March 2024 Level 3 RMB'000
Financial assets at fair value through profit or loss		
Issuer's early redemption rights on convertible bonds	<u>360</u>	<u>368</u>

During the six months ended 30 September 2024 and year ended 31 March 2024, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3.

The key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of financial assets at fair value through profit or loss:

Fair value at 31 March 2024 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
368	Crank-Nicolson finite-difference method	(i) Discount rate	8.27%	Higher the discount rate, lower of the fair value
		(ii) Volatility	62.15%	Higher the volatility, higher of the fair value

The carrying amounts of the Group's financial assets, including trade and other receivables, cash and cash equivalents and financial liabilities, including trade and other payables and borrowings are assumed to approximate their fair values due to their short-term maturities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

6. REVENUE AND SEGMENT INFORMATION

The directors are the Group's chief operating decision maker. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business from products and services perspective, and determine that the Group has the following operating segments:

- Manufacturing and selling of plywood and related services;
- Leasing activities; and
- Trading of agricultural products

Revenue of RMB8,894,000 is generated from external customers from Hong Kong and the remaining revenue of the Group is derived within the PRC. All the operating assets of the Group are located in the PRC.

The directors assess the performance of the business segments based on profit (loss) before tax without allocation of certain finance costs and administrative expenses, which is consistent with that in the condensed consolidated financial statements.

Segment assets consist of right-of-use assets, property, plant and equipment, investment properties, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets mainly comprise cash and cash equivalents, property, plant and equipment, other receivables and financial assets at fair value through profit or loss held by certain non-PRC incorporated companies and intangible asset held by the PRC incorporated company.

Segment liabilities consist of borrowings, deferred income, trade and other payables and other current tax liabilities. Unallocated liabilities mainly comprise amount due to related parties, other payables and convertible bonds payables held by non-PRC incorporated companies.

The segment information for the six months ended 30 September 2024 is as follows:

	Unaudited			Group RMB'000
	Plywood and related services RMB'000	Leasing activities RMB'000	Trading of agricultural products RMB'000	
Segment result				
Revenue	9,248	1,242	6,094	16,584
Segment results	7,064	342	98	7,504
Unallocated costs				(6,721)
Finance costs				(335)
Profit before tax				448
Income tax expense				–
Profit for the period				448

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

6. REVENUE AND SEGMENT INFORMATION – continued

	Unaudited				Group RMB'000
	Plywood and related services RMB'000	Leasing activities RMB'000	Trading of agricultural products RMB'000	Unallocated RMB'000	
Other segment items					
<i>Profit or loss items:</i>					
Amortisation on intangible asset	-	-	-	123	123
Depreciation on right-of-use assets	34	-	-	-	34
Depreciation on property, plant and equipment	167	-	-	3	170
Depreciation on investment properties	-	742	-	-	742
	<u>-</u>	<u>742</u>	<u>-</u>	<u>-</u>	<u>742</u>

The segment assets and liabilities at 30 September 2024 are as follows:

	Unaudited				Total RMB'000
	Plywood and related services RMB'000	Leasing activities RMB'000	Trading of agricultural products RMB'000	Unallocated RMB'000	
Total assets	<u>35,702</u>	<u>33,389</u>	<u>827</u>	<u>14,733</u>	<u>84,651</u>
Total liabilities	<u>70,249</u>	<u>-</u>	<u>266</u>	<u>19,651</u>	<u>90,166</u>

The segment information for the six months ended 30 September 2023 is as follows:

	Unaudited		
	Plywood and related services RMB'000	Leasing activities RMB'000	Group RMB'000
Segment result			
Revenue	<u>8,512</u>	<u>2,199</u>	<u>10,711</u>
Segment results	<u>5,355</u>	<u>(472)</u>	<u>4,883</u>
Unallocated costs			(5,535)
Finance costs			(353)
Loss before tax			(1,005)
Income tax expense			-
Loss for the period			<u>(1,005)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

6. REVENUE AND SEGMENT INFORMATION – *continued*

	Unaudited			Group RMB'000
	Plywood and related services RMB'000	Leasing activities RMB'000	Unallocated RMB'000	
Other segment items				
<i>Profit or loss items:</i>				
Depreciation on right-of-use assets	34	–	–	34
Depreciation on property, plant and equipment	167	14	–	181
Depreciation on investment properties	–	1,367	–	1,367

The segment assets and liabilities at 31 March 2024 are as follows:

	Unaudited			Total RMB'000
	Plywood and related services RMB'000	Leasing activities RMB'000	Unallocated RMB'000	
Total assets	45,983	34,131	2,169	82,283
Total liabilities	67,968	2,908	21,070	91,946

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

7. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging the followings:

	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Staff costs, including directors' emoluments and related retirement benefits scheme contributions	1,379	2,166
Cost of inventories recognised as expense	6,291	106
Amortisation on intangible asset	123	–
Depreciation on property, plant and equipment	170	181
Depreciation on investment properties	742	1,367
Depreciation on right-of-use assets	34	34
	<u>34</u>	<u>34</u>
	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Gross rental income from investment properties	1,242	2,199
Less: direct operating expenses from investment properties that generated rental income during the periods	<u>(900)</u>	<u>(198)</u>
	<u>342</u>	<u>2,001</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

8. INCOME TAX EXPENSE

	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Current tax	-	-
Deferred income tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

(i) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no assessable profit derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for both periods.

(ii) PRC Enterprise Income Tax ("EIT")

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

(iii) PRC withholding income tax

According to the new EIT law, a 10% withholding tax will be levied on dividends distributed to the immediate holding companies established outside of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. No withholding tax has been provided as the Group does not expect the PRC subsidiaries to distribute the retained earnings as at 30 September 2024 in the foreseeable future.

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

10. EARNINGS (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share for the six months ended 30 September 2024 and 30 September 2023 are calculated by dividing the profit (loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective periods.

	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Profit (loss) attributable to the owners of the Company	<u>763</u>	<u>(212)</u>
Weighted average number of ordinary shares (thousands)	<u>1,095,680</u>	<u>845,680</u>
Basic earnings (loss) per share (RMB cents per share)	<u><u>0.07</u></u>	<u><u>(0.03)</u></u>

(b) Diluted

For the six months ended 30 September 2024 and 30 September 2023, the computation of diluted earnings (loss) per share has not taken into account the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share or a decrease in (loss) per share, and is therefore regarded as anti-dilutive.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

11. INVESTMENT PROPERTIES

These investment properties, which are located at Meisen Industrial Park, Sunsi Town Chengwu County, Heze, Shandong Province, the PRC, was stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses at the end of each reporting period.

As advised by the independent valuer who conducted the valuation of the investment properties of the Group as of 31 March 2024, there has been no material change in fair value of the Group's investment properties since 31 March 2024, the date of issuance of its reports, and up to 30 September 2024. Accordingly, the directors of the Company consider it appropriate to determine the fair value of the Group's investment properties of as at 30 September 2024 with reference to the fair value as at 31 March 2024.

Valuations as of 31 March 2024

The fair value of the Group's investment properties as at 31 March 2024 were determined to be approximately RMB55,700,000 by the directors of the Company with reference to valuations performed by Peak Vision Appraisals Limited, an independent valuer on the investment properties as at 31 March 2024. The valuer has appropriate qualifications and experience in the valuation of properties in the relevant locations.

The valuations were based on market approach, an approach determined to be the most appropriate valuation methodology for valuing the investment properties of the Group. The rationale for this method is to determine the market rate by considering identified market comparable transactions with the subject property. Adjustments will be applied to the said comparable transactions to adjust for differences between the subject property and the comparable transactions. The fair value estimation of the investment property is categorised in level 3 hierarchy. As at 31 March 2024, the key assumptions adopted in the valuation that support the determination of fair value were in the following ranges for the Group's portfolio of investment properties:

Description	Fair value at 31 Mar 2024 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	55,700	Investment method	(i) Reversionary yield;	5.75%-6%	Higher of the yield, lower of the fair value
			(ii) Average market rent (RMB/sq.m.)	6.01-6.97	The higher the market rent, the higher the fair value

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

12. INTANGIBLE ASSET

The non-controlling interest injected capital to the subsidiary of the Group by the transferral of patent. As at the date of transfer, the fair value of intangible asset is RMB3,700,000 and patent's expiry date is 18 November 2041.

13. TRADE AND OTHER RECEIVABLES

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Trade receivables		
– contract with customers	181,070	179,325
Less: accumulated allowance for expected credit losses	<u>(154,855)</u>	<u>(154,855)</u>
	26,215	24,470
Prepayments	396	218
Other receivables	12,662	14,290
Less: accumulated allowance for expected credit losses	<u>(125)</u>	<u>(125)</u>
	<u><u>39,148</u></u>	<u><u>38,853</u></u>

The following is an ageing analysis of trade receivables (net of allowance for expected credit losses) presented based on the invoice dates.

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Up to 3 months	8,977	–
4 to 6 months	354	–
7 to 12 months	–	8,344
Over 1 year	<u>16,884</u>	<u>16,126</u>
	<u><u>26,215</u></u>	<u><u>24,470</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares '000	Unaudited		
		Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 April 2023	1,618,255	14,165	233,241	247,406
Issue of shares under debt capitalisation before share consolidation	<u>73,104</u>	<u>675</u>	<u>5,674</u>	<u>6,349</u>
At the date before share consolidation	1,691,359	14,840	238,915	253,755
Share consolidation	(845,679)	n/a	n/a	n/a
Issue of shares under debt capitalisation	<u>250,000</u>	<u>4,671</u>	<u>14,012</u>	<u>18,683</u>
At 31 March 2024, 1 April 2024 and 30 September 2024	<u>1,095,680</u>	<u>19,511</u>	<u>252,927</u>	<u>272,438</u>

15. TRADE AND OTHER PAYABLES

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Trade payables	309	2
Other taxes payable	28,260	28,102
Accrued expenses	12,908	14,580
Interest payable	870	683
Provision for legal case	4,252	4,252
Others	<u>5,764</u>	<u>4,845</u>
	<u>52,363</u>	<u>52,464</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

15. TRADE AND OTHER PAYABLES – *continued*

The following is an ageing analysis of trade payables presented based on the invoice dates:

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Up to 3 months	307	2
7 to 12 months	<u>2</u>	<u>–</u>
	<u><u>309</u></u>	<u><u>2</u></u>

16. BORROWINGS

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Short-term bank borrowing – secured	8,100	8,100
Other loan – secured	2,500	2,000
Other loans – unsecured	<u>10,559</u>	<u>12,323</u>
Total borrowings	<u><u>21,159</u></u>	<u><u>22,423</u></u>

17. CONTINGENT LIABILITIES

As at 30 September 2024 and 31 March 2024, the Group had no material contingent liabilities.

18. PLEDGED OF ASSETS

	30 September 2024 RMB'000 (unaudited)	31 March 2024 RMB'000 (audited)
Investment properties situated in the PRC	33,389	34,131
Property, plant and equipment situated in the PRC	4,080	4,182
Right-of-use assets situated in the PRC	<u>2,650</u>	<u>2,684</u>
	<u><u>40,119</u></u>	<u><u>40,997</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

19. RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 September 2024 and 30 September 2023, and balances arising from related party transactions as at 30 September 2024 and 31 March 2024:

(i) Guarantees provided by related parties in respect of the Group's borrowings from banks

As at 30 September 2024, the Group's short-term borrowings of RMB8,100,000 (31 March 2024: RMB8,100,000) were guaranteed by Mr. Zhang Ayang, an executive director of the Company.

(ii) Key management personnel compensation

	Six months ended 30 September 2024 RMB'000 (unaudited)	Six months ended 30 September 2023 RMB'000 (unaudited)
Salaries and bonus	509	729
Pension, housing fund, medical insurance and others	-	-
	<u>509</u>	<u>729</u>