华音国际
HUAYIN INTERNATIONAL

HUA YIN INTERNATIONAL HOLDINGS LIMITED
華音國際控股有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 989)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The Board (the "Board") of Directors (the "Directors") of Hua Yin International Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2023 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		(unaudited)	(unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*5(a)*	**44,002**	335,505
Cost of sales and services		**(28,161)**	(281,231)
Gross profit		**15,841**	54,274
Other income	*5(b)*	**251**	540,596
Selling and distribution expenses		**(2,113)**	(2,513)
Administrative expenses		**(22,068)**	(16,446)
Finance costs	*6*	**(25,163)**	(39,818)
Other expenses		**(989)**	(4,656)
Change in fair value of investment properties	*11*	**(28,000)**	(27,493)
Change in fair value of derivative financial instruments	*19*	**(23,918)**	13,728
(Loss) profit before tax	*7*	**(86,159)**	517,672
Income tax	*8*	**6,240**	(101,110)
(Loss) profit for the period attributable to the owners of the parent		**(79,919)**	416,562
(LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*9*		
Basic		**(1.11) cents**	5.98 cents
Diluted		**(1.11) cents**	5.43 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
(LOSS) PROFIT FOR THE PERIOD	**(79,919)**	416,562
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(15,653)**	(18,427)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(15,653)**	(18,427)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT, NET OF TAX	**(95,572)**	398,135

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	**30 September 2023 (unaudited) *RMB'000***	31 March 2023 (audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**388**	574
Investment properties	*11*	**522,400**	550,400
Right-of-use assets		**3,198**	4,174
Deferred tax assets		**10,878**	10,124
Total non-current assets		**536,864**	565,272
CURRENT ASSETS			
Properties under development and completed properties held for sale	*12*	**1,630,224**	1,597,786
Trade and other receivables	*13*	**49,794**	36,054
Prepaid income tax		**10,530**	8,025
Derivative financial instruments	*19*	**4,494**	2,310
Pledged and restricted deposits	*14*	**3,928**	6,335
Cash and cash equivalents	*14*	**78,371**	69,939
Total current assets		**1,777,341**	1,720,449
CURRENT LIABILITIES			
Trade and other payables	*15*	**507,549**	448,149
Contract liabilities	*16*	**117,033**	102,427
Lease liabilities		**9,006**	10,010
Loans from a controlling shareholder	*17*	**358,980**	354,490
Bank and other borrowings	*18*	**418,354**	445,696
Liability component of the Convertible Bonds	*19*	**—**	90,052
Income tax payable		**47,198**	48,802
Total current liabilities		**1,458,120**	1,499,626

	Notes	30 September 2023 (unaudited) *RMB'000*	31 March 2023 (audited) *RMB'000*
NET CURRENT ASSETS		**319,221**	220,823
TOTAL ASSETS LESS CURRENT LIABILITIES		**856,085**	786,095
NON-CURRENT LIABILITIES			
Liability component of the Convertible Bonds	*19*	**142,107**	–
Bank and other borrowings	*18*	**230,000**	229,000
Deferred tax liabilities		**126,012**	131,498
Lease liabilities		**17,897**	27,985
Total non-current liabilities		**516,016**	388,483
Net assets		**340,069**	397,612
EQUITY			
Equity attributable to owners of the parent			
Share capital	*20*	**311,453**	311,453
Equity component of the Convertible Bonds	*19*	**98,305**	60,276
Reserves		**(69,689)**	25,883
Total equity		**340,069**	397,612

NOTES

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. Its registered office address is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is principally engaged in investment holding and the Group is principally engaged in the property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

2. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 September 2023 (the "Interim Financial Information") has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those policies adopted in the preparation of the Group's financial statements for the year ended 31 March 2023, except for the adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time on 1 April 2023.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 March 2023.

Going concern basis

The Group had net current assets of approximately RMB319,221,000 as at 30 September 2023. However, the Group's current portion of bank and other borrowings amounted to RMB418,354,000 while its unrestricted cash and cash equivalents amounted to RMB78,371,000. In addition, in view of the current condition of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the Group is expected to generate adequate cash flows to maintain its operations;

(ii) the Group is expected to obtain continuous financial support from the Group's major shareholders. In respect of the loans from a controlling shareholder, the controlling shareholder has confirmed that it will not demand the Group for repayment of the loans from the controlling shareholder within the next twelve months should the Group not be in the financial position to make such repayment.

(iii) The Group is actively reviewing its debt structure and looking for funding opportunities. It is actively negotiating with financial institutions to extend or renew existing borrowings and to secure new sources of financing at reasonable costs.

The Directors have prepared a cash flow forecast covering a period up to 30 September 2024 on the basis that with the continuous financial support from the controlling shareholder of the Company and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 September 2023. Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

3. CHANGE IN ACCOUNTING POLICIES

3.1 New/revised HKFRSs adopted

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

3.2 New and revised HKFRSs not yet adopted

As at the date of this announcement, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted.

The Directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

4. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's executive Directors for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Operating segments	Nature of business activities	Place of operation
Property development and management	Property development and provision of management service to property projects	The People's Republic of China (the "PRC")
Property investment	Property holding for long term investment and leasing purposes	The PRC

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

Revenue and expenses allocated to the reportable segments include the sales generated by the segment and the expenses incurred by the segment or which arise from the depreciation of assets attributable to those segments.

Segment results and other segment information

For the six months ended 30 September 2023 – unaudited

	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	**37,558**	**6,444**	**44,002**
Segment results	**(4,758)**	**(23,879)**	**(28,637)**
Finance costs			**(25,163)**
Change in fair value of derivative financial instruments			**(23,918)**
Unallocated head office and corporate expenses			**(8,441)**
Loss before tax			**(86,159)**
Income tax			**6,240**
Loss for the period			**(79,919)**

For the six months ended 30 September 2022 – unaudited

	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	329,523	5,982	335,505
Segment results	581,501	(31,753)	549,748
Finance costs			(39,818)
Change in fair value of derivative financial instruments			13,728
Unallocated head office and corporate expenses			(5,986)
Profit before tax			517,672
Income tax			(101,110)
Profit for the period			416,562

5. REVENUE AND OTHER INCOME

Revenue mainly represents income from the sale of properties, rental income and property management service income.

An analysis of revenue and other income is presented below:

(a) Revenue

	Six months ended 30 September 2023 (unaudited)		
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	**21,009**	**—**	**21,009**
Property management service income	**16,549**	**—**	**16,549**
	37,558	**—**	**37,558**
Revenue from other source:			
Rental income	**—**	**6,444**	**6,444**
	37,558	**6,444**	**44,002**
Representing geographical market of:			
The PRC	**37,558**	**6,444**	**44,002**
	37,558	**6,444**	**44,002**
Timing of revenue recognition			
– At a point in time	**21,009**	**—**	**21,009**
– Over time	**16,549**	**6,444**	**22,993**
	37,558	**6,444**	**44,002**

	Six months ended 30 September 2022 (unaudited)		
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	312,883	–	312,883
Property management service income	16,640	–	16,640
	329,523	–	329,523
Revenue from other source:			
Rental income	–	5,982	5,982
	329,523	5,982	335,505
Representing geographical market of:			
The PRC	329,523	5,982	335,505
	329,523	5,982	335,505
Timing of revenue recognition			
– At a point in time	312,883	–	312,883
– Over time	16,640	5,982	22,622
	329,523	5,982	335,505

(b) Other income

	Six months ended 30 September 2023 (unaudited) *RMB'000*	Six months ended 30 September 2022 (unaudited) *RMB'000*
Exchange gain	—	3,604
Sundry income	**251**	450
Reversal of write-down of properties under development	—	536,542
Total other income	**251**	540,596

6. FINANCE COSTS

	Six months ended 30 September 2023 (unaudited) *RMB'000*	Six months ended 30 September 2022 (unaudited) *RMB'000*
Interest on bank and other borrowings	**24,182**	35,217
Interest on Convertible Bonds	**2,752**	2,994
Interest on lease liabilities	**817**	1,607
Interest on loan from a controlling shareholder	**512**	–
	28,263	39,818
Less: Interest capitalised into properties under development*	**(3,100)**	–
Total finance costs	**25,163**	39,818

* For the six months ended 30 September 2023, borrowing costs had been capitalised at rates of 7.3% - 7.35% per annum. No borrowing costs have been capitalised during the six months ended 30 September 2022.

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 September 2023 (unaudited) *RMB'000*	Six months ended 30 September 2022 (unaudited) *RMB'000*
This is stated after charging/(crediting):		
Cost of properties sold	**18,696**	268,938
Cost of services	**9,465**	12,287
Cost of rental	**—**	6
Reversal of write-down of properties under development to net realisable value**	**—**	(536,542)
Depreciation		
– property, plant and equipment	**110**	34
– right-of-use assets	**976**	955
Increase of impairment on		
– Trade receivables*	**—**	3,208

* This item is included in other expenses in the condensed consolidated statements of profit or loss.

** This item is included in other income in the condensed consolidated statements of profit or loss.

8. INCOME TAX

	Six months ended 30 September 2023 (unaudited) *RMB'000*	Six months ended 30 September 2022 (unaudited) *RMB'000*
Current tax		
PRC Corporate Income Tax ("CIT")	—	5,365
PRC Land Appreciation Tax ("LAT")	—	1,583
	—	6,948
Deferred tax		
Origination and reversal of temporary differences	**(6,240)**	94,162
Total (credit) charge	**(6,240)**	101,110

No Hong Kong profits tax has been provided for the six months ended 30 September 2023 and 2022 as the Group had no assessable profit subject to Hong Kong profits tax for the said periods.

For the six months ended 30 September 2023, CIT had not been provided for the period as there is no assessable profit. For the six months ended 30 September 2022, CIT has been provided in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25%.

As at 30 September 2023, the estimated withholding tax effects on the distribution of the unremitted retained earnings of the PRC subsidiaries amounted to approximately RMB17,146,000 (31 March 2023 (audited): RMB17,883,000). In the opinion of the Directors, these retained earnings, at the present time, are required for financing the continuing operations of the PRC subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provision for deferred taxation has been made in this respect.

The Group's subsidiaries are not subject to any income tax in Bermuda, the British Virgin Islands and Samoa pursuant to the respective rules and regulations.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditure. The Group has estimated, made and included in the income tax a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT provision is subject to the final review/approval by the tax authorities.

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share is based on the (loss) profit attributable to owners of the parent for the six months ended 30 September 2023 and the weighted average of 7,203,639,000 shares (six months ended 30 September 2022: 6,965,956,000 shares) in issue during the six months ended 30 September 2023.

The calculation of the diluted (loss) earnings per share amounts is based on the profit or loss for the period attributable to owners of the parent as adjusted by the financial effect associated with dilutive potential ordinary shares (if any). The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic (loss) earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted (loss) earnings per share are based on:

	Six months ended 30 September 2023 (unaudited) ***RMB'000***	Six months ended 30 September 2022 (unaudited) *RMB'000*
(Loss) Earnings		
(Loss) profit attributable to owners of the parent	**(79,919)**	416,562
Effect of interest on the liability component of the Convertible Bonds	**2,752**	2,994
Effect of fair value loss (gain) on the derivative component of the Convertible Bonds	**23,918**	(13,728)
Adjusted (loss) profit attributable to owners of the parent	**(53,249)**[a]	405,828[b]

	Number of shares	
	Six months ended 30 September 2023 (unaudited)	Six months ended 30 September 2022 (unaudited)
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic (loss) earnings per share calculation	**7,203,639**	6,965,956
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	**—[(a)]**	264,299[(b)]
Convertible Bonds	**337,241[(a)]**	237,683[(b)]
Share options	**—[(c)]**	—[(c)]
Weighted average number of ordinary shares (diluted)	**7,540,880**	7,467,938

(a) The diluted loss per share amount is the same as the basic loss per share amount for the six months ended 30 September 2023, as (i) the Convertible Bonds had an anti-dilutive effect on the basic loss per share amount for the period; and (ii) no convertible preference shares were outstanding during the period. Accordingly, the calculation of the diluted loss per share amount was based on the loss attributable to the owners of the parent of RMB79,919,000 and the weighted average number of 7,203,639,000 shares in issue during the six months ended 30 September 2023.

(b) For the six months ended 30 September 2022, the diluted earnings per share amount decreased when taking into account of the convertible preference shares and the Convertible Bonds, which both had dilutive effect on the basic earnings per share amount for the six months ended 30 September 2022. Therefore, the calculation of the diluted earnings per share amount was based on the adjusted profit attributable to the owners of the parent of RMB405,828,000 and the adjusted weighted average number of 7,467,938,000 shares in issue during the six months ended 30 September 2022.

(c) The exercise price of the share options were out of the money compared to the average stock prices of the Company during the six months ended 30 September 2023, the share options had an anti-dilutive effect on the basic loss per share amount for the six months ended 30 September 2023 and the basic earnings per share amount for the six months ended 30 September 2022.

10. DIVIDEND

The Directors do not declare the payment of any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

11. INVESTMENT PROPERTIES

	30 September 2023 (unaudited) ***RMB'000***	31 March 2023 (audited) *RMB'000*
At the beginning of the reporting period	**550,400**	615,800
Transfer from right-of-use assets	**—**	893
Net loss from fair value adjustment	**(28,000)**	(66,293)
At the end of the reporting period	**522,400**	550,400

As at 30 September 2023 and 31 March 2023, the Group's investment properties included certain retail units and car park spaces of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Services Company Limited, independent professional qualified valuers.

Fair value hierarchy

The following table illustrates the fair value hierarchy of the Group's investment properties:

		Fair value measurement as at 30 September 2023 using		
	Quoted prices in active markets (Level 1) (unaudited)	**Significant observable inputs (Level 2) (unaudited)**	**Significant unobservable inputs (Level 3) (unaudited)**	**Total (unaudited)**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Recurring fair value measurement for:				
Retail shops and car park spaces	**—**	**—**	**522,400**	**522,400**

		Fair value measurement as at 31 March 2023 using		
	Quoted prices in active markets (Level 1) (audited)	Significant observable inputs (Level 2) (audited)	Significant unobservable inputs (Level 3) (audited)	Total (audited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for:				
Retail shops and car park spaces	–	–	550,400	550,400

During the period, there are no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 (six months ended 30 September 2022 (unaudited): Nil).

As at 30 September 2023, the Group's investment properties with an aggregate carrying amount of RMB371,900,000 (31 March 2023 (audited): RMB393,619,000) were pledged to banks to secure certain of the bank loans granted to the Group as further detailed in note 18 to the condensed consolidated financial statements.

12. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	Notes	**30 September 2023 (unaudited) *RMB'000***	31 March 2023 (audited) *RMB'000*
Properties under development		**1,912,692**	1,862,771
Completed properties held for sale		**206,535**	224,018
		2,119,227	2,086,789
Write-down of properties under development and completed properties held for sale to net realisable value	*(b)*	**(489,003)**	(489,003)
	(a)	**1,630,224**	1,597,786

(a) As at 30 September 2023, certain of the Group's properties under development and completed properties held for sale with carrying value of RMB1,217,364,000 (31 March 2023 (audited): RMB1,210,000,000) and RMB8,069,000 (31 March 2023 (audited): RMB8,069,000) were pledged to banks to secure certain of the bank loans granted to the Group as further detailed in note 18 to the condensed consolidated financial statements.

(b) As at 30 September 2023 and 31 March 2023, the write-down of properties under development and completed properties held for sale to net realisable value were mainly related to the property project in Fusong County, Jilin Province ("Fusong Property Project"). Such net realisable value was estimated based on a valuation carried out by an independent valuer. The valuation of the project has been made, (i) for the land parcels under development, on the basis of capitalisation of net income based on the project plan by making reference to comparable market transactions taking into account of the construction costs to be expended; and (ii) for the land parcels for future development, on the bare land basis and based on direct comparison approach by making reference to comparable land transactions available in the market.

13. TRADE AND OTHER RECEIVABLES

	Notes	30 September 2023 (unaudited) RMB'000	31 March 2023 (audited) RMB'000
Trade receivables		**23,946**	21,489
Less: provision for impairment		**(14,537)**	(14,537)
	(a)	**9,409**	6,952
Other receivables:			
Deposits for land development expenditure	*(b)*	**22,095**	22,095
Deposits for construction and pre-sale of property projects	*(c)*	**6,741**	6,741
Prepaid business tax and other taxes		**18,021**	18,190
Other receivables, prepayments and deposits		**64,462**	53,010
Less: provision for impairment	*(d)*	**(70,934)**	(70,934)
		40,385	29,102
		49,794	36,054

(a) In respect of properties sales, no credit terms are granted to customers. For property investment and property management, the respective rental income and property management income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, certain rental deposits are received to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest bearing.

The ageing analysis of the trade receivables (net of provision for impairment) by invoice date as at the end of the reporting period is as follows:

	30 September 2023 (unaudited) *RMB'000*	31 March 2023 (audited) *RMB'000*
Within 30 days	**3,485**	1,457
31 days-180 days	**4,478**	4,762
Over 180 days	**1,446**	733
	9,409	6,952

For trade receivables, the Group has applied the simplified approach and has calculated expected credit losses based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(b) The balances represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether the Group will obtain the land use rights of the land in the future.

(c) The balances represented various deposits paid to local government directly attributable to construction of property projects which would be refundable upon completion of the development projects.

(d) In estimating the expected credit losses of other receivables, the Group has grouped these other receivables based on same credit risk characteristics and the days past due, and negotiation results with the debtors.

14. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	Notes	**30 September 2023 (unaudited)** ***RMB'000***	31 March 2023 (audited) *RMB'000*
Cash and bank balances	*(b)*	**82,299**	76,274
Less: Restricted bank deposits under pre-sale of properties	*(a)*	**(3,928)**	(6,335)
Cash and cash equivalents		**78,371**	69,939

(a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from pre-sale of properties as guarantee deposits for construction of the properties. The restriction will be released upon the construction is completed. The restricted cash earns interest at floating daily bank deposit rates.

(b) At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB30,965,000 (31 March 2023 (audited): RMB20,201,174). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

15. TRADE AND OTHER PAYABLES

	Notes	**30 September 2023 (unaudited) *RMB'000***	31 March 2023 (audited) *RMB'000*
Trade payables	*(a)*	**46,438**	48,099
Accrued construction costs		**310,457**	303,906
Amount due to a related company	*(b)*	**14,903**	—
Interest payable		**10,755**	4,854
Other tax payable		**16,654**	21,903
Other creditors and accruals		**77,775**	43,544
Other deposits received		**30,567**	25,843
		507,549	448,149

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2023 (unaudited) *RMB'000*	31 March 2023 (audited) *RMB'000*
Within 30 days	**7,969**	4,617
31 days-180 days	**2,472**	5,553
Over 180 days	**35,997**	37,929
	46,438	48,099

(b) The amount is unsecured, interest free and repayable within one year.

16. CONTRACT LIABILITIES

	Notes	30 September 2023 (unaudited) *RMB'000*	31 March 2023 (audited) *RMB'000*
Deposits from sales of properties	*(a)*	**102,250**	87,667
Receipt in advance from management services	*(b)*	**14,783**	14,760
		117,033	102,427

(a) Deposits from sales of properties represent sale proceeds received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

(b) Receipt in advance from management services represents the fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

17. LOANS FROM A CONTROLLING SHAREHOLDER

Loans from a controlling shareholder are unsecured, including:

	30 September 2023 (unaudited) *RMB'000*	31 March 2023 (audited) *RMB'000*
Interest-free*	**343,434**	324,658
Interest-bearing**	**15,546**	29,832
	358,980	354,490

* repayable on demand

** interest rate at 5% per annum and repayable within one year

18. BANK AND OTHER BORROWINGS

	Notes	30 September 2023 (unaudited) RMB'000	31 March 2023 (audited) RMB'000
Current			
Bank loans – secured	*(i)*	**108,354**	135,696
Entrusted loans – secured	*(ii), (iii)*	**310,000**	310,000
		418,354	445,696
Non-current			
Bank loans – secured	*(i)*	**230,000**	229,000
		648,354	674,696

	30 September 2023 (unaudited) RMB'000	31 March 2023 (audited) RMB'000
Analysed into:		
Bank loans and entrusted loan repayable:		
Within one year or on demand	**418,354**	445,696
In the second year	**1,000**	1,000
In the third to fifth years, inclusive	**229,000**	228,000
	648,354	674,696

Notes:

(i) Included in the secured bank loans as at 30 September 2023 are loan balances of RMB70,000,000 (31 March 2023 (audited): RMB70,000,000), RMB27,354,000 (31 March 2023 (audited): RMB56,896,000), RMB231,000,000 (31 March 2023 (audited): RMB231,000,000) and RMB10,000,000 (31 March 2023 (audited): RMB6,800,000) bearing interests at a fixed rate of 7.83% (31 March 2023 (audited): 7.83%) per annum, a fixed rate of 5.39% per annum, a fixed rate of 7.3% - 7.35% (31 March 2023 (audited): 7.3% - 7.5%) per annum and a fixed rate of 5% (31 March 2023 (audited): 7.6%) per annum respectively.

As at 30 September 2023, the bank loan of RMB70,000,000 is secured by the 70% equity interests in a connected party and is guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loans of RMB27,354,000 and RMB231,000,000 are secured by pledges of the properties under development with carrying values of RMB873,070,000 and investment properties with fair value of RMB371,900,000 respectively and are guaranteed by personal and corporate guarantees of certain connected parties of the Group. The bank loan of RMB10,000,000 is secured by the pledges of the completed properties held for sale with carrying amount of RMB8,069,000.

As at 31 March 2023 (audited), the bank loan of RMB70,000,000 was secured by the 70% equity interests in a connected party. The bank loans of RMB56,896,000 and RMB231,000,000 were secured by pledges of the properties under development with carrying values of RMB868,000,000 and investment properties with fair value of RMB389,900,000 respectively. The bank loan of RMB6,800,000 was secured by the pledges of the completed properties held for sale with carrying amount of RMB8,069,000 and investment properties with fair value of RMB3,719,000.

(ii) The entrusted loans as at 30 September 2023 include loan balances of RMB20,000,000 (31 March 2023 (audited): RMB20,000,000) and RMB290,000,000 (31 March 2023 (audited): RMB290,000,000) bearing interests at a basic fixed rate of 8% per annum and 10% per annum respectively.

As at 30 September 2023, the entrusted loan of RMB20,000,000 (31 March 2023 (audited): RMB20,000,000) is secured by properties under development held by the Group with carrying amount of RMB344,294,000 as at 30 September 2023 (31 March 2023 (audited): RMB342,000,000) and is guaranteed by personal and corporate guarantees of certain connected parties of the Group. The entrusted loan of RMB290,000,000 (31 March 2023 (audited): RMB290,000,000) is secured by a second charge of properties under development with carrying amount of RMB1,217,364,000 as at 30 September 2023 (31 March 2023 (audited): RMB1,210,000,000) and is guaranteed by personal guarantees of certain connected parties of the Group.

(iii) As at 30 September 2023, the lenders have agreed to renew the entrusted loans of RMB20,000,000 and RMB290,000,000 respectively.

19. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

2021 CBs

On 14 December 2021, the Company completed the issue of an aggregate principal amount of HK$103,076,730 (equivalent to approximately RMB84,283,059 on the issue date) convertible bonds (the "2021 CBs") to Ka Yik Investments Limited ("Ka Yik"), a controlling shareholder, which were due on 13 June 2023 (the "Initial Maturity Date") and may, subject to the controlling shareholder's written consent that shall not be unreasonably withheld, be extended for another eighteen months by notice issued by the Company at any time during the three months prior to the maturity date by serving at least thirty days prior written notice to Ka Yik in the event that the Company's directors are of the reasonable opinion that the redemption of the 2021 CBs on the maturity date will result in the Group not having sufficient working capital for the operation for the next twelve months. The 2021 CBs are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.39 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrears before the maturity date.

On 9 June 2023, the Company received a written confirmation from the bondholder for its consent that the Initial Maturity Date shall be extended (the "Extension") for another eighteen months to the third anniversary of the date of issue of the bonds (i.e. 14 December 2024) (the "Extended Maturity Date") with all other terms and conditions remained unchanged. The management considered the Extension does not result in a substantial modification of the liability component of the 2021 CBs in accordance with HKFRS 9.

The conversion rights are exercisable at any time from the date of issue of the 2021 CBs up to the maturity date, provided that any conversion does not result in the public float of the Company's shares being less than 25% (or any given percentage as required by the Listing Rules).

The 2021 CBs are not transferrable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the 2021 CBs (in whole or in part) at 100% of its principal amount. The Company has not early redeemed any portion of the 2021 CBs during the period.

2023 CBs

On 23 June 2023, the Company completed the placement of convertible bonds with an aggregate principal amount of HK$60,000,000 (equivalent to approximately RMB55,734,000) to not less than six placees (the "2023 CBs"). The maturity date of the 2023 CBs is 22 June 2026. The 2023 CBs are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.445 per share subject to adjustments. The interest rate is 6% per annum payable quarterly in arrears before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the 2023 CBs up to the maturity date, provided that any conversion does not result in the public float of the Company's shares being less than 25% (or any given percentage as required by the Listing Rules).

The 2023 CBs are not transferrable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the 2023 CBs (in whole or in part) at 100% of its principal amount. The Company has not early redeemed any portion of the 2023 CBs during the period.

The 2021 CBs and the 2023 CBs are together referred to as the Convertible Bonds.

Accounting treatment

The Company's early redemption right attaching to the Convertible Bonds are considered not closely related to the liability component of the Convertible Bonds; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKFRS 9 Financial Instruments.

On the basis that the conversion options of the Convertible Bonds will be settled by the exchange of a fixed amount or fixed number of equity instruments, the Convertible Bonds are accounted for as compound instruments according to HKAS 32 Financial Instruments: Presentation. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to "Equity component of the Convertible Bonds" in the Group's equity attributable to the Company's shareholders.

After initial recognition, the Company's early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the Convertible Bonds are subsequently carried at amortised cost.

Up to the date of maturity of the Convertible Bonds, if the bond holder had not exercised the conversion option of the Convertible Bonds, the equity component of the Convertible Bonds would be fully transferred to retained earnings; and the early redemption right features classified as derivative financial instruments would be derecognised on the same date.

Early redemption right features of the Convertible Bonds

The movement in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	RMB'000
At 1 April 2023	2,310
Additions	25,801
Change in fair value of derivative financial instruments	(23,918)
Exchange realignment	301
At 30 September 2023 (unaudited)	4,494

Liability component of the Convertible Bonds

The movement of the liability component of the Convertible Bonds recognised in the condensed consolidated statement of financial position is as follows:

	RMB'000
At 1 April 2023	90,052
Additions	43,506
Accrued effective interest	2,752
Accrued coupon interest transferred to interest payables	(895)
Exchange realignment	6,692
At 30 September 2023 (unaudited)	142,107

The imputed finance cost on the liability component of the Convertible Bonds is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rates of the Convertible Bonds is 2.85% - 16.35% (31 March 2023 (audited): 7.21%).

Equity component of the Convertible Bonds

The movement of the equity component of the Convertible Bonds is as follows:

	RMB'000
At 1 April 2023	60,276
Additions	38,029
At 30 September 2023 (unaudited)	98,305

20. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	'000	*HK$'000*	*RMB'000*
Authorised:			
Ordinary shares of HK$0.05 each	15,600,000	780,000	684,000
Issued:			
Ordinary shares of HK$0.05 each			
At 31 March 2023 (audited)	7,203,639	360,182	311,453
At 30 September 2023 (unaudited)	**7,203,639**	**360,182**	**311,453**

21. CONTINGENT LIABILITIES

Other than disclosed elsewhere, the Group has the following contingent liabilities:

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 30 September 2023, guarantees amounting to RMB187.9 million were given to banks with respect to mortgage loans procured by purchasers of property units (31 March 2023 (audited): RMB341.1 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the period, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is remote and therefore the financial guarantee initially measured at fair value is immaterial. Also, in case of default in payments, the net realisable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW AND OUTLOOK

The re-bound of domestic travel has created a new opportunity in the cultural tourism sector. During the first three quarters of 2023, the domestic travel visitors reached 3.67 billion representing an increase of 1.58 billion and a growth of 75.5% from the corresponding period last year. In particular, the total travel visitors in 5A and 4A tourist attractions in Jilin Province experienced an increase of 98.5% when compared to the first three quarters of 2023 and 2022.

Following the finalisation of the Group's strategy – "one core product strategy coupled with supplementary business", the Company's management has actively conducted prudent project research, due diligence or formulated execution plans on its core business in cultural tourism projects; and supplementary businesses in mineral water industry and ginseng industry.

In June 2023, the Group, together with Jilin Province Tiande Holdings Group Company Limited* (吉林省天德控股集團有限公司) and Jilin Province Wanding Holdings Group Company Limited* (吉林省萬鼎控股集團有限公司), have established a joint venture company to prepare for a property development project within a cultural tourism project in Dunhua City, Yanbian Korean Autonomous Prefecture, Jilin Province with a total site area of approximately 64,880 square metres and for commercial and residential purposes.

Subsequent to 30 September 2023, the Group entered into an investment framework agreement with the People's Government of Dunhua Municipality for another cultural tourism project in Dunhua City, Yanbian Korean Autonomous Prefecture, Jilin Province with an expected total site area of approximately 84,000 square metres and a gross floor area of approximately 60,000 square metres.

With respect to the Group's financing, the Group completed the placing of convertible bonds with a principal amount of HK$60 million in June 2023, the proceeds of which will be primarily used for the Group's new projects/business as well as repayment of its debts.

BUSINESS REVIEW

For the six months ended 30 September 2023, the Group's overall revenue was approximately RMB44.0 million (six months ended 30 September 2022: RMB335.5 million), representing a decrease of 86.9%. The Group had a gross profit of RMB15.8 million for the six months ended 30 September 2023 (six months ended 30 September 2022: RMB54.3 million) and net loss for the period of RMB79.9 million (six months ended 30 September 2022: net profit of RMB416.6 million).

Property Development

The Group's project in Jiutai District, Changchun City, namely Guangze Jiuxi Red House – Phase I, was completed and delivered in the year ended 31 March 2023. As at 30 September 2023, the Phase II of the project is currently under construction.

In addition, the Group's project in Baishan City, namely Guangze China House continued its development for the period. After completion and delivery of its Phase IA, the project is carrying out its Phase II development, with its pre-sale commenced in the third quarter of 2023.

In the coming years, the Group will continue to replenish its land reserve on a prudent approach given the property market in the PRC remains filled with uncertainties. The Group's management will focus on the land replenishment within the Northeastern area of the PRC where the Group has vast local experience. During the six months ended 30 September 2023, the Group has established a non wholly-owned project company with an intention to auction a land parcel in Dunhua City to increase the Group's land reserve.

Properties completed, delivered and sale of properties recognized during the six months ended 30 September 2023

For the six months ended 30 September 2023, sales of properties of approximately RMB18.6 million were recorded with an aggregate gross floor area ("GFA") of 3,983 sq.m.which were mainly contributed from the sales of Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA which were completed in last financial year.

In addition, the Group delivered and recognized sale of car park units of approximately RMB2.4 million from the sale of 18 car park units for the six months ended 30 September 2023 (six months ended 30 September 2022: RMB5.8 million from the sale of 32 car park units).

Property Investment

As at 30 September 2023, the Group's investment properties are the retail shopping units at Baishan City which includes self-owned portion and leased portion. The fair value of the investment properties decreased from RMB550.4 million at 31 March 2023 to RMB522.4 million at 30 September 2023 with an average occupancy rate of 73% (At 31 March 2023: 76%).

FINANCIAL REVIEW

Key changes to profit or loss

Revenue

	Six months ended 30 September 2023		**Six months ended 30 September 2022**	
	RMB'000	*%*	*RMB'000*	*%*
Sale of properties	**21,009**	**47.8**	312,883	93.3
Rental income	**6,444**	**14.6**	5,982	1.8
Property management service income	**16,549**	**37.6**	16,640	4.9
	44,002	**100.0**	335,505	100.0

The Group's revenue decreased from RMB335.5 million for the six months ended 30 September 2022 to RMB44.0 million for the six months ended 30 September 2023 or a decrease by 86.9%, mainly contributed from the decrease in sale of properties by 93.3% or RMB291.9 million as compared with the corresponding period. The decrease in sales of properties during the six months ended 30 September 2023 was attributable to the fact that there were no newly completed property projects delivered during the period and the sale of the properties for the period were contributed from the sale of the remaining property units completed in prior years. During the six months ended 30 September 2023, the Group recognised sales of properties from Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA of approximately RMB12.8 million with an aggregate of GFA recognised of 3,070 sq.m..

During the six months ended 30 September 2022, the Group recognised sales of properties from Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA of RMB210.0 million and RMB97.1 million respectively upon the completion and delivery of these property projects.

Also, sales of car parks decreased from RMB5.8 million for the six months ended 30 September 2022 to RMB2.4 million for the six months ended 30 September 2023.

The property management service income and rental income for the six months ended 30 September 2023 and 30 September 2022 remained stable.

Gross profit and gross margin

	Six months ended 30 September 2023		**Six months ended 30 September 2022**	
	Gross Profit	**Gross margin**	**Gross Profit**	**Gross margin**
	RMB'000	*%*	*RMB'000*	*%*
Sale of properties	2,313	11.0	43,945	14.0
Rental income	6,444	100.0	5,976	99.9
Property management service income	7,084	42.8	4,353	26.2
Total	15,841	36.0	54,274	16.2

For the six months ended 30 September 2023, the Group recorded an overall gross profit of RMB15.8 million, representing a decrease of RMB38.4 million or 70.8% from the gross profit of RMB54.3 million for the six months ended 30 September 2022. The decrease in the Group's gross profit was primarily attributable to the fact that in the corresponding period last year there were two newly completed and delivered property projects of Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA during that period, whilst no new projects have been completed and delivered during the six months ended 30 September 2023. However, the Group's gross margin of 36.0% for the six months ended 30 September 2023 was higher than that of 16.2% for the six months ended 30 September 2022. The increase in the gross margin was mainly attributable to the fact that the gross profit contribution mix shifted during the period as there was significant decrease in contribution from the sale of properties.

Other income

The Group's other income decreased from RMB540.6 million for the six months ended 30 September 2022 to RMB0.3 million for the six months ended 30 September 2023 which was mainly attributable to the reversal of write-down of properties under development of RMB536.5 million, namely Ground Pine Township International Resort in Changbaishan, Fusong County ("Fusong Property Project"); and an exchange gain of RMB3.6 million arising from a bank deposit of approximately USD9.0 million held by a wholly-owned subsidiary in the PRC as a result of the strong US Dollars during the six months ended 30 September 2022. There was no such one-off gain recurred during the current period.

Selling and distribution expenses

The selling and distribution expenses for the six months ended 30 September 2022 and 2023 remained stable as no promotional activities were carried out for new property projects during the period.

Administrative expenses

The increase in administrative expenses by RMB5.6 million from RMB16.4 million for the six months ended 30 September 2022 to RMB22.1 million for the six months ended 30 September 2023 was mainly attributable to (i) an increase in travelling expenditure incurred for looking at new projects/businesses; (ii) an increase in office expenditure for the newly set-up offices in Dunhua City and Shenzhen City; and (iii) one-off placing commission for the placement of the Convertible Bonds.

Other expenses

Other expenses decreased from RMB4.7 million for the six months ended 30 September 2022 to RMB1.0 million for the six months ended 30 September 2023 as there was a decrease in impairment made on trade and other receivables for the six months ended 30 September 2023.

Finance costs

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**24,182**	35,217
Interest on Convertible Bonds	**2,752**	2,994
Interest on lease liabilities	**817**	1,607
Interest on loan from a controlling shareholder	**512**	–
	28,263	39,818
Less: interest capitalised into properties under development	**(3,100)**	–
	25,163	39,818

The decrease in finance costs by RMB14.7 million from RMB39.8 million for the six months ended 30 September 2022 to RMB25.2 million for the six months ended 30 September 2023 was mainly attributable to a decrease in interest on bank and other borrowings as a result of the repayment of certain bank loans during the period.

Change in fair value of investment properties

For the six months ended 30 September 2023, there was a loss in fair value of RMB28.0 million (six months ended 30 September 2022: RMB27.5 million) relating to the investment properties in the PRC. The further loss in fair value was primarily attributable to the continual decrease in market rent.

Change in fair value of derivative financial instruments

The derivative financial instruments represented the Company's early redemption right feature of the Convertible Bonds. A loss in fair value of approximately RMB23.9 million was recorded for the six months ended 30 September 2023 as a result of the volatility of the Company's share price and deterioration of its time value.

Income tax

	Six months ended 30 September	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	—	5,365
PRC Land Appreciation Tax	—	1,583
	—	6,948
Deferred tax		
Origination and reversal of temporary differences	**(6,240)**	94,162
Total (credit) charge	**(6,240)**	101,110

Current tax

The Group's current income tax represents Land Appreciation Tax (LAT) and Corporate Income Tax (CIT). For the six months ended 30 September 2023, the Group did not recognise any current income tax related to LAT provision and CIT provision. No LAT provision was made for the six months ended 30 September 2023 mainly due to fewer commercial properties units with higher profit margin delivered which is subject to LAT; and no CIT provision was made for the six months ended 30 September 2023 as no assessable profits were arisen during the period.

Deferred tax

A tax credit from deferred tax of RMB6.2 million was recorded for the six months ended 30 September 2023 (six months ended 30 September 2022: tax charge of RMB94.2 million) was mainly attributable by the reversal of taxable temporary differences arising from the decrease in fair value of investment properties during the period.

Key changes to financial position

Investment properties

As at 30 September 2023, the Group's investment properties are certain shopping mall units in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Service Company Limited (an independent professional qualified valuer). As at 30 September 2023, the fair value decreased by RMB28.0 million as compared to that as at 31 March 2023.

Properties under development and completed properties held for sale

As at 30 September 2023, the Group's properties under development was mainly Fusong Property Project, Guangze China House – Phase II and Guangze Jiuxi Red House – Phase II; and the completed properties held for sale were mainly unsold units Guangze Jiuxi Red House – Phase I and the remaining residential and commercial units and car parking spaces at projects completed in prior years.

The increase in the Group's properties under development and completed properties held for sale to approximately RMB1,630.2 million as at 30 September 2023 (As at 31 March 2023: approximately RMB1,597.8 million) was primarily attributable to the increase in construction costs relating to Guangze Jiuxi Red House – Phase II and Guangze China House – Phase II during the period; and partially offset by the properties delivered during the period.

According to the Group's accounting policy, the carrying values of the Fusong Property Project was stated at the lower of cost and net realisable value as 30 September 2023 and 31 March 2023. The net realisable value of the Fusong Property Project was estimated based on the valuation of the project carried out by an independent valuer. There has been no change in the valuation methodology and basis during the period.

Trade and other receivables

	Notes	**30 September 2023** **RMB'000**	31 March 2023 *RMB'000*
Trade receivables		**23,946**	21,489
Less: Provision for impairment		**(14,537)**	(14,537)
	(i)	**9,409**	6,952
Other receivables			
– Deposits for land development expenditure	*(ii)*	**22,095**	22,095
– Deposits for construction and pre-sale of property projects	*(iii)*	**6,741**	6,741
– Prepaid business tax and other taxes		**18,021**	18,190
– Other receivables, prepayments and deposits		**64,462**	53,010
Less: Provision for impairment	*(iv)*	**(70,934)**	(70,934)
		40,385	29,102
		49,794	36,054

(i) Trade receivables mainly related to rental receivable from tenants and property management fee receivables from property unit owners. At 30 September 2023, the trade receivable balance remained stable as compared to that at 31 March 2023.

(ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not the Group will obtain the land use rights of the land in the future.

(iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

(iv) The provision for impairment was caused by the worsening local economic environment in Jilin Province as well as certain prolonged aged debtors resulting in the significant increase in credit risk of certain debtors. At 30 September 2023, the provision for impairment balance remained stable as compared to that at 31 March 2023.

Trade and other payables

	Notes	30 September 2023 RMB'000	31 March 2023 RMB'000
Trade payables	*(i)*	**46,438**	48,099
Accrued construction costs	*(i)*	**310,457**	303,906
Amount due to a related company	*(ii)*	**14,903**	—
Interest payable		**10,755**	4,854
Other tax payable		**16,654**	21,903
Other creditors and accruals		**77,775**	43,544
Other deposits received		**30,567**	25,843
		507,549	448,149

(i) The net increases in trade payables and accrued construction costs from RMB48.1 million and RMB303.9 million as at 31 March 2023 to RMB46.4 million and RMB310.5 million as at 30 September 2023 respectively were mainly attributable to the construction costs incurred relating to the property projects; and partially offset by the gradual settlement of construction cost payable balances arising from the completed properties projects.

(ii) The amount due is unsecured, interest free and repayable within one year.

Contract liabilities

	Notes	30 September 2023 RMB'000	31 March 2023 RMB'000
Deposits from sale of properties	*(i)*	**102,250**	87,667
Receipt in advance from management services	*(ii)*	**14,783**	14,760
		117,033	102,427

(i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The increase in balance was mainly attributable to the pre-sales of in respect of Guangze Jiuxi Red House – Phase II and Guangze China House – Phase II during the period.

(ii) Receipt in advance from management services represent the fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

Liquidity and financial resources

Cash position

As at 30 September 2023, the carrying amount of cash and bank deposits of the Group was approximately RMB78.4 million (as at 31 March 2023: approximately RMB69.9 million), representing an increase of approximately 12.2% as compared with that as at 31 March 2023.

Debt and gearing

The Group's bank and other borrowings as at 30 September 2023 decreased by RMB26.3 million to RMB648.4 million which were payable as follows:

	30 September 2023 *RMB'000*	31 March 2023 *RMB'000*
Current	**418,354**	445,696
Non-current	**230,000**	229,000
	648,354	674,696
Analysed into:		
Bank loans and entrusted loan repayable:		
Within one year or on demand	**418,354**	445,696
In the second year	**1,000**	1,000
In the third year to fifth year, inclusive	**229,000**	228,000
	648,354	674,696

The Group's bank and other borrowings decreased from RMB674.7 million as at 31 March 2023 to RMB648.4 million as at 30 September 2023 attributable to the repayment of certain bank and other borrowings.

The Group's gearing ratio as at 30 September 2023 was as follows:

	30 September 2023 *RMB'000*	31 March 2023 *RMB'000*
Loans from a controlling shareholder	**358,980**	354,490
Bank and other borrowings	**648,354**	674,696
Trade and other payables	**507,549**	448,149
Less: Cash and cash equivalents	**(78,371)**	(69,939)
Less: Pledged and restricted deposits	**(3,928)**	(6,335)
Net debt	**1,432,584**	1,401,061
Liability component of the Convertible Bonds	**142,107**	90,052
Equity	**340,069**	397,612
Adjusted Capital	**482,176**	487,664
Capital and debt	**1,914,760**	1,888,725
Gearing ratio	**75%**	74%

The gearing ratio of the Group as at 30 September 2023, which is net debt divided by the adjusted capital plus net debt, remained stable as compared with that as at 31 March 2023.

Cash flows for the Group's operating activities

For the six months ended 30 September 2023, the Group recorded net operating cash outflow of RMB5.2 million (six months ended 30 September 2022: RMB21.3 million). The outflow for the six months ended 30 September 2023 was mainly attributable to the gradual settlement of construction cost payable balances arising from the completed property projects.

Utilisation of proceeds from fund raising activity

On 31 May 2023, the Company entered into a placing agreement with Kingston Securities Company Limited in respect of the placement of convertible bonds with an aggregate principal amount of up to HK$150.0 million to no less than six placees.

On 23 June 2023, the Company completed the placing of convertible bonds with an aggregate principal amount of HK$60 million (the "Placing"). Details of the Placing are set out in the Company's announcement dated 31 May 2023 and 23 June 2023.

The table below shows the utilisation of the proceeds from fund raising activities:

Intended use of the net proceeds	Allocation	Utilised net proceeds as at 30 September 2023	Unutilised net proceeds as at 30 September 2023
	RMB'000	*RMB'000*	*RMB'000*
Potential acquisition and/or projects investment in new business	30,850	—	30,850
Settlement of the Group's indebtedness and finance costs	19,484	17,056	2,428
Settlement of the Group's working capital	3,788	3,788	—
	54,122	20,844	33,278

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 30 September 2023, the Group had contracted but not provided for commitments for development expenditure in respect of properties under development of RMB188.6 million (as at 31 March 2023: RMB196.8 million). The development expenditure will be funded by the Group's internal resources and/or project loans.

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2023, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$) and United State Dollars (US$). As at 30 September 2023, approximately 3.1% and 59.2% of the Group's total cash and bank balance (including pledged bank deposits) were denominated in HK$ and US$ respectively (as at 31 March 2023: 4.4% and 60.9%) and the Group's total borrowings were all denominated in RMB (31 March 2023: 100%). The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB with HK$ and US$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimise the Group's financial risks.

CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure the repayment obligations of such purchasers. As at 30 September 2023, guarantees amounting to RMB187.9 million were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2023: RMB341.1 million). Such guarantees will be terminated upon the earlier of (i) the issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the relevant properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the period, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially is immaterial. Also, in case of default in payments, the net realisable value of the relevant property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

CHARGE ON ASSETS

As at 30 September 2023, the Group had the following assets pledged against bank and other loans granted:

	30 September 2023 *RMB'000*	31 March 2023 *RMB'000*
Investment properties	**371,900**	393,619
Properties under development	**1,217,364**	1,210,000
Completed properties held for sale	**8,069**	8,069

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 228 (as at 31 March 2023: 202) full-time employees. Total staff costs (including directors' emoluments) incurred for the six months ended 30 September 2023 amounted to approximately RMB9.7 million (six months ended 30 September 2022: RMB8.2 million). The increase in the total staff costs was mainly attributable to the increase in number of staff for the six months ended 30 September 2023 compared with the same period in 2022. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including share options, discretionary bonus, training allowance and provident fund.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2023.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has applied the principles in and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the reporting period.

REVIEW OF THE INTERIM RESULTS

The unaudited interim financial information for the six months ended 30 September 2023 has been reviewed by the auditor of the Company, Mazars CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The Group's interim financial information for the six months ended 30 September 2023 has also been reviewed by the audit committee of the Company.

EXTRACT OF AUDITOR'S INDEPENDENT REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

The following is an extract of the auditor's independent review report on the Company's interim financial information for the six months ended 30 September 2023. The report includes particulars of the emphasis of matter without modified opinion:

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with the HKAS 34 "Interim Financial Reporting".

Emphasis of matter

Without modifying our conclusion, we draw attention to note 2 to the condensed interim financial information which states that the Group's current portion of bank and other borrowings amounted to RMB418,354,000, while its unrestricted cash and cash equivalent amounted to RMB78,371,000. The Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financing to meet its loan repayment obligations. This condition indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors, having considered the measures being taken by the Group as disclosed in note 2 to the condensed interim financial information, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the Directors have prepared the condensed interim financial information on a going concern basis. The condensed interim financial information does not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our conclusion is not modified in respect of this matter.

The aforesaid "note 2 to the condensed interim financial information" in the extract from the auditor's independent review report is disclosed as note 2 in this result announcement.

By order of the Board
Hua Yin International Holdings Limited
Cui Xintong
Co-Chairperson

Hong Kong, 29 November 2023

As at the date of this announcement, the executive Directors of the Company are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; the non-executive Directors of the Company are Mr. Sui Guangyi and Mr. Cui Mindong; and the independent non-executive Directors of the Company are Mr. Tsang Hung Kei, Mr. Wang Xiaochu and Mr. Wang Xueguang.

* *The English names of the PRC entities referred to in this announcement are transliterations from their Chinese names and are for identification purposes only, and should not be regarded as the official English name(s) of such Chinese name(s). If there is any inconsistency, the Chinese name shall prevail.*