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**SIN  STAR**

**中國華星**

**China Sinostar Group Company Limited**

**中國華星集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 485)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of China Sinostar Group Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 which has been reviewed by the audit committee of the Company (the “**Audit Committee**”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023*

		<b>Six months ended 30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	3	<b>22,397</b>	10,203
Cost of sales		<u><b>(18,237)</b></u>	<u>(3,247)</u>
Gross profit		<b>4,160</b>	6,956
Other gain and loss	5	<b>79</b>	110
Administrative expenses		<b>(4,751)</b>	(30,226)
Finance costs		<u><b>(1,251)</b></u>	<u>(2,602)</u>
<b>Loss before tax</b>	6	<b>(1,763)</b>	(25,762)
Income tax expenses	7	<u><b>(732)</b></u>	<u>(190)</u>
<b>Loss for the period</b>		<b>(2,495)</b>	(25,952)
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u><b>(17,925)</b></u>	<u>(37,274)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(20,420)</b></u>	<u><b>(63,226)</b></u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
– Basic and diluted	9	<u><b>(1.17)</b></u>	<u>(12.19)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2023*

		<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	10	<b>33,667</b>	35,831
Property, plant and equipment	10	<b>27,739</b>	31,762
Right-of-use assets	10	<b>91</b>	272
		<hr/> <b>61,497</b> <hr/>	<hr/> 67,865 <hr/>
<b>Current assets</b>			
Trade receivables, deposits and other receivables	11	<b>33,423</b>	23,887
Properties for sale under development	12	<b>14,042</b>	112,169
Properties held for sale		<b>162,128</b>	99,112
Bank balances and cash		<b>4,500</b>	4,196
		<hr/> <b>214,093</b> <hr/>	<hr/> 239,364 <hr/>
<b>Current liabilities</b>			
Amount due to a director	13	–	86
Amount due to immediate holding company	13	<b>343</b>	7,728
Trade payables and accrued charges	14	<b>23,378</b>	26,296
Lease liabilities		<b>110</b>	301
Contract liabilities		<b>7,895</b>	5,749
Current tax liabilities		<b>5,349</b>	5,304
Borrowings	15	<b>20,404</b>	21,716
Bonds payable	16	<b>6,764</b>	8,282
		<hr/> <b>64,243</b> <hr/>	<hr/> 75,462 <hr/>
<b>Net current assets</b>		<hr/> <b>149,850</b> <hr/>	<hr/> 163,902 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>211,347</b> <hr/>	<hr/> 231,767 <hr/>
<b>NET ASSETS</b>		<hr/> <b>211,347</b> <hr/>	<hr/> 231,767 <hr/>
<b>Capital and reserves</b>			
Share capital	17	<b>2,128</b>	2,128
Reserves		<b>209,219</b>	229,639
<b>TOTAL EQUITY</b>		<hr/> <b>211,347</b> <hr/>	<hr/> 231,767 <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2023 (audited)	<u>2,128</u>	<u>394,379</u>	<u>(12,280)</u>	<u>577,204</u>	<u>64,349</u>	<u>(794,013)</u>	<u>231,767</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,495)</u>	<u>(2,495)</u>
<b>Other comprehensive loss:</b>							
Exchange difference arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>(17,925)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,925)</u>
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>(17,925)</u>	<u>-</u>	<u>-</u>	<u>(2,495)</u>	<u>(20,420)</u>
<b>At 30 September 2023 (unaudited)</b>	<b><u>2,128</u></b>	<b><u>394,379</u></b>	<b><u>(30,205)</u></b>	<b><u>577,204</u></b>	<b><u>64,349</u></b>	<b><u>(796,508)</u></b>	<b><u>211,347</u></b>
At 1 April 2022 (audited)	<u>2,128</u>	<u>394,379</u>	<u>15,338</u>	<u>577,204</u>	<u>64,349</u>	<u>(742,803)</u>	<u>310,595</u>
Loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,952)</u>	<u>(25,952)</u>
<b>Other comprehensive loss:</b>							
Exchange difference arising on translation of foreign operations	<u>-</u>	<u>-</u>	<u>(37,274)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,274)</u>
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>(37,274)</u>	<u>-</u>	<u>-</u>	<u>(25,952)</u>	<u>(63,226)</u>
<b>At 30 September 2022 (unaudited)</b>	<b><u>2,128</u></b>	<b><u>394,379</u></b>	<b><u>(21,936)</u></b>	<b><u>577,204</u></b>	<b><u>64,349</u></b>	<b><u>(768,755)</u></b>	<b><u>247,369</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>OPERATING ACTIVITIES</b>		
<b>Net cash flows generated from operating activities</b>	<b>12,273</b>	<b>5,231</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>3</b>	<b>11</b>
Purchase of property, plant and equipment	<b>(453)</b>	<b>(29)</b>
<b>Net cash flows used in investing activities</b>	<b>(450)</b>	<b>(18)</b>
<b>FINANCING ACTIVITIES</b>		
(Repayment to) Advance from immediate holding company	<b>(7,385)</b>	<b>5,829</b>
Repayment to a director	<b>(82)</b>	<b>(67)</b>
Repayment of borrowings	<b>–</b>	<b>(15,700)</b>
Interest paid on borrowings	<b>–</b>	<b>(1,320)</b>
Interest paid on lease liabilities	<b>(6)</b>	<b>(15)</b>
Repayment of bonds payable	<b>(1,518)</b>	<b>–</b>
Repayment of lease liabilities	<b>(191)</b>	<b>(148)</b>
<b>Net cash flows used in financing activities</b>	<b>(9,182)</b>	<b>(11,421)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>2,641</b>	<b>(6,208)</b>
Cash and cash equivalents at beginning of the reporting period	<b>4,196</b>	<b>12,673</b>
Effect of foreign exchange rate changes	<b>(2,337)</b>	<b>(3,945)</b>
<b>Cash and cash equivalents at end of the reporting period, represented by bank balances and cash</b>	<b>4,500</b>	<b>2,520</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (“**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 March 2023 except for the adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA effective as of 1 April 2023.

### 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted the following new/revised HKFRSs issued by the HKICPA that are relevant to the Group and effective for the current period:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the amendments to standards, accounting guideline and interpretation stated above did not have any significant impact on the Group’s condensed consolidated financial statements in the current and prior periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within HKFRS 15:		
Development and sale of properties	18,442	4,241
Properties management	301	276
Operation and management of hydroelectric power stations	2,941	5,076
	<u>21,684</u>	<u>9,593</u>
Revenue from other sources:		
Rental income from operating leases:		
– fixed lease payments	593	494
– variable lease payments	120	116
	<u>713</u>	<u>610</u>
	<u><b>22,397</b></u>	<u><b>10,203</b></u>

In addition to the information shown in segment disclosures in note 4 to the condensed consolidated financial statements, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

<b>Six months ended 30 September 2023</b>			
<b>Development and sale of properties</b>	<b>Properties management</b>	<b>Operation and management of hydroelectric power stations</b>	<b>Total</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Type of transaction price:</i>			
At fixed price	<b>18,442</b>	<b>301</b>	<b>2,941</b>
	<b>18,442</b>	<b>301</b>	<b>21,684</b>
<i>Timing of revenue recognition:</i>			
At a point in time	<b>18,442</b>	–	–
Over time	–	<b>301</b>	<b>2,941</b>
	<b>18,442</b>	<b>301</b>	<b>2,941</b>
	<b>18,442</b>	<b>301</b>	<b>21,684</b>
<b>Six months ended 30 September 2022</b>			
<b>Development and sale of properties</b>	<b>Properties management</b>	<b>Operation and management of hydroelectric power stations</b>	<b>Total</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)
<i>Type of transaction price:</i>			
At fixed price	<b>4,241</b>	<b>276</b>	<b>5,076</b>
	<b>4,241</b>	<b>276</b>	<b>5,076</b>
<i>Timing of revenue recognition:</i>			
At a point in time	<b>4,241</b>	–	–
Over time	–	<b>276</b>	<b>5,076</b>
	<b>4,241</b>	<b>276</b>	<b>5,076</b>
	<b>4,241</b>	<b>276</b>	<b>5,076</b>

As all of the revenue of the Group are attributable to the market in the People's Republic of China (the "PRC"), no geographical information is presented.



#### 4. SEGMENT INFORMATION

The Group's operating divisions are as follows:

- (1) Development and sale of properties (“**Properties development**”)
- (2) Properties investment
- (3) Properties management
- (4) Operation and management of hydroelectric power stations (“**Hydroelectric power business**”)

##### Segment revenue and results

	For the six months ended 30 September 2023				
	Properties development <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Properties management <i>HK\$'000</i> (unaudited)	Hydroelectric power business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue	<u>18,442</u>	<u>713</u>	<u>301</u>	<u>2,941</u>	<u>22,397</u>
Segment results	(24)	32	28	688	724
Interest income					3
Unallocated expenses					(1,239)
Finance costs					<u>(1,251)</u>
Loss before tax					<u>(1,763)</u>
	For the six months ended 30 September 2022				
	Properties development <i>HK\$'000</i> (unaudited)	Properties investment <i>HK\$'000</i> (unaudited)	Properties management <i>HK\$'000</i> (unaudited)	Hydroelectric power business <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue	<u>4,241</u>	<u>610</u>	<u>276</u>	<u>5,076</u>	<u>10,203</u>
Segment results	(20,602)	(2,194)	(10)	527	(22,279)
Interest income					11
Unallocated expenses					(892)
Finance costs					<u>(2,602)</u>
Loss before tax					<u>(25,762)</u>

## 5. OTHER GAIN AND LOSS

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	3	11
Others	76	99
	<u>79</u>	<u>110</u>

## 6. LOSS BEFORE TAX

This is stated after charging:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs (including directors' remuneration):		
– wages and salaries	801	757
– contribution to defined contribution schemes	145	148
Cost of inventories sold	17,552	3,247
Depreciation:		
– property, plant and equipment	1,483	1,597
– right-of-use assets	181	181
Marketing and promotion expenses	561	8,660
Repairs and maintenance:		
– anti-epidemic facilities	–	7,950
– environmental afforestation	–	2,979
Interest expenses on:		
– borrowings	1,245	2,288
– bonds payable	–	296
– lease liabilities	6	18
	<u>6</u>	<u>18</u>

## 7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2022: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from Hong Kong for each of the six months ended 30 September 2023 and 2022.

The PRC Enterprise Income Tax (“EIT”) in respect of operations in the PRC is calculated at a rate of 25% (six months ended 30 September 2022: 25%) on the estimated assessable profits for the six months ended 30 September 2023 based on existing legislation, interpretations and practices in respect thereof.

The PRC Land Appreciation Tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current period		
EIT	–	14
LAT	<u>732</u>	<u>176</u>
	<u><b>732</b></u>	<u><b>190</b></u>

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 September 2023 (six months ended 30 September 2022: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Loss for the period	<u>(2,495)</u>	<u>(25,952)</u>
	<i>Number of</i>	<i>Number of</i>
	<i>shares</i>	<i>shares</i>
Weighted average number of ordinary shares for the basic and diluted loss per share	<u><b>212,839,878</b></u>	<u>212,839,878</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted loss per share	<u><b>(1.17)</b></u>	<u>(12.19)</u>

Diluted loss per share is same as the basic loss per share for the six months ended 30 September 2023 and 2022. The Company did not have any dilutive potential ordinary shares during the six months ended 30 September 2023 and 2022.

**10. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS**

During the six months ended 30 September 2023, the Group has not acquired or disposed of any items of investment properties and right-of-use assets (six months ended 30 September 2022: nil).

During the six months ended 30 September 2023, the Group acquired items of property, plant and equipment with a cost of HK\$453,000 (six months ended 30 September 2022: HK\$29,000).

**11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES**

The ageing analysis of trade receivables, net of loss allowance, based on invoice dates which approximate the respective recognition dates, at the end of the reporting period is as follows:

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
0 – 30 days	2,629	542
31 – 60 days	1,009	12
61 – 90 days	2,172	267
Over 90 days	6,962	5,735
	<u>12,772</u>	<u>6,556</u>

The Group allows an average credit period ranging from 0 to 365 days (31 March 2023: 0 to 365 days) to its trade customers.

**12. PROPERTIES FOR SALE UNDER DEVELOPMENT**

At 30 September 2023, properties for sale under development of HK\$14,042,000 (31 March 2023: HK\$14,945,000) were pledged to secure banking facility with an aggregate principal amount of HK\$25,505,000 (31 March 2023: HK\$27,145,000) granted to third parties. All properties for sale under development are located in the PRC.

**13. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY/A DIRECTOR**

The amounts due are interest-free, unsecured and repayable on demand.

#### 14. TRADE PAYABLES AND ACCRUED CHARGES

The ageing analysis of trade payables based on invoice dates at the end of the reporting period is as follows:

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	<u>3,948</u>	<u>7,790</u>
	<u><b>3,948</b></u>	<u><b>7,790</b></u>

The average credit period is 90 days (31 March 2023: 90 days) and certain suppliers grant longer credit period on a case-by case basis.

#### 15. BORROWINGS

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Other borrowings, secured Current liabilities	<u><b>20,404</b></u>	<u><b>21,716</b></u>

As at 30 September 2023, other borrowings are interest-bearing at 12% per annum (31 March 2023: 12%), secured by investment properties of HK\$18,847,000 (31 March 2023: HK\$20,059,000) and repayable on 2 May 2024 (31 March 2023: 2 May 2023).

#### 16. BONDS PAYABLE

	<b>30 September 2023 HK\$'000 (unaudited)</b>	31 March 2023 HK\$'000 (audited)
Corporate bonds Current liabilities	<u><b>6,764</b></u>	<u><b>8,282</b></u>

As at 30 September 2023, the Company had corporate bonds with principal amount of HK\$6,764,000 (31 March 2023: HK\$8,282,000) issued under the placing agreement dated 13 November 2018 for bonds issuance with an aggregate principal amount of up to HK\$200,000,000. The bonds carry fixed interest rates ranging from 6% to 6.5% per annum. The bonds are with a maturity period ranging from three to five years from the issue date, and the interests are paid semiannually in arrears on 30 June and 31 December in each year and on the maturity date.

On 10 November 2022, the Company received writs of summons with statements of claims from certain bond holders for certain outstanding principal and interest payables. Please refer to the announcement of the Company dated 11 November 2022 for details. The Company has reached settlements agreements with these bond holders for extension of the repayment of the outstanding amounts by instalments by December 2023. The outstanding balance as at 30 September 2023 and 31 March 2023, respectively, were interest-free and repayable in accordance with the repayment schedule pursuant to the aforesaid settlement agreements.

As at 30 September 2023, bonds payable amounting to HK\$5,841,000 (31 March 2023: HK\$6,460,000) was guaranteed by a director of the Company.

## 17. SHARE CAPITAL

	Nominal value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>			
At 1 April 2022, 31 March 2023 and 30 September 2023	0.01	50,000,000,000	500,000
<b>Issued and fully paid:</b>			
At 1 April 2022, 31 March 2023 and 30 September 2023	0.01	212,839,878	2,128

## 18. CAPITAL COMMITMENTS

	30 September 2023 <i>HK\$'000</i> (unaudited)	31 March 2023 <i>HK\$'000</i> (audited)
Properties for sale under development: Contracted but not provided for in the condensed consolidated financial statements	576	774

## 19. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transaction:

	Six months ended 30 September 2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Remuneration of key management personnel	418	408

Key management personnel are deemed to be the members of the Board of Directors which have responsibility for planning, directing and controlling the activities of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

To align with the Group's business strategies and directions, the Group has reallocated its resources and reorganised its asset portfolio to enlarge its business scale in properties development and related services sectors in the past years. For the six months ended 30 September 2023, most of the Group's revenue were derived from properties development and hydroelectric power business, with a small proportion of revenue derived from properties investment and properties management business.

During the period from January to September 2023, the national real estate development investment, sales area and volume continued to decline on a year-on-year basis. The real estate development prosperity index had been declining for five consecutive months. As shown in the information issued by the National Bureau of Statistics in the PRC, from January to September 2023, the sales area of commodity housing in the PRC was approximately 848 million sq.m., representing a year-on-year decrease of 8%, of which the sales area of residential buildings decreased by 6%. The sales of commodity housing in the PRC were approximately RMB8,907 billion, representing a year-on-year decrease of 5%, of which the sales of residential buildings decreased by 3%. Whereas the investment in the real estate development in the PRC amounted to approximately RMB8,727 billion, representing a year-on-year decrease of 9%, among them, the investment in residential buildings down by 8%.

For the six months ended 30 September 2023, the property market in the PRC remained under downward pressure and the housing supply and prices dragged down by the weakened demands. The buyers were adopting a conservative and wait-and-see attitude on the property purchases in the PRC. The operations of the Group, especially properties sales and construction progress, were inevitably affected.

For the six months ended 30 September 2023, the Group recorded a revenue of approximately HK\$22,397,000 representing an increase of approximately 120% as compared to the revenue of approximately HK\$10,203,000 for the corresponding period in 2022. Administrative expenses decreased from approximately HK\$30,226,000 for the six months ended 30 September 2022 to approximately HK\$4,751,000 for the six months ended 30 September 2023, the high level administrative expenses during the six months ended 30 September 2022 was mainly contributed to the extensive marketing and promotion activities and anti-epidemic facilities and environmental afforestation work on properties sales. For the six months ended 30 September 2023, the Group recorded finance costs of approximately HK\$1,251,000, representing a decrease of approximately 52% as compared to that of approximately HK\$2,602,000 for the corresponding period in 2022, such decrease was due to the repayments of certain borrowings and bonds payable for the Group's refinancing and general corporate purpose.

As a result, the Group recorded a loss for the period at the amount of approximately HK\$2,495,000 for the six months ended 30 September 2023, representing a decrease of approximately 90% as compared to that of approximately HK\$25,952,000 for the six months ended 30 September 2022.

## **Properties Development**

Leveraging the experience and connection of the management and following the business directions of the Company, the Group started to engage in properties development business since the financial year of 2018. During the six months ended 30 September 2023, the Group owned three properties development projects in the PRC, namely Xiguan Project, Bagua Town Project I and Bagua Town Project II. For the six months ended 30 September 2023, revenue from properties development were derived from the sale of remaining completed properties of the Xiguan Project.

### ***Xiguan Project***

It is located at Xiguan Village, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of 46,242.6 sq.m. and a construction area of 80,462 sq.m.. Xiguan Project contained 19 buildings that created 775 residential and 30 commercial units and 121 parking units. The construction work of Xiguan Project was completed during the financial year of 2019.

For the six months ended 30 September 2023, the Group sold approximately 6% of the gross floor area and achieved total contracted sales of approximately HK\$18,442,000, while approximately 1% of the gross floor area was sold and total of contracted sales of approximately HK\$4,241,000 was recorded for the six months ended 30 September 2022.

### ***Bagua Town Project I***

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 5,023 sq.m. and a construction area of approximately 7,543 sq.m. for other commercial use. Bagua Town Project I comprises 3 main buildings and 38 commercial units that creates a marketplace for the community. The construction work of Bagua Town Project I was completed during the six months ended 30 September 2023.

The sale of Bagua Town Project I commenced in mid-2023 but yet to contribute any revenue to the Group during the six months ended 30 September 2023.

### ***Bagua Town Project II***

It is located at Bagua Town, Huanren County, Benxi, Liaoning Province, the PRC, with a floor area of approximately 9,188.2 sq.m. and a construction area of approximately 14,700 sq.m. for other commercial use. The Bagua Town Project II is at the preliminary stage of preparation ahead of construction.



The Bagua Town Project I and the Bagua Town Project II are important parts of the only restoration and reconstruction project of the Taiji Bagua Town in the PRC, with strong ethnic characteristics and historical significance, located in the Central Community of Huanren Manchu Autonomous County, Liaoning Province, the PRC. The two projects are a combination of work, life, education and tourism, located near the government square of Huanren Manchu Autonomous County, Liaoning Province, the PRC. The two projects are planned to include pedestrian streets, office buildings, retail stores, shopping malls, and tourism, historical and cultural facilities. The Bagua Town Project I and the Bagua Town Project II are expected to generate continuous growth and enhance future business performance of the Group.

During the six months ended 30 September 2023, the market sentiments stayed far from recovery and the sluggish market trading remained. With the extensive marketing and promotion activities and anti-epidemic facilities and environmental afforestation work on properties sales during the prior period, the segment loss decreased from approximately HK\$20,602,000 for the six months ended 30 September 2022 to approximately HK\$24,000 for the six months ended 30 September 2023.

Confronted with the downward pressure in economy, local governments persisted in epidemic prevention and control on one hand while ensuring economic stability on the other. Stability in real estate, economy and growth still remained the keynote of the macro-policy advocated by the state. The government of the PRC continued to adhere to the national strategies that “houses are built to be inhabited, not for speculation”, implement city-specific policies to achieve the “three stabilities” of “stabilising land prices”, “stabilising housing prices” and “stabilizing expectations”, as well as the financial support policies launched by the People’s Bank of China and the China Banking and Insurance Regulatory Commission, thereby promoting the positive and healthy development of the real estate industry. Following the national strategies, the Board is positive towards the properties development industry in the PRC and will proactively align and respond to the adjustment and calling of such policies and capture the potential opportunities in the properties development market in order to enhance shareholder’s value. Further, the Group will also enhance its portfolio of the existing projects and strive to generate a better result for the Group.

### **Properties Investment**

Revenue generated from properties investment was mainly derived from the leasing of several parcels of land and rights-of-use assets located in Benxi City, Liaoning Province, the PRC for commercial use.

For the six months ended 30 September 2023, revenue was approximately HK\$713,000, representing an increase of approximately 17% as compared to approximately HK\$610,000 for the six months ended 30 September 2022. Segment profit of approximately HK\$32,000 for the six months ended 30 September 2023 was recorded as compared to a segment loss of approximately HK\$2,194,000 for the six months ended 30 September 2022, which was mainly resulted from the increased anti-epidemic facilities and maintenance work on certain investment properties during the six months ended 30 September 2022.

## **Properties Management**

To complement the properties development business, the Group started to engage in properties management business and delivered comprehensive property management services for residential and commercial properties of the Xiguan Project since the financial year of 2020. The Group is committed to delivering the highest service standard and providing user-oriented services to its customers. Following the completion of construction work of the Bagua Town Project I and the Bagua Town Project II, it is expected that the Group will put more resources to build up a professional properties management team by providing integrated training in properties management sectors to its front line and back-office staff, acquiring and improving its properties management system and services to meet the increasing demand.

The revenue and segment profit for the six months ended 30 September 2023 were approximately HK\$301,000 and approximately HK\$28,000, respectively, whereas the revenue and segment loss for the six months ended 30 September 2022 were approximately HK\$276,000 and approximately HK\$10,000, respectively.

## **Hydroelectric Power Business**

The Group started to engage in the business of clean and renewable energy since the financial year of 2016. Revenue was generated from the operation and management of two hydroelectric power stations located in the northern PRC which are connected to the national power grid and mainly for industrial use. The business of clean and renewable energy contributed to the stable income of the Group during the period.

The revenue and segment profit for the six months ended 30 September 2023 was approximately HK\$2,941,000 and approximately HK\$688,000, respectively, whereas the revenue and segment profit for the six months ended 30 September 2022 were approximately HK\$5,076,000 and approximately HK\$527,000, respectively.

Needless to say, the sustainable development in clean and renewable energy is the global trend. The Group believes that continued investments in renewable energy business will benefit the Group in the long run and generated sustainable revenue to the Group.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 September 2023, bank balances and cash denominated mainly in Hong Kong dollars and Renminbi amounted to approximately HK\$4,500,000 as compared to approximately HK\$4,196,000 as at 31 March 2023.

As at 30 September 2023, gearing ratio was 0.13 (31 March 2023: 0.13), which was calculated based on the total borrowings and bonds payable divided by total equity. The Group will continue to monitor and manage its financial structure and their potential risks in the course of development.

As at 30 September 2023, the current ratio was 3.33 (31 March 2023: 3.17), which was calculated by dividing the total current assets by the total current liabilities.

### **Financing and Capital Structure**

The Group finances its operations by a combination of equity and borrowings. As at 30 September 2023, the Group had borrowings of approximately HK\$20,404,000 (31 March 2023: HK\$21,716,000) and bonds payable of approximately HK\$6,764,000 (31 March 2023: HK\$8,282,000), which were for the Group's refinancing and general corporate purpose. Details regarding the borrowings and bonds payable of the Group are set out in notes 15 and 16 to the condensed consolidated financial statements.

### **Exposure to Fluctuation in Exchange Rates**

For the six months ended 30 September 2023, the Group's transactions were mostly denominated in Hong Kong dollars and Renminbi. No foreign currency hedge was made during the six months ended 30 September 2023. The Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currencies closely and will consider hedging for significant foreign currency exposure, if necessary.

### **Pledge of Assets**

Details regarding the pledge of assets are set out in notes 12 and 15 to the condensed consolidated financial statements.

### **Contingent Liabilities**

As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: nil).

### **STAFF**

As at 30 September 2023, the Group had a total of 17 employees (31 March 2023: 21), of which 14 (31 March 2023: 18) were employed in the PRC. Details regarding the total amount of staff costs of the Group are set out in note 6 to the condensed consolidated financial statements.

The employees' remuneration, promotion, salary increments and discretionary bonus are assessed based on both individual's and the Group's performance, professional and working experience and by reference to prevailing market practice and standards. In addition, the Group also provides employee benefits such as employee insurance, retirement scheme and training programmes.

## **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not have any material acquisitions or disposals during the six months ended 30 September 2023.

## **SIGNIFICANT INVESTMENT HELD**

Save as disclosed in the paragraphs headed “Business Review”, the Group did not have any significant investment held as at 30 September 2023.

## **FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET**

Save as disclosed in the paragraphs headed “Business Review”, “Prospect” and “Material Acquisition and Disposal”, the Group will actively seek potential opportunities in different industries and business sectors. However, the Group has not executed any legally binding agreement in relation to material investment or acquisition of capital assets and did not have any plans relating to material investment or capital assets as at the date of this announcement.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend in respect of six months ended 30 September 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 September 2023, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

## **EVENT AFTER REPORTING PERIOD**

Save as disclosed, the Board is not aware of any important event affecting the Group which occurred after the end of the reporting period and up to the date of this announcement.

## **PROSPECT**

Looking forward, the Group will adhere to its business orientation and reinforce its product brand and industry positioning and continue to upgrade its products and services qualities and capabilities in the northern PRC. Further, the Group will continue to maintain its prudent investment and business strategies and will adhere to its strategy to diversify its business models into different business sectors and to strengthen and expand its revenue streams and generate better results and prospect for the Group.

## **CORPORATE GOVERNANCE**

The Company adopted all the code provisions in Corporate Governance Code (the “**Code Provisions**”) set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices and guidance. During the six months ended 30 September 2023 and up to the date of this announcement, the Company has complied with the Code Provisions except the following:

1. Pursuant to Code Provision F.2.2, the chairman of the board should attend the annual general meeting. Mr. Wang Jing, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 27 September 2023 (the “**2023 AGM**”) due to his other engagement. Mr. Wang Xing Qiao, the executive Director acted as the chairman of the 2023 AGM, and attended the 2023 AGM with other members of the management. At the 2023 AGM, there was sufficient caliber for answering questions at the 2023 AGM and answered questions at the 2023 AGM competently.
2. Pursuant to Code Provision C.1.6, independent non-executive director and other non-executive director should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei, the independent non-executive Directors, were unable to attend the 2023 AGM due to other business commitments.

## **ADOPTION OF THE AMENDED AND RESTATED BYE-LAWS OF THE COMPANY**

By passing a special resolution at the 2023 AGM, the Company adopted the amended and restated Bye-laws of the Company. An up-to-date version of the Company’s Bye-laws is available on the websites of the Company and the Stock Exchange.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “**Model Code**”) as the code of conduct regarding Director’s securities transactions. Having made specific enquiry to all Directors, all of them confirmed that they have complied with the Model Code throughout the six months ended 30 September 2023.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors and reports directly to the Board. The Audit Committee meets regularly with the Group’s senior management and the external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The Audit Committee has reviewed the interim results of the Group for the six months ended 30 September 2023.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.00485.hk](http://www.00485.hk). The interim report of the Company for the six months ended 30 September 2023 containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on above websites in due course.

For and on behalf of  
**China Sinostar Group Company Limited**  
**Wang Xing Qiao**  
*Executive Director and Chief Executive Officer*

Hong Kong, 30 November 2023

*As at the date of this announcement, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao and Mr. Zhao Shuang as executive Directors; and Mr. Su Bo, Mr. Tang Shengzhi and Mr. Zeng Guanwei as independent non-executive Directors.*