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Min Fu International Holding Limited
民富國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8511)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the director (collectively the “**Directors**” and individually a “**Director**”) of Min Fu International Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

The Company recorded an unaudited revenue of approximately HK\$12.4 million for the six months ended 30 September 2023, representing an increase of approximately 2.9% as compared to the corresponding period of the previous year.

The Company recorded an unaudited loss attributable to the owners of the Company of HK\$9.0 million for the six months ended 30 September 2023, compared to the loss of HK\$13.6 million in the corresponding period of the last year, the decrease was mainly attributed to the increase in gross profit.

Basic and diluted losses per share for the six months ended 30 September 2023 were approximately HK1.38 cents (2022: basic and diluted losses per share approximately HK2.70 cents).

The board of Directors (the “**Board**”) of the Company presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (the “**Reporting Period**”), together with the comparative unaudited figures for the corresponding period of 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	11,739	5,036	12,390	12,045
Cost of sales	4	(6,620)	(4,042)	(6,704)	(8,106)
Gross profit		5,119	994	5,686	3,939
Selling and marketing expenses	4	(540)	(595)	(1,082)	(1,807)
Administrative expenses	4	(5,314)	(5,307)	(11,332)	(11,336)
Other income		33	220	38	231
Other (losses)/gains – net		(62)	(787)	(637)	(972)
Operating loss		(764)	(5,475)	(7,327)	(9,945)
Finance (cost)/income – net	4	(111)	(287)	(269)	(548)
Loss before income tax		(875)	(5,762)	(7,596)	(10,493)
Income tax expense	5	(374)	(87)	(374)	(299)
Loss for the period		(1,249)	(5,849)	(7,970)	(10,792)
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operation		(4,188)	(1,495)	(1,281)	(2,750)
Other comprehensive income for the period, net of income tax		(4,188)	(1,495)	(1,281)	(2,750)
Total comprehensive income		(5,437)	(7,344)	(9,251)	(13,542)

	<i>Note</i>	For the three months ended		For the six months ended	
		30 September		30 September	
		2023	2022	2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period					
attributable to:					
The owners of the Company		(1,290)	(5,849)	(7,728)	(10,792)
Non-controlling interest		41	–	(242)	–
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive loss					
for the period		<u>(1,249)</u>	<u>(5,849)</u>	<u>(7,970)</u>	<u>(10,792)</u>
Total comprehensive loss for					
the period attributable to:					
The owners of the Company		(5,478)	(7,344)	(9,009)	(13,542)
Non-controlling interest		41	–	(242)	–
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive loss					
for the period		<u>(5,437)</u>	<u>(7,344)</u>	<u>(9,251)</u>	<u>(13,542)</u>
Losses per share					
– Basic and diluted (<i>HK cents</i>)	7	<u>(0.2)</u>	<u>(1.46)</u>	<u>(1.38)</u>	<u>(2.70)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2023	31 March 2023
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property and equipment	8	7,879	9,714
Right-of-use assets		1,133	7,413
Intangible assets		6,436	8,282
Other investment		4,505	–
Prepayments		–	5,142
		<u>19,953</u>	<u>30,551</u>
Current assets			
Trade receivables	9	11,280	12,425
Other receivables	10	10,193	1,545
Prepayments		15,408	9,303
Restricted cash		129	3,823
Cash at bank and on hand		14,836	4,301
		<u>51,846</u>	<u>31,397</u>
Total assets		<u>71,799</u>	<u>61,948</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	562	375
Other reserves		80,814	59,759
Accumulated losses		(37,925)	(30,197)
Non-controlling interest		(138)	(39)
		<u>43,313</u>	<u>29,898</u>

		30 September	31 March
		2023	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	<i>13</i>	607	4,949
Deferred tax liabilities		1,155	1,267
		1,762	6,216
Current liabilities			
Trade payables	<i>11</i>	1,306	689
Other payables	<i>12</i>	17,227	13,285
Contract liabilities		1,957	3,352
Borrowings		4,886	5,543
Current income tax liabilities		788	426
Lease liabilities	<i>13</i>	560	2,539
		26,724	25,834
Total Liabilities		28,486	32,050
Total equity and liabilities		71,799	61,948

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserves <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Equity attributable to owners of the Company <i>HK\$'000</i>	Non- controlling interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2022 (Audited)	312	51,640	163	3,157	3,067	(1,946)	56,393	–	56,393
Comprehensive income									
– Loss for the period	–	–	–	–	–	(10,792)	(10,792)	–	(10,792)
– Other comprehensive income	–	–	–	(2,750)	–	–	(2,750)	–	(2,750)
Total comprehensive income	–	–	–	(2,750)	–	(10,792)	(13,542)	–	(13,542)
Balance at 30 September 2022 (Unaudited)	312	51,640	163	407	3,067	(12,738)	42,851	–	42,851
Balance at 1 April 2023 (Audited)	375	56,877	163	(348)	3,067	(30,197)	29,937	(39)	29,898
Comprehensive income									
– Loss for the period	–	–	–	–	–	(7,728)	(7,728)	(242)	(7,970)
– Other comprehensive income	–	–	–	(1,281)	–	–	(1,281)	–	(1,281)
Total comprehensive income	–	–	–	(1,281)	–	(7,728)	(9,009)	(242)	(9,251)
Issue of rights shares	187	23,802	–	–	–	–	23,989	–	23,989
Transaction cost attributable to issue of rights shares	–	(1,467)	–	–	–	–	(1,467)	–	(1,467)
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	–	144	144
Balance at 30 September 2023 (Unaudited)	562	79,212	163	(1,629)	3,067	(37,925)	43,450	(137)	43,313

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September 2023 <i>HK\$'000</i> (Unaudited)	30 September 2022 <i>HK\$'000</i> (Unaudited)
Cash flow from operating activities		
Cash used in operations	(9,625)	3,028
Income tax paid	—	—
Net cash (used in)/generated from operating activities	<u>(9,625)</u>	<u>3,028</u>
Cash flows from investing activities		
Bank interest income received	21	9
Consideration paid for acquisition of investment	(1,418)	—
Purchase of equipment	—	(664)
Purchase of intangible assets	—	(4,371)
Net cash used in investing activities	<u>(1,397)</u>	<u>(5,026)</u>
Cash flows from financing activities		
Proceeds from borrowings	—	5,534
Repayment of borrowings	(322)	(2,467)
Interest on borrowings	(128)	(210)
Net proceeds from issuance of rights shares	22,525	—
Capital contribution from non-controlling interest of a subsidiary	143	—
Principal element of lease rental paid	(499)	(1,101)
Interest element of lease rental paid	(162)	(347)
Net cash generated from financing activities	<u>21,557</u>	<u>1,409</u>
Net decrease in cash and cash equivalents	10,535	(589)
Cash and cash equivalents at beginning of the period	4,301	3,738
Exchange gains on cash and cash equivalents	—	—
Cash and cash equivalents at end of the period	<u>14,836</u>	<u>3,149</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Min Fu International Holding Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 June 2017 as an exempted company with limited liability. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 April 2018. The address of its registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in i) smart manufacturing solutions business and ii) agency services for burial business in the People’s Republic of China (the “**PRC**”).

The condensed consolidated interim financial statements have not been audited.

2 BASIS OF PRESENTATION

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements except for the adoption of the standards, amendments and interpretation issued by the HKICPA mandatory for the annual periods beginning on 1 April 2023. The effect of the adoption of these standards, amendments and interpretation is not material on these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 comprises the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The unaudited condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand except for otherwise indicated. The Company’s functional and the Group’s presentation currency are both HK\$.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

3 REVENUE AND SEGMENT INFORMATION

The Chief Operating Decision-Maker (“CODM”) has been identified as the executive directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in two operating segments.

The principal activities of the Group consist of i) smart manufacturing solutions business; and ii) burial business in the PRC.

a) Revenue

Revenue represents revenue from i) smart manufacturing solutions business; and ii) burial business.

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Smart Manufacturing Solutions Business				
– Sales of equipment	9,993	3,935	9,993	9,581
– Technical services	–	652	–	1,363
	<u>9,993</u>	<u>4,587</u>	<u>9,993</u>	<u>10,944</u>
Burial Business				
– Agency services for sale of burial plots and columbarium units	1,099	449	1,750	1,101
	<u>1,099</u>	<u>449</u>	<u>1,750</u>	<u>1,101</u>
Others	<u>647</u>	–	<u>647</u>	–
Total	<u><u>11,739</u></u>	<u><u>5,036</u></u>	<u><u>12,390</u></u>	<u><u>12,045</u></u>

b) Segment Information

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the Group's CODM being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

- smart manufacturing solutions business: sales of equipment and provision of relevant technical service in the PRC
- burial business: provision of agency services for sale of burial plots and columbarium units and provision of other burial-related services in the PRC

Segment results

Segment results represent the loss before tax from each segment except for the unallocated corporate expenses, being central administrative costs.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	For the six months ended 30 September 2023 (Unaudited)			
	Smart Manufacturing Solution Business HK\$'000	Burial Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment revenue	9,993	1,751	646	12,390
Reportable segment loss before income tax	(3,591)	(1,125)	(2,874)	(7,590)
Amounts included in the measure of segment loss:				
Interest expenses	(104)	(186)	–	(290)
Depreciation				
– Property and equipment	1,140	–	–	1,140
– Rights-of-use assets	–	788	–	788
Amortisation	1,705	–	–	1,705
Interest income	21	–	–	21

For the six months ended 30 September 2022 (Unaudited)

	Smart Manufacturing Solution Business <i>HK\$'000</i>	Burial Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue	10,944	1,101	–	12,045
Reportable segment loss before income tax	(4,263)	(2,892)	(3,338)	(10,493)
Amounts included in the measure of segment loss:				
Interest expenses	(305)	(23)	(22)	(557)
Depreciation				
– Property and equipment	(524)	(278)	–	(802)
– Rights-of-use assets	(19)	(925)	–	(944)
Amortisation	(1,348)	–	–	(1,348)
Interest income	9	–	–	9

All of the Group's revenue was derived in the PRC during the six months ended 30 September 2023 (2022: same).

All of the Group's non-current assets were located in the PRC as at 30 September 2023 and 2022.

4 EXPENSES BY NATURE

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of goods sold	6,620	4,042	6,704	8,106
Professional fees	28	561	326	1,055
Travelling expenses	120	65	498	277
Staff costs	2,304	2,568	4,641	4,648
Entertainment expenses	447	239	730	402
Lease payments	289	217	788	376
Outsourced research and development expenses	671	551	1,187	3,146
Advertising and promotion fees	172	10	470	12
Office utilities	136	35	145	42
Depreciation and amortisation	1,334	1,640	2,845	3,094
Auditors' remuneration	94	–	94	–
Other expenses	259	16	690	91
Total cost of sales, selling and marketing expenses and administrative expenses	12,474	9,944	19,118	21,249
Interest income from bank deposit	(3)	(6)	(21)	(9)
Finance income	(3)	(6)	(21)	(9)
Interest in bank loan and other charges	58	79	106	210
Interest on lease liabilities	56	214	184	347
Finance costs	114	293	290	557
Finance costs/(income) – net	111	287	269	548

5 INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
– PRC corporate income tax	374	87	374	299
– Others	–	–	–	–
Deferred income tax	–	–	–	–
	<u>374</u>	<u>87</u>	<u>374</u>	<u>299</u>

No income tax relating to components of other comprehensive income was charged for the six months ended 30 September 2023 (2022: same).

- (a) Pursuant to the Corporate Income Tax Law of the People’s Republic of China (the “**CIT Law**”) and the Implementation Rules of the CIT Law in the PRC, the standard tax rate is 25% for the Group’s subsidiaries and operations in the PRC.

On 11 December 2017, Quick Tech Corporation Ltd. (“**Quick Tech**”), the Group’s subsidiary incorporated in the PRC, was awarded the High and New Technology Enterprise which effective for three years commencing on 1 January 2017 and is entitled to preferential income tax rate of 15% for these three years. In 2020, Quick Tech had successfully renewed and granted this preferential tax treatment of 15% for three years. Accordingly, tax rate of 15% (2022:15%) has been applied for the current income tax and deferred income tax for the six months ended 30 September 2023.

- (b) Hong Kong Cheng Phong Technology Limited (“**Hong Kong Cheng Phong**”), Bow Chak Industry (HK) Limited (“**Bow Chak**”) and MGW Swans Ltd. (“**MGW Swans**”) are the Group’s subsidiaries incorporated in Hong Kong and the BVI. However, their principal businesses for the six months ended 30 September 2023 and 2022 were carried out in the PRC and the related income was subject to PRC corporate income tax. Hong Kong Cheng Phong, Bow Chak and MGW Swans were approved by the PRC in-charge tax bureau to pay PRC income tax on a “deemed profit basis”, according to which their taxable income was calculated at 15% (2022:15%) of revenue for the six months ended 30 September 2023.
- (c) The statutory Hong Kong Profits Tax rate is 16.5% (2022:16.5%). No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong for six months ended 30 September 2023 and 2022.
- (d) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

The Company’s subsidiaries in the BVI were incorporated under the International Business Companies Act of the BVI and are exempted from the BVI income tax.

6 DIVIDENDS

The Directors did not recommend the payment of any interim dividend for the six months ended 30 September 2023 (2022: nil).

7 LOSSES PER SHARE

Basic losses per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the six months ended 30 September 2023 and 2022.

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company (<i>HK\$'000</i>)	(1,290)	(5,849)	(7,728)	(10,792)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	<u>636,452</u>	<u>400,000</u>	<u>558,654</u>	<u>400,000</u>
Basic losses per share (<i>HK cents</i>)	<u>(0.20)</u>	<u>(1.46)</u>	<u>(1.38)</u>	<u>(2.70)</u>

Diluted losses per share presented is the same as the basic losses per share as there were no potentially dilutive ordinary shares issued during the six months ended 30 September 2023 (2022: same).

8 EQUIPMENT

During the six months ended 30 September 2023, the Group have no purchase and disposal of equipment (corresponding period in 2022: purchase of HK\$4.9 million and no disposal).

9 TRADE RECEIVABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables	13,143	14,288
Less: provision for credit losses	<u>(1,863)</u>	<u>(1,863)</u>
	<u>11,280</u>	<u>12,425</u>

(a) As at 30 September 2023, aging analysis of trade receivables based on invoice date is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within 30 days	6,684	7,115
1 to 6 months	169	3,449
6 months to 1 year	4,984	2,381
Over 1 year	<u>1,306</u>	<u>1,343</u>
	<u>13,143</u>	<u>14,288</u>

The credit period of trade receivables is 90 – 180 days.

(b) As at 30 September 2023 and 31 March 2023, management made assessment on the expected credit losses of trade receivables. The provision for impairment of trade receivables as at 30 September 2023 and 31 March 2023 reconciles to the opening provision are as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
At beginning of the period/year	1,863	311
Provision for impairment of trade receivables	–	1,571
Currency translation difference	<u>–</u>	<u>(19)</u>
At the end of the period/year	<u>1,863</u>	<u>1,863</u>

10 OTHER RECEIVABLES

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Advance to employees	2,241	384
Deposit paid to suppliers	6,229	–
Tendering deposits	288	1,007
Others	1,435	154
	<u>10,193</u>	<u>1,545</u>

11 TRADE PAYABLES

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables	<u>1,306</u>	<u>689</u>

(a) As at 31 March 2023, ageing analysis of trade payables based on invoice date is as follows:

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Within 1 year	1,066	340
Over 1 year	240	349
	<u>1,306</u>	<u>689</u>

12 OTHER PAYABLES

	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Accrued expenses	2,786	3,039
Consideration payable	3,087	–
Other payables	2,622	1,668
Other tax liabilities	182	189
Payroll payables	722	1,325
Amount due to a related party	–	2,492
Amounts due to directors	7,828	4,572
	<u>17,227</u>	<u>13,285</u>

13 LEASE LIABILITIES

	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current	560	2,539
Non-current	607	4,949
	<u>1,156</u>	<u>7,488</u>

The Group leases various properties for the use of office and motor vehicles. The Group has the option to purchase the motor vehicles under hire purchase arrangement. These lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

14 SHARE CAPITAL

	Number of ordinary shares	Share capital US\$	Share capital HK\$
Authorised:			
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	<u>5,000,000,000</u>	<u>500,000</u>	<u>3,905,000</u>
Issued and fully paid:			
At 1 April 2022, 30 September 2022	<u>400,000,000</u>	<u>40,000</u>	<u>312,400</u>
At 1 April 2023	480,000,000	48,000	374,400
Issuance of Rights Shares on 2 August 2023 (<i>Note 1</i>)	<u>239,893,183</u>	<u>23,989</u>	<u>187,117</u>
At 30 September 2023	<u>719,893,183</u>	<u>71,989</u>	<u>561,517</u>

Note: On 30 May 2023, the Board proposes to conduct the rights issue (the “**Right Issue**”) on the basis of one rights share (the “**Rights Shares**”) for every two issued shares of the Company (the “**Shares**”) held at the subscription price of HK\$0.1 per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares. The Rights Issue was completed on 2 August 2023 pursuant to which the Company has allotted and issued 239,893,183 the Rights Shares. The net proceeds derived from the Rights Issue amounted to approximately HK\$22,523,000 and resulted in the increase in share capital of approximately HK\$187,000 and share premium of approximately HK\$22,336,000, net of transaction costs of approximately HK\$1,466,000.

15 RELATED PARTY TRANSACTIONS

(a) Name and relationship with a related party

Name	Relationship
Tecway Technology Limited (“ Tecway Technology ”)	Shareholder of the Company
Ms. Ye Jialing (“ Ms. Ye ”)	Executive Director of the Company

(b) Balance with related party

	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Other payables		
– Tecway Technology	–	2,492
– Ms. Ye	<u>7,828</u>	<u>4,572</u>
At the end of the period/year	<u><u>7,828</u></u>	<u><u>7,064</u></u>

Other payables represented advances from related parties of the Company, which are non-trade in nature, unsecured, interest-free and repayable on demand.

16 REVIEW OF INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 September 2023 has been reviewed by the Audit Committee with no disagreement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of i) smart manufacturing solutions including sales of equipment and provision of relevant technical service; and ii) agency services for sale of burial plots and columbarium units and provision of other burial-related services, in the PRC.

Smart Manufacturing Solution Business

The Group is a smart manufacturing solution provider focusing on precision 3D testing solutions and precision machining solutions in China. The Company provides smart manufacturing solutions to serve the needs of highend equipment manufacturers which require a high level of precision in the manufacture of their industrial products. Its solutions comprise and integrate various equipment and services, ranging from solution concept and design, procurement of machinery, auxiliary tools and software and system installation and debugging to provision of aftersales services such as technical support and training.

For the six months ended 30 September 2023, the Group continued to devote great efforts in expanding the market scopes, approaching new customers in various industries and regions, and maintaining the productive relationships with existing customers. As at 30 September 2023, the Group had 5 on-going projects, which were all precision 3D scanning solutions projects.

The Group had been persisting in developing new technology, including new auxiliary tools design and relevant software applications. As of 30 September 2023, the Group has 31 registered patents, including 6 invention patents and 25 utility model patents as well, and 22 invention patents and 1 utility model patents in the registration process.

Burial Business

The Group's burial business consists of agency services for sale of burial plots and columbarium units, which includes the right to use the burial plots and headstones and other ancillary products to be used on the burial plots, and the right to use the columbarium units. Burial business contributed approximately of 14.1% of its revenue for the six months ended 30 September 2023 (2022: 9.1%). The Group's revenue from burial business, in particular, the agency services for sale of burial plots, for a given period is dependent upon the number and the average selling price of burial plots sold and recognized as revenue during the financial period.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2023, the Group recorded revenue of approximately HK\$12.4 million, representing an increase of approximately 2.9% comparing with that of approximately HK\$12.0 million for the six months ended 30 September 2022. The increase in revenue was mainly due to the burial business contributed HK\$1.8 million during the six months ended 30 September 2023 (corresponding period in 2022: HK\$1.1 million).

Gross profit

Gross profit increased by 44.4% to HK\$5.7 million for the six months ended 30 September 2023 from HK\$3.9 million for the six months ended 30 September 2022, which was primarily due to the contribution from burial business.

Selling and marketing expenses

Selling and marketing expenses decreased by HK\$0.7 million to HK\$1.1 million for the six months ended 30 September 2023 (corresponding period in 2022: HK\$1.8 million), which was mainly due to decrease in research and development expenses for smart manufacturing solutions business.

Administrative expenses

Administrative expenses were approximately to HK\$11.3 million for the six months ended 30 September 2023, which was similar with corresponding period in 2022 (HK\$11.3 million).

Loss for the period

Loss for the period decreased by 26.1% to HK\$8.0 million for the six months ended 30 September 2023 from HK\$10.8 million for the six months ended 30 September 2022. Such decrease was mainly due to the increase in gross profit.

GEARING RATIO

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings, amount due to a related party and amount due to a director net of cash and cash equivalents and restricted cash) divided by total equity as at 30 September 2023 was N/A (31 March 2023: 15%).

As at 30 September 2023, the Group had a two-year credit loan of HK\$4.9 million with annual interest rate is 4.1%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2023, the cash and cash equivalents of the Group was approximately HK\$14.8 million (31 March 2023: HK\$4.3 million). The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities and equity financing.

CAPITAL STRUCTURE

On 30 May 2023, the Board proposes to conduct the rights issue on the basis of one (1) rights share (the “**Right Share**”) for every two (2) Shares held as at the record date at the subscription price of HK\$0.1 (the “**Subscription Price**”) per Rights Share, to raise up to HK\$24 million before expenses by way of issuing up to 240,000,000 Rights Shares.

On 3 July 2023, a total of 8 valid acceptances and applications had been received for a total of 19,893,183 Rights Shares, representing approximately 8.29% of the total number of Rights Shares offered under the Rights Issue. Based on the above results of valid acceptances and applications, the total number of untaken shares (the “**Untaken Shares**”) subject to the compensatory arrangements under Rule 10.31(1) of the GEM Listing Rules shall be 220,106,817 Rights Shares.

On 21 July 2023, 220,000,000 Untaken Shares, representing approximately 99.95% of the total number of 220,106,817 Untaken Shares, were successfully placed at the placing price of HK\$0.1 per Share (the “**Placing**”), which is equal to the Subscription Price, under the Placing.

On 2 August 2023, based on the results of acceptance of the Rights Issue and the results of the Placing, the Rights Shares to be allotted and issued amounted to 239,893,183 Rights Shares, representing approximately 99.96% of the total number of Rights Shares offered for subscription under the Rights Issue.

For details of the Rights Issue and the Placing, please refer to the announcements of the Company dated 30 May 2023, 20 June 2023, 10 July 2023 and 1 August 2023 and the listing document dated 16 June 2023.

Save as disclosed above, there was no other material change in the capital structure of the Group during the six months ended 30 September 2023. As at 30 September 2023, the Company has 719,893,183 Shares in issue. Details are set out in Note 14 to the unaudited condensed consolidated financial statements.

USE OF NET PROCEEDS FROM THE PLACING OF NEW SHARES

On 2 August 2023, 239,893,183 Rights Share, have been issued and allotted at the Subscription Price of HK\$0.1 per Rights Share. The net proceeds from the Placing are approximately HK\$22,523,000 after deducting placing commissions and other costs related to the Rights Issue. The Company has been applying the net proceeds according to the use of proceeds stated in the announcement of the Company dated 1 August 2023. Use of net proceeds as at 30 September 2023 are listed as follows:

	Planned		Actual use of proceeds from 2 August 2023 to		Unutilized net proceeds as at	
	use of proceeds <i>HK\$'000</i>	Percentage of net proceeds	30 September 2023 <i>HK\$'000</i>	Percentage of net proceeds	30 September 2023 <i>HK\$'000</i>	Percentage of net proceeds
Support the upfront working capital requirement of the Equipment Manufacturing and System Construction Service Agreement	14,700	65.3%	6,229	42.4%	8,471	57.6%
Recruitment of additional I.T. talents	1,500	6.6%	163	10.9%	1,337	89.1%
General working capital	<u>6,323</u>	<u>28.1%</u>	<u>5,292</u>	<u>83.7%</u>	<u>1,031</u>	<u>16.3%</u>
	<u><u>22,523</u></u>	<u><u>100.0%</u></u>	<u><u>11,684</u></u>	<u><u>51.9%</u></u>	<u><u>10,839</u></u>	<u><u>48.1%</u></u>

EXCHANGE RATE RISK EXPOSURE

For the operating entities of the Company that are incorporated in Hong Kong and the British Virgin Islands, their functional currencies are United States dollars (“US\$”). As certain trade and other receivables, bank balances, lease liabilities, trade and other payables of overseas entities are denominated in HK\$ or Euro (“EUR”) or Renminbi (“RMB”), currencies other than the functional currencies of the entities may cause the foreign exchange risk. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to US\$, the Board considers that there is no significant foreign exchange risk with respect to HK\$. Therefore, the foreign exchange risk mainly arises from the monetary assets and liabilities denominated in EUR and RMB, which the Board considers as not significant to the Group. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

Because of the fluctuation in the exchange rate of the functional currencies of the group entities, mainly RMB and US\$, to the Group’s presentation currency, HK\$, the Group recorded a loss in other comprehensive income of HK\$1.3 million for the six months ended 30 September 2023.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group did not have any capital commitments.

CONTINGENT LIABILITIES

Save as disclosed in note 15 to the Financial Statements, the Group did not have any significant contingent liabilities as at 30 September 2023.

CHARGES ON GROUP ASSETS

As at 30 September 2023, save for the restricted cash approximately of HK\$0.1 million (31 March 2023: HK\$3.8 million) and the motor vehicles under hire purchase arrangement is secured by the lessors’ charge over the leased assets with net book values of approximately of HK\$Nil (31 March 2023: HK\$4.5 million), the Group did not have any pledge on its assets.

SIGNIFICANT INVESTMENTS

Save for the completion of investment in 20% equity interest in the Huanggang Fuyuan Culture Development Co., Ltd., the Group did not have any other significant investments during the six months ended 30 September 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2023, the Group did not have any plans for material investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 September 2023, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEES AND EMOLUMENT POLICIES

The Group had 41 employees (including executive Directors) as at 30 September 2023 (31 March 2023: 27 employees). The Company relies on its employees to provide smart manufacturing solutions to its customers. In order to recruit, develop and retain talented employees, the Group offers competitive remuneration packages to its staff, including internal promotion opportunities and performance-based bonus. The Company generally has a fixed term employment contract with its employees such as administrative and finance staff and the Company generally renews the employment contract with such employees on a yearly basis.

PRINCIPAL RISKS AND UNCERTAINTIES

Business risk

The principal business of the Group is to provide smart manufacturing solutions to its customers on a project basis. As the Company does not have any long-term contractual arrangements with its customers, there is no assurance that the Company will continue to secure new contracts or maintain or increase its current level of business activities with existing or future customers in the future. Therefore, the Group is increasing its sales and marketing efforts, expanding its sales force, sales spots and sales coverage, aiming to continuously get new tenders and secure contracts from more customers.

The Group's major customers are high-end equipment manufacturers in the aviation, aerospace, shipbuilding, ground transportation vehicles and electronics industries. The market for smart manufacturing solutions is characterised by rapidly changing technologies and evolving developments. The success of its business is dependent upon its ability to continuously develop, in a timely manner, new technological applications through research and development and introduce new solution designs to cater its customers' requirements. Therefore, the Group intends to increase its research and development efforts, establish its own research and development centers, recruit more technical staff, so as to hold its edges in terms of technology.

Credit risk

Credit risk mainly arises from cash at banks, restricted cash, trade and other receivables. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Interest rate risk

The Group's interest-bearing asset and liability are borrowings and cash at banks. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Directors consider the interest rate risk with respect to cash at banks to be insignificant to the Group. The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows. The Group met cash flow needs through internally generated cash flows from operation and borrowings from financial institutions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2023 (2022: nil).

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

For the six months ended 30 September 2023, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in shares or underlying shares of the Company

Name of Director	Nature of interest	Ordinary shares held	No. of underlying shares held	Percentage of interest
Mr. Huang Minzhi (“Mr. Huang”)	Beneficial owner	122,461,800	–	17.01%

Save as disclosed above and so far the Directors, as at 30 September 2023, none of the Directors and chief executive of the Company had any interests or short positions in the share, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred therein; or (c) pursuant to Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

So far as was known to the Directors, as at the date of this announcement, the following persons had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Substantial Shareholder	Long/short position	Capacity	Number of shares	Percentage of interest
Mr. Huang	Long position	Beneficial owner	122,461,800	17.01%

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 26 March 2018 which took effect on 20 April 2018, being the date of listing of the shares of the Company on GEM of the Stock Exchange.

No share options have been granted, exercised or cancelled under the Share Option Scheme since its adoption date and up to the date of this announcement. The Scheme will remain in force for a period of 10 years after the date of adoption.

INTERESTS IN COMPETING BUSINESS

For the six months ended 30 September 2023, none of the Directors or any of their respective close associates (as defined under the GEM Listing Rules) are engaged in any business that competes or may compete, directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group nor are they aware of any other conflicts of interest which they have or may have with the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company had not entered into any connected transaction or continuing connected transactions which are subject to the disclosure requirements under the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events requiring disclosure that has taken place subsequent to 30 September 2023 and up to the date of this announcement.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Standard of Dealings**”), as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he or she has complied with the required Standard of Dealings for the six months ended 30 September 2023.

CHANGE OF THE DIRECTORS’ INFORMATION

With effect from 24 April 2023, Mr. Leung Gavin L. has resigned as (i) an independent non-executive Director, and (ii) the chairman of the audit committee, in order to devote more time to his personal business developments.

With effect from 20 July 2023, Mr. Lu Shengwei has been appointed as (i) an independent non-executive Director, and (ii) the chairman of the audit committee.

With effect from 1 August 2023, Mr. Ning Jie has been resigned as (i) an independent non-executive Director; (ii) the member of the audit committee; (iii) the member of the remuneration committee; and (iv) the member of the nomination committee.

With effect from 1 August 2023, Ms. Du Li has been appointed as (i) an independent non-executive Director; (ii) the member of the audit committee; (iii) the member of the remuneration committee; and (iv) the member of the nomination committee.

Save as disclosed above, there are no other changes of the Directors’ information to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules since the date of the 2023 annual report of the Company.

CORPORATE GOVERNANCE PRACTICES

The corporate governance practices of the Group are based on the principles and the code provisions in the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules.

There was a deviation from code provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company considers that having Mr. Zeng Weijin (“**Mr. Zeng**”) acting as both its chairman of the Board and its chief executive officer will provide a strong and consistent leadership to the Group and allow for more effective planning and management for the Group. In view of Mr. Zeng’s extensive experience in the industry, personal profile and critical role in the Group and its historical development, the Company considers that it is beneficial to the business prospects of the Group that Mr. Zeng continues to act as both its chairman and its chief executive officer.

The Company has complied with the applicable code provisions of the Code as set out in Appendix 15 to the GEM Listing Rules for the six months ended 30 September 2023.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lu Shengwei. The other members are Ms. Du Li and Mr. Zhou Wenming. All members of the Audit Committee are appointed by the Board.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, to oversee financial reporting system, the internal control and risk management systems of the Group and to monitor continuing connected transactions (if any).

The audit committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The audit committee has discussed and reviewed the unaudited financial information and the interim report for the six months ended 30 September 2023.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the Reporting Period.

By order of the Board
Min Fu International Holding Limited
Zeng Weijin
Chairman and Chief Executive Officer

Hong Kong, 10 November 2023

As at the date of this announcement, the executive Directors are Mr. Zeng Weijin, Ms. Ye Jialing and Mr. Huang Minzhi, non-executive Directors are Mr. Zhou Ruizhao, Ms. Zhang Xiaoling and Ms. Li Xiaoxuan and the independent non-executive Directors are Mr. Lu Shengwei, Ms. Du Li and Dr. Zhou Wenming.

This announcement will be available on the Company's website www.minfuintl.com and will remain on the "Latest Listed Company Information" page on the HKEXnews website at www.hkexnews.hk for at least 7 days from the date of its posting.