

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



New Sparkle Roll International Group Limited
新耀萊國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 970)

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

INTERIM RESULTS

The board of directors (the “**Board**”) of New Sparkle Roll International Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 September 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
	Notes	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Revenue	5	1,733,707	2,123,602
Cost of sales		<u>(1,519,674)</u>	<u>(1,786,369)</u>
Gross profit		214,033	337,233
Other income, gains and losses	5	(18,813)	(11,808)
Impairment of loan receivables and loan interest receivables		–	(7,665)
Selling and distribution costs		(156,156)	(221,579)
Administrative expenses		<u>(47,965)</u>	<u>(46,703)</u>
Operating (loss)/profit	6	(8,901)	49,478
Finance costs	7	<u>(44,209)</u>	<u>(48,715)</u>
(Loss)/profit before income tax		(53,110)	763
Income tax	8	<u>2,490</u>	<u>2,721</u>
(Loss)/profit for the period		<u>(50,620)</u>	<u>3,484</u>
Other comprehensive income, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income recognised during the period		(20,974)	(187,040)

		Six months ended	
		30 September	
		2023	2022
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>(104,233)</u>	<u>(239,323)</u>
Other comprehensive income for the period, net of tax		<u>(125,207)</u>	<u>(426,363)</u>
Total comprehensive income for the period		<u>(175,827)</u>	<u>(422,879)</u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(51,747)	6,934
Non-controlling interests		<u>1,127</u>	<u>(3,450)</u>
		<u>(50,620)</u>	<u>3,484</u>
Total comprehensive income attributable to:			
Owners of the Company		(176,551)	(401,993)
Non-controlling interests		<u>724</u>	<u>(20,886)</u>
		<u>(175,827)</u>	<u>(422,879)</u>
			(Re-presented)
(Loss)/earnings per share attributable to owners of the Company during the period			
Basic	<i>10</i>	<u>HK(15.0) cents</u>	<u>HK2.0 cents</u>
Diluted	<i>10</i>	<u>HK(15.0) cents</u>	<u>HK2.0 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	30 September 2023	31 March 2023
Notes	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	11(a) 1,120,139	1,208,517
Investment properties	11(b) 341,858	393,862
Goodwill	12 278,784	302,315
Other intangible assets	174,637	187,578
Financial assets at fair value through other comprehensive income	13 137,422	158,395
Prepayment for property, plant and equipment	2,988	3,158
	2,055,828	2,253,825
Current assets		
Inventories	1,075,648	1,229,761
Trade receivables	15 34,664	36,228
Deposits, prepayments and other receivables	191,460	177,302
Amounts due from non-controlling interests	14 5,376	17,115
Investment in films and television program	45,241	49,768
Pledged deposits	47,509	75,229
Cash at banks and in hand	180,437	146,732
	1,580,335	1,732,135
Current liabilities		
Trade payables	16 47,120	30,417
Contract liabilities	72,469	136,600
Receipts in advance, accrued charges and other payables	189,078	191,153
Amounts due to non-controlling interests	14 10,434	8,009
Provision for taxation	653	917
Borrowings	17 718,546	711,968
Convertible bonds	9,749	9,400
Lease liabilities	38,355	38,866
	1,086,404	1,127,330

	30 September	31 March
	2023	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Net current assets	493,931	604,805
Total assets less current liabilities	2,549,759	2,858,630
Non-current liabilities		
Borrowings	17 161,290	284,943
Deferred tax liabilities	32,102	39,446
Lease liabilities	270,341	306,321
	463,733	630,710
NET ASSETS	2,086,026	2,227,920
EQUITY		
Share capital	11,981	10,944
Reserves	2,056,866	2,188,280
Equity attributable to owners to the Company	2,068,847	2,199,224
Non-controlling interests	17,179	28,696
TOTAL EQUITY	2,086,026	2,227,920

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is in Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activities of the Group are dealerships of luxury goods and automobiles, provision of after-sales services, provision of property management services, provision of property rental services and film related business including development and investment in films and television program and money lending business. The Group's operations are mainly based in Hong Kong and the People's Republic of China ("**PRC**", "**Mainland China**" or "**China**").

In the opinion of the directors of the Company (the "**Directors**"), the Company does not have immediate holding company and ultimate holding company. The Directors regard the Company does not have ultimate controlling party.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 30 November 2023.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3 below.

The preparation of interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This announcement contains the interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The interim condensed consolidated financial statements have not been audited or reviewed by the external auditors of the Company but have been reviewed by the Company’s audit committee.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, Insurance Contracts;
- Amendments to HKAS 1, Presentation of Financial Statements and HKFRS Practice Statement 2, Making Materiality Judgements: Disclosure of Accounting Policies;
- Amendments to HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- Amendments to HKAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
- Amendments to HKAS 12, Income Taxes: International Tax Reform – Pillar Two Model Rules.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

HKFRS 17 Insurance Contracts

HKFRS 17 was issued by the HKICPA in 2018 and replaces HKFRS 4 for annual reporting periods beginning on or after 1 January 2024.

HKFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to HKFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with HKFRS 4 permitting many previous accounting approaches to be followed.

Since HKFRS 17 applies to all insurance contracts as defined in HKFS 17 issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers.

The Group carried out an assessment of its contracts and operations and concluded that the adoption of HKFRS 17 has had no effect on the interim condensed consolidated financial statements.

Amendments to HKAS 1, Presentation of Financial Statements and HKFRS Practice Statement 2, Making Materiality Judgements: Disclosure of Accounting Policies

The HKICPA issued HKFRS Practice Statement 2 *Making Materiality Judgements* in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments do not have significant effect on the interim condensed consolidated financial statements of the Group as they relate to disclosures of accounting policies in complete set of financial statements rather than interim condensed financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual consolidated financial statements of the Group.

Amendments to HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate

The amendments to HKAS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments do not have significant effect on the interim condensed consolidated financial statements of the Group.

Amendments to HKAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In June 2021, the HKICPA issued amendments to HKAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of HKFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments do not have significant effect on the interim condensed consolidated financial statements of the Group.

Amendments to HKAS 12, Income Taxes: International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

The International Accounting Standards Board issued the final amendments *International Tax Reform – Pillar Two Model Rules*, in response to stakeholder concerns, on 23 May 2023. The HKICPA published the equivalent amendments to HKAS 12 (“**the Amendments**”) on 21 July 2023. The amendments were effective immediately upon being released.

The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules (“**the Exception**”).

Therefore, with effective from 1 January 2023, the Group amended its accounting policy in accordance with the Exception and to not account for deferred taxes related to Pillar Two income taxes. Because the Pillar Two Model Rules in Hong Kong are enacted in July 2023, no adjustments to opening balances and comparatives are necessary.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to executive Directors who are responsible for allocating resources and assessing performance of the operating segments.

The executive Directors have identified the following reportable operating segments:

- (i) Auto dealership – this segment includes sales of branded automobiles, namely Bentley, Lamborghini and Rolls-Royce, and provision of related after-sales services.
- (ii) Non-auto dealership – this segment includes sales of branded watches, jewellery, fine wines, audio equipment, menswear apparels and accessories, cigars and smoker's accessories, silver articles, home articles and health care products.
- (iii) Property management and others – this segment includes provision of property management services, property rental services and money lending services; and film related business including development and investment in films and television program.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar transaction.

Segment revenue and results

For the six months ended 30 September 2023

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	1,504,350	193,920	35,437	1,733,707
Other income, gains and losses	<u>14,617</u>	<u>5,755</u>	<u>(22,305)</u>	<u>(1,933)</u>
Reportable segment revenue	<u><u>1,518,967</u></u>	<u><u>199,675</u></u>	<u><u>13,132</u></u>	<u><u>1,731,774</u></u>
Reportable segment results	<u><u>48,656</u></u>	<u><u>11,806</u></u>	<u><u>(16,507)</u></u>	<u><u>43,955</u></u>

For the six months ended 30 September 2022

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	1,871,507	203,320	48,775	2,123,602
Other income, gains and losses	<u>3,396</u>	<u>6,811</u>	<u>(25,820)</u>	<u>(15,613)</u>
Reportable segment revenue	<u><u>1,874,903</u></u>	<u><u>210,131</u></u>	<u><u>22,955</u></u>	<u><u>2,107,989</u></u>
Reportable segment results	<u><u>130,010</u></u>	<u><u>(23,357)</u></u>	<u><u>(3,847)</u></u>	<u><u>102,806</u></u>

Segment assets and liabilities

As at 30 September 2023

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Reportable segment assets	1,864,336	611,050	705,653	3,181,039
Financial assets at fair value through other comprehensive income ("FVTOCI")				137,422
Deposits, prepayments and other receivables				22,337
Cash at banks and in hand				8,475
Other corporate assets:				
– financial assets				–
– non-financial assets				<u>286,890</u>
Consolidated total assets				<u><u>3,636,163</u></u>
Additions to non-current segment assets during the period	21,337	277	–	21,614
Unallocated				<u>410</u>
				<u><u>22,024</u></u>
Reportable segment liabilities	253,171	102,184	252,731	608,086
Borrowings				879,836
Other corporate liabilities:				
– financial liabilities				23,965
– non-financial liabilities				<u>38,250</u>
Consolidated total liabilities				<u><u>1,550,137</u></u>

As at 31 March 2023

	Auto dealership <i>HK\$'000</i> (Audited)	Non-auto dealership <i>HK\$'000</i> (Audited)	Property management and others <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Reportable segment assets	2,041,795	661,851	787,150	3,490,796
Financial assets at FVTOCI				158,395
Deposits, prepayments and other receivables				17,860
Cash at banks and in hand				9,267
Other corporate assets:				
– financial assets				–
– non-financial assets				<u>309,642</u>
Consolidated total assets				<u><u>3,985,960</u></u>
Additions to non-current segment assets other than financial instruments during the period	43,320	17,443	–	60,763
Unallocated				<u>3,842</u>
				<u><u>64,605</u></u>
Reportable segment liabilities	323,638	91,059	272,128	686,825
Borrowings				996,911
Other corporate liabilities:				
– financial liabilities				21,225
– non-financial liabilities				<u>53,079</u>
Consolidated total liabilities				<u><u>1,758,040</u></u>

A reconciliation between the total presented for the Group's operating segments and the Group's key financial figures as presented in these interim condensed consolidated financial statements is as follows:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment results	43,955	102,806
Bank interest income	400	938
Unallocated corporate incomes	1,251	2,866
Unallocated corporate expenses	(54,507)	(57,132)
Finance costs	(44,209)	(48,715)
	<u>(53,110)</u>	<u>763</u>
(Loss)/profit before income tax	<u><u>(53,110)</u></u>	<u><u>763</u></u>

5. REVENUE, OTHER INCOME, GAINS AND LOSSES

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers:		
<i>Recognised at point in time</i>		
Sales of automobiles	1,461,805	1,825,070
Sales of other merchandised goods	193,920	203,320
<i>Recognised over time</i>		
Provision of after-sales services	42,545	46,437
Provision of property management services	1,618	–
Total revenue from contracts with customers	1,699,888	2,074,827
Revenue from other sources:		
Interest income from provision of money lending	–	1,703
Provision of property rental services	33,819	37,670
Income from investment in films	–	9,402
	<u>1,733,707</u>	<u>2,123,602</u>
	<u><u>1,733,707</u></u>	<u><u>2,123,602</u></u>

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Other income, gains and losses</i>		
Bank interest income	400	938
Gain on disposals of property, plant and equipment	4,750	112
Gain/(loss) on sales of pre-owned cars	1,381	(764)
Government grants		
– Employment Support Scheme (<i>Note</i>)	–	302
Impairment of goodwill	(7,437)	–
Income from advertising, exhibitions and other services	10,339	8,825
Income from insurance brokerage	1,334	1,415
Change in fair value of investment properties	(31,506)	(22,545)
Change in fair value of investment		
in films and television program	(1,892)	(3,361)
Exchange differences, net	82	(179)
Others	3,736	3,449
	<u>3,736</u>	<u>3,449</u>
	<u>(18,813)</u>	<u>(11,808)</u>

Note:

The amount represented salaries and wage subsidies granted under Anti-epidemic Fund by the Government of the Hong Kong Special Administrative Region.

6. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of other intangible assets	2,919	3,089
Cost of inventories recognised as expense	1,514,628	1,780,826
Depreciation of property, plant and equipment	36,473	39,173
Exchange differences, net	(82)	179
Government grants		
– Employment Support Scheme	–	(302)
Interest on lease liabilities	11,240	12,631
Impairment of loan receivables and loan interest receivables (<i>Note</i>)	–	7,665
Impairment of goodwill	7,437	–
Lease payments not included in the measurement of lease liabilities	2,660	2,881
Gain on disposal of property, plant and equipment	(4,750)	(112)
Employee benefit expenses		
Employee costs, including directors' emoluments	28,101	26,437
Equity-settled share-based payment expenses	12,154	9,904
Contributions to retirement benefits scheme	6,839	6,254
	47,094	42,595

Note: As at 30 September 2022, an impairment analysis was undertaken with reference to the expected credit loss assessment performed by Masterpiece Valuation Advisory Limited (“**Masterpiece**”), an independent qualified valuer, using probability-weighted loss default model and by considering the probability of default with respective credit ratings. The probability of default applied was 100% and the loss given default was estimated to be ranged from 61.86% to 100%.

7. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	12,931	17,267
Interest on other loans	19,689	18,492
Interest on lease liabilities	11,240	12,631
Imputed interest on convertible bonds	349	325
	<u>44,209</u>	<u>48,715</u>

8. INCOME TAX

Hong Kong profits tax is calculated at 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity and can apply two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 September 2022 and 2023.

The Group's subsidiaries in Mainland China are subject to income tax at the rate of 25% except that there is a subsidiary which was entitled to tax exemption for the six months ended 30 September 2022 and 2023.

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong profits tax		
Charge for the period	–	–
– Income tax of other jurisdictions		
Charge for the period	2,861	1,454
Under-provision in prior years	21	113
	<u>2,882</u>	<u>1,567</u>
Total current tax	2,882	1,567
Deferred tax	(5,372)	(4,288)
	<u>(2,490)</u>	<u>(2,721)</u>

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2022 and 2023, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/earnings per share	(51,747)	6,934
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible bonds	<u>N/A</u>	<u>325</u>
(Loss)/earnings for the purposes of diluted (loss)/earnings per share	<u><u>N/A</u></u>	<u><u>7,259</u></u>

	Six months ended	
	30 September	
	2023	2022
		(Re-presented)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	344,829,877	341,997,090
Effect of dilutive potential ordinary shares:		
– Convertible bonds issued by the Company	N/A	2,500,000
– Share options granted by the Company	<u>N/A</u>	<u>184,189</u>
Weighted average number of ordinary shares for the purposes of calculating diluted (loss)/earnings per share	<u><u>344,829,877</u></u>	<u><u>344,681,279</u></u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2022 has been adjusted for consolidation of every sixteen existing shares into one consolidated share during the period as if effective since 1 April 2022.

For the six months period ended 30 September 2023, the share options outstanding and the convertible bonds had an anti-dilutive effect on the basic loss per share, the exercise of outstanding share options and the conversion of convertible bonds were not assumed in the computation of diluted loss per share. Except for the above, there is no other dilutive potential share during the current period. Therefore, the basic and diluted loss per share in the current period are equal.

The computation of diluted earnings per share for the period ended 30 September 2022 is with an anti-dilutive impact, where interest per ordinary share obtainable on conversion of convertible bonds exceeds basic earnings per share, accordingly, the amount presented for the diluted earnings per share is the same as the basic earnings per share amount.

11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

(a) Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired items of property, plant and equipment at a total cost of HK\$22,024,000 (six months ended 30 September 2022: HK\$33,287,000). Items of property, plant and equipment with a net carrying amount of HK\$9,373,000 were disposed of during the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$6,000).

(b) Investment properties

All investment properties of the Group are situated in Mainland China and held under medium lease terms.

No investment property was derecognised or disposed during the six months ended 30 September 2022 and 2023. The change in fair value of approximately HK\$31,506,000 (six months ended 30 September 2022: HK\$22,545,000) was recognised during the period.

The Group's investment properties were revalued on 30 September 2023 and 31 March 2023 by CHFT Advisory and Appraisal Limited ("CHFT"), an independent firm of professional surveyors, on an open market value basis.

All investment properties were classified under Level 3 fair value hierarchy.

Fair value is determined by applying the income approach, using the term and reversion method, based on the estimated rental value of the property. The valuation takes account of the current rents of the property interests, the reversionary potentials of the tenancies, term yield and reversionary yield, and reversionary yield is then applied respectively to derive the market value of property.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

During the six months period ended 30 September 2023, there was no transfer into or out of Level 3 or any other Level. The Group's policy is to recognise transfers between Levels of the fair value hierarchy as at the end of the reporting period in which they occur.

12. GOODWILL

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
At cost:		
At beginning of the period/year	770,030	836,575
Exchange differences	(41,400)	(66,545)
	<hr/>	<hr/>
At end of the period/year	728,630	770,030
Accumulated impairment:		
At beginning of the period/year	(467,715)	(503,353)
Impairment loss recognised	(7,437)	(4,452)
Exchange differences	25,306	40,090
	<hr/>	<hr/>
At end of the period/year	(449,846)	(467,715)
Net carrying amount	278,784	302,315
	<hr/> <hr/>	<hr/> <hr/>
The carrying amount of goodwill allocated to each of the cash-generating unit is as follows:		
Auto dealership	195,898	207,029
Property management services	82,886	95,286
	<hr/>	<hr/>
	278,784	302,315
	<hr/> <hr/>	<hr/> <hr/>

For the purpose of the goodwill impairment test, the Directors determined the recoverable amounts of the cash-generating units (“CGUs”) from value-in-use calculations with reference to the business valuations performed by management and CHFT where applicable using the income approach, i.e. pre-tax cash flow projections from formally approved budgets covering a detailed five-year budget plan and up to the end of remaining useful life is extrapolated. The cash flow projections applied in determination of the recoverable amounts of each CGUs are best estimate of the range of economic condition that will exist over the remaining useful life of the CGUs.

As at 30 September 2023, based on the result of the assessment, management determined that the recoverable amount of the CGU of the property management services to be HK\$267,412,000 and is lower than the carrying amount of HK\$274,690,000, resulting from the remaining lease term of the sub-lease project lapses over time resulting less future cash flow with decreasing remaining lease term under income approach and the declined performance of managed property of the property management service project. The impairment amount has been allocated to each category of goodwill, property, plant and equipment, and other intangible assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of HK\$183,237,000 and its value in use of HK\$230,778,000. Impairment losses of approximately HK\$7,437,000 have been recognised against that carrying amount of goodwill and no class of asset other than goodwill is impaired.

Apart from the considerations described in determining the value in use of the CGUs above, the Group’s management is not currently aware of any other possible changes that would necessitate changes in its key estimates in auto-dealership CGU whose recoverable amount exceeded the carrying amount, and therefore no impairment is required.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 September 2023 <i>HK\$’000</i> (Unaudited)	As at 31 March 2023 <i>HK\$’000</i> (Audited)
Listed equity securities, at fair value, classified as financial assets at FVTOCI		
– Listed equity securities in Denmark (<i>Note</i>)	134,752	157,087
– Listed equity securities in Hong Kong	<u>2,670</u>	<u>1,308</u>
	<u><u>137,422</u></u>	<u><u>158,395</u></u>

Note: The balance represented the investment in Bang & Olufsen A/S, a company incorporated in Denmark, whose shares are listed on NASDAQ Copenhagen A/S.

The fair value of the listed equity securities were based on quoted market price as at 30 September 2023 and 31 March 2023. The equity investment was irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

14. BALANCES WITH NON-CONTROLLING INTERESTS

Amounts due from/(to) the non-controlling interests are unsecured, interest-free and repayable on demand.

15. TRADE RECEIVABLES

Trade receivables mainly represent rental receivable from tenants, and sales from customers. The Group's trading terms with its retail customers are mainly receipts in advance from customers or cash on delivery, except for certain transactions with creditworthy customers where the credit period is extendable up to three months, whereas the trading terms with wholesale customers are generally one to two months. In addition, the Group generally provides a credit term of two to three months to automobile manufacturers for the in-warranty after-sale services. The Group seeks to maintain strict control over its outstanding trade receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by the management.

An ageing analysis of trade receivables as at the end of the reporting dates, based on the invoice dates, is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	29,153	26,919
31 – 120 days	318	3,662
121 – 365 days	5,193	5,647
	<u>34,664</u>	<u>36,228</u>

Trade receivables that were neither past due nor impaired related to certain customers from whom there was no recent history of default.

16. TRADE PAYABLES

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

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0 – 30 days	28,311	10,578
31 – 60 days	15,463	18,129
61 – 90 days	1,267	–
Over 90 days	2,079	1,710
	<u>47,120</u>	<u>30,417</u>

17. BORROWINGS

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Current		
Bank loans	195,180	142,523
Other loans	523,366	569,445
	<u>718,546</u>	<u>711,968</u>
Non-current		
Bank loans	161,290	284,943
	<u>161,290</u>	<u>284,943</u>
Total	<u>879,836</u>	<u>996,911</u>
Effective interest rates per annum in range of:		
– fixed rate borrowings	<u>4.5% to 8.5%</u>	<u>4.5% to 8.5%</u>

Notes:

- (i) The borrowings are substantially denominated in RMB and Hong Kong Dollars.
- (ii) As at the reporting date, all the current borrowings were repayable on demand or scheduled to be repaid on demand or within one year and none of the non-current bank loans is expected to be settled within one year.
- (iii) As at 30 September 2023 and 31 March 2023, certain of the Group's assets were pledged to secure the loan facilities granted to the Group.
- (iv) Certain borrowings were secured by corporate guarantees executed by the Company and certain subsidiaries during the six months ended 30 September 2023 and the year ended 31 March 2023.
- (v) Certain borrowings were secured by guarantees executed by a director of the Group and his spouse, and a director of a PRC subsidiary during the six months ended 30 September 2023 and the year ended 31 March 2023.
- (vi) As at 30 September 2023 and 31 March 2023, certain borrowings were secured by guarantee of state-owned enterprise of the PRC.
- (vii) As at 30 September 2023 and 31 March 2023, there are no borrowings containing a repayment on demand clause and/or covenant terms.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

According to the forecast of the International Monetary Fund (IMF), the global economic growth remains slow and uneven, and the global economic growth is increasingly divergent as the tightening of monetary policy begins to have a negative impact. At present, the forecast of global economic growth by IMF is 3% in 2023 and 2.9% in 2024.

On 18 October this year, the National Bureau of Statistics of China released the GDP data for the third quarter of 2023, and the year-on-year growth rate was 4.9%, which was better than the market expectations. It showed that the economy was on a firm footing and the government's policy of stimulating economic growth was effective. In the fourth quarter, China's economy will maintain a positive recovery momentum, and the economic recovery is likely to be sufficient to meet the annual growth target of the government of China.

China's Luxury Goods Market

Renowned institutions, investment banks and global research centres continuously published a number of latest analysis and research reports on forecasted growth of demand for luxury goods in China. With the recovery of China's economy and the gradual recovery of the global economy, the luxury goods industry is expected to experience significant growth in 2023.

According to the "2023 Global Wealth Report" published by UBS in August 2023, although the per capita wealth of adult population decreased by 3.6% in 2022 due to the impact of high inflation, the median of global wealth increased by 3%, indicating that the spending power of high-net-worth group has not shrunk. Globally, the median of wealth grew fivefold this century, at a rate nearly twice the growth rate of per capita wealth for adult population, mainly due to the rapid growth of wealth in China. The report predicts that global wealth will grow by 38% over the next five years, reaching a total of US\$629 trillion by 2027. China Merchants Bank has also published a report titled "2023 Private Wealth Report of China". According to the report, the number of high-net-worth individuals in Mainland China reached 3.16 million, with per capita investable assets of RMB31.83 million, and such individuals mainly concentrated in economically developed regions such as Guangdong, Shanghai, Beijing, Jiangsu and Zhejiang. In addition, young high-net-worth individuals under 40 years old accounted for almost a half of the population.

“A New Chapter to Digital Future – 2023 Report on Digital Trends of China’s Luxury Market”, which is led by Tencent Marketing Insight (TMI) and supported by Boston Consulting Group (BCG), shows that China’s luxury goods market has recovered and it is expected that the consumption scale of luxury goods by the consumers in Mainland China will reach RMB550 billion in 2023, representing a year-on-year growth rate of 15% to 20%. The report also points out that during this year, the social value of luxury goods has been attached importance once again, and the importance of suitable social scenarios and gift-giving in the purchase motives has begun to rise.

Bain & Company and Altagamma, Italian luxury goods manufacturers’ industry association, jointly released the latest luxury goods market research report titled “Altagamma Consensus 2024” in November 2023. According to the report, driven by the recovery of social interaction and tourism, the total sales of the global luxury goods market is expected to reach EUR1.5 trillion in 2023, representing an increase of 8% to 10% from 2022 and reaching a record high. The analysis of the report shows that Chinese consumers are driving the development of the luxury goods ecosystem in Asia. It is expected that the growth rate of luxury goods purchased by Chinese consumers will still be the best performer by 2024, with a growth rate of more than 10%, even though it is lower than the pre-pandemic level.

In summary, the luxury goods market has demonstrated unrivalled resilience this year amid significant geopolitical and macroeconomic changes. Based on the strong fundamentals, the luxury goods market will usher in long-term growth, and the prospect of the luxury goods market in China will be bright and show a trend of being popular among younger consumers.

BUSINESS REVIEW

Automobile Dealerships

During the financial period under review, all our 3 brands, Rolls-Royce, Bentley and Lamborghini experienced a drop in revenue. Bentley performed the best with the smallest sales decline, amounting to approximately HK\$700.6 million and representing approximately 7.1% decrease in sales in the financial period under review from approximately HK\$754.0 million during the corresponding financial period last year. A total of 219 units of Bentley were sold, representing a decrease of approximately 1.4% as compared with 222 units sold in the corresponding financial period last year.

According to the press release from Bentley newsroom, the sales of the first half of 2023 in Mainland China, Hong Kong and Macau decreased by 7% which was caused by difficult economic conditions.

Lamborghini recorded a drop in sales during the financial period under review with a total of approximately HK\$177.2 million, representing a decrease of approximately 17.4% as compared with that of approximately HK\$214.6 million recorded in the corresponding financial period last year. A total of 54 units of Lamborghini were sold, representing a decrease of approximately 1.8% as compared with 55 units sold in the corresponding financial period last year.

According to the official press release titled “record results for Lamborghini in the first half of 2023” on the Lamborghini’s website dated 31 July 2023, it was reported that Lamborghini Motor Cars delivered 5,341 cars to worldwide in the first six months of 2023, which is 4.9% more than that in the same period of 2022.

Rolls-Royce recorded sales of 84 units during the financial period under review, representing a decrease of approximately 28.2% as compared with 117 units sold in the corresponding financial period last year. The brand recorded a decrease in sales during the financial period under review with a total of approximately HK\$584.0 million, representing a decrease of approximately 31.8% as compared with that of approximately HK\$856.6 million recorded in the corresponding financial period last year.

Revenue from after-sales services during the financial period under review reached approximately HK\$42.5 million, amounting to a decrease of approximately 8.4% as compared with the revenue recorded in the corresponding financial period last year. Regarding the gross profit margin, we saw a decrease from approximately 47.6% in the corresponding financial period last year to approximately 33.3% in the financial period under review.

Non-auto Dealerships

During the financial period under review, the sales performance of our non-auto dealership division recorded a decrease of approximately 4.6% to approximately HK\$193.9 million as compared with approximately HK\$203.3 million in the corresponding financial period last year.

Gross profit margin of the non-auto dealership division decreased from approximately 31.2% in the previous financial period to approximately 31.1% in the financial period under review. The decrease was mainly driven by a decrease in gross profit margin of the sales of audio equipment.

Among all brands under the division including watch, jewellery, fine wine, audio equipment, menswear apparel and accessories, cigars and smoker's accessories and silver and home articles and health care products, Bang & Olufsen performed the best in terms of sales revenue and gross profit contribution during the financial period under review.

Others

During the financial period under review, the revenue from our others division, which includes the provision of property management services, films and television program investments and money lending business, recorded a decrease of approximately 27.3% to approximately HK\$35.4 million, as compared with approximately HK\$48.8 million in the previous financial period. The decrease was mainly due to the lack of revenue generated from films and television program investments, money lending business and decrease in the sublease income during the financial period under review.

In respect of the provision of property management business, there were four on-going proceedings commenced by our Group against the tenants for recovery of the outstanding rents with an aggregate claim amount of approximately RMB11 million. No hearing date has been fixed yet in respect of any of these proceedings.

In respect of the films and television program investment business, the legal actions against the film producer to recover the investment principal and relevant return are still in progress. The releasing schedules of the rest film investments had also been further postponed due to the continuing weak consumption market sentiment and keen competition.

In respect of the money lending business, the two litigations against the borrowers and the guarantors are still in progress. The details are discussed in the paragraph headed "The Borrowers' Default of Loan Agreements" of this announcement.

Equity Investment

As a long-term investment for capital appreciation and distribution, the Group held shares in Bang & Olufsen A/S (“**B&O**”), a company incorporated in Denmark whose shares are listed and traded on NASDAQ Copenhagen A/S. B&O is a luxury audio brand founded in 1925 in Struer, Denmark, by Peter Bang and Svend Olufsen whose devotion and vision remain the foundation for the company.

As at 30 September 2023, the Group held 14,059,347 shares (31 March 2023: 14,059,347 shares) of B&O, representing approximately 11.45% of its total issued shares. The carrying amount of this investment represented approximately 3.7% of the total assets of the Group as at 30 September 2023.

No dividend was generated from this investment to the Group during the financial period under review.

The share price of B&O dropped to Danish Krone (“**DKK**”) 8.63 per share as at 30 September 2023 (31 March 2023: DKK9.72 per share) as quoted on the NASDAQ Copenhagen A/S, representing a decrease of approximately 11.2% during the financial year ended 31 March 2023.

The Group also held shares in New Amante Group Limited (Stock Code: 8412) (“**New Amante**”), a company incorporated in the Cayman Islands whose shares are listed and traded on GEM of the Stock Exchange. New Amante intends to develop a high-ended cigar and alcohol lounge and club in Hong Kong, and given the huge demand of cigars globally coupled with an acute shortage of production of high quality cigar production driven by Cuba.

As at 30 September 2023, the Group held 2,670,000 shares (31 March 2023: 2,670,000 shares) of New Amante, representing approximately 2.62% of its total issued shares. The carrying amount of this investment represented approximately 0.07% of the total assets of the Group as at 30 September 2023.

No dividend was generated from this investment to the Group during the financial period under review.

The Group's financial assets at FVTOCI of approximately HK\$137 million as at 30 September 2023 (31 March 2023: approximately HK\$158 million) represented the Group's strategic investment in B&O and New Amante. The decrease in carrying amount of the Group's financial assets at FVTOCI during the financial period under review was mainly due to fair value change on the market price of the shares of B&O.

OUTLOOK

Regarding the Group's automobile segment, since its downtrend commenced from the second quarter of this financial year and this trend is expected to continue in the second half of this financial year. We believe that the profitability of the automotive division in the second half of this financial year will remain challenging as in the first half of this financial year. Although the chance of a rapid recovery is not possible under the current automobile market condition, there are still certain opportunities that may be arising from the China government's strong economic stimulus measures. If the strong economic measures are launched relatively quick, then it may give a positive effect in our results for the fourth quarter of this financial year. We expect the automobile segment keep the development steadily.

Regarding the Group's non-auto dealerships segment, in the context of weak consumption, we continue to maintain this operating momentum in the first half of this financial year and believe that the second half of the financial year will be consistent with the situation in the first half of the financial year. It is expected that the sales of B&O products will remain stable. For the home accessories business, we believe that sales of Georg Jensen products still have corresponding room for growth and are more optimistic about this relatively new business in the second half of the year. On the other hand, the businesses in watches, jewellery and fine wine will continue to shrink.

Regarding other business segments, the Group's property management business may continue under the downward pressure in the coming year as the property market in China is still unclear. Given that the weak economic atmosphere, we maintained prudent management on the film investment and the lending business. The Group has no plans to expand or new investment in these two businesses in the second half of the year.

The Company originally intended to issue new convertible bonds to finance for the repayment of the existing loans granted to the Group. For the reasons as mentioned in the paragraph headed "Proposed Placing of New Convertible Bonds under General Mandate, Injunction Order on Placing and Lapse of Placing Agreement" under the section headed "Liquidity and Financial Resources" of this announcement, the CB Placing (as defined below) was lapsed. Such lapse has a negative effect though it did not affect imminent cash flow or cause material adverse impact on the operation and financial position of the Group. Besides, the Group incurred operating loss in the first half of this financial year, the management of the Group will be prudent in the financial management in the second half of this financial year.

The Company is in a voluntary conditional cash general offer period, the outcome of which is expected to be known by early next year. Such outcome may cause operational uncertainties on management, operation teams and consequently financial condition of the Group even riding on the business prospects as mentioned above.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 September 2023 was approximately HK\$1,733.7 million, representing a decrease of approximately 18.4% as compared with that of approximately HK\$2,123.6 million recorded in the corresponding financial period last year. The decrease was driven by a decrease in unit sold of automobiles products. The table below sets out the Group's revenue by segments for the period indicated:

Revenue Source	Six months ended 30 September				Changes	
	2023		2022			
	Contribution		Contribution			
	HK\$'000	(%)	HK\$'000	(%)	HK\$'000	(%)
Automobile segment						
Sales of automobiles	1,461,805	84.3%	1,825,070	85.9%	(363,265)	(19.9%)
Provision of after-sales services	42,545	2.5%	46,437	2.2%	(3,892)	(8.4%)
Sub-total	1,504,350	86.8%	1,871,507	88.1%	(367,157)	(19.6%)
Non-auto dealership segment	193,920	11.2%	203,320	9.6%	(9,400)	(4.6%)
Others	35,437	2%	48,775	2.3%	(13,338)	(27.3%)
Total	<u>1,733,707</u>	100%	<u>2,123,602</u>	100%	<u>(389,895)</u>	(18.4%)

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2023 decreased by approximately 36.5% to approximately HK\$214.0 million (30 September 2022: approximately HK\$337.2 million) while the gross profit margin of the Group for the six months ended 30 September 2023 decreased from 15.9% to 12.3% as compared with that of for the corresponding period last year. The decrease in gross profit was mainly attributable to decrease in gross profit of the sales of automobiles and incentive bonuses offered by the automobile suppliers. The gross profit of the sales of automobiles decreased by approximately HK\$98.8 million during the financial period under review.

Other Income, Gains and Losses

Other income, gains and losses recorded a net loss of approximately HK\$18.8 million for the six months ended 30 September 2023 (30 September 2022: a net loss of approximately HK\$11.8 million). Such change was mainly due to increase in change in fair value of investment properties and the impairment of goodwill on property management business of approximately of HK\$7.4 million during the financial period under review.

Selling and distribution costs

The selling and distribution costs decreased by approximately 29.5% to approximately HK\$156.2 million during the period under review as compared with approximately HK\$221.6 million for the corresponding period of the last financial year. The decrease was mainly due to decrease in marketing and promotion expenses.

Administrative expenses

The administrative expenses increased by approximately HK\$1.3 million from approximately HK\$46.7 million for the six months ended 30 September 2022 to approximately HK\$48.0 million for the six months ended 30 September 2023. The changes were mainly due to increase in share base payments during the period under review.

Finance Costs

The financing costs of the Group decreased by approximately 9.2% from approximately HK\$48.7 million for the six months ended 30 September 2022 to approximately HK\$44.2 million for the six months ended 30 September 2023, due to the decrease in borrowings for purchase of automobiles inventories during the period under review.

Property, plant and equipment

The Group's property, plant and equipment as at 30 September 2023 were approximately HK\$1,120.1 million (31 March 2023: approximately HK\$1,208.5 million). During the six months ended 30 September 2023, the Group acquired items of property, plant and equipment at a total cost of approximately HK\$22.0 million (six months ended 30 September 2022: approximately HK\$33.3 million), and a net carrying amount of approximately HK\$9.4 million of property, plant and equipment were disposed of during the six months ended 30 September 2023 (the net carrying amount for the six months ended 30 September 2022: approximately HK\$6,000).

Investment properties

The Group's investment properties as at 30 September 2023 were approximately HK\$341.9 million (31 March 2023: approximately HK\$393.9 million). The change in value of investment properties was mainly due to decrease in fair value and the differences in exchange translation incurred during the financial period under review.

Other intangible assets

The Group's other intangible assets as at 30 September 2023 were approximately HK\$174.6 million (31 March 2023: approximately HK\$187.6 million). The change in value of other intangible assets was mainly due to the differences in exchange translation incurred during the financial period under review.

Goodwill

The Group's goodwill as at 30 September 2023 was approximately HK\$278.8 million (31 March 2023: approximately HK\$302.3 million). The decrease in goodwill was mainly due to the differences in exchange translation and the impairment of goodwill on property management business incurred during the financial period under review, arising from decrease in managed property projects which caused by the continuing weak market sentiment of China's property market.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 September 2023 were approximately HK\$3,636.1 million (31 March 2023: approximately HK\$3,985.9 million) which were financed by the total equity and total liabilities of approximately HK\$2,086.0 million (31 March 2023: approximately HK\$2,227.9 million) and HK\$1,550.1 million (31 March 2023: approximately HK\$1,758.0 million) respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 September 2023 were approximately HK\$180.4 million (31 March 2023: approximately HK\$146.7 million) which were mainly denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB").

The Group's primary uses of cash are to repay the Group's borrowings, to pay for purchases of inventories and to fund the Group's working capital and normal operating costs. The increase of the Group's cash at banks and in hand was mainly attributable to the decrease in pledged deposit for banking and other facilities when compared with the year ended 31 March 2023 as well as exercise of the share options by the option holders in September 2023.

The Directors consider that the Group will still have sufficient working capital for its existing operations and financial resources for financing future business expansion and capital expenditures. However, if the CB Placing mentioned below proceeded, the Group would have been in a better financial position to cope with current challenging business environment in the PRC.

Borrowings

The Group's borrowings as at 30 September 2023 were approximately HK\$879.8 million, representing a decrease of approximately 11.7% from approximately HK\$996.9 million as at 31 March 2023. The Group's borrowings were mainly denominated in RMB. The decrease was mainly due to decrease in purchase of automobiles inventories during the financial period under review.

Gearing Ratio

The Group's gearing ratio computed as total borrowings over the total equity decreased to approximately 42.6% as at 30 September 2023 (31 March 2023: approximately 45.2%).

Inventories

As at 30 September 2023, the Group's inventories decreased by approximately 12.5% from approximately HK\$1,229.8 million as at 31 March 2023 to approximately HK\$1,075.6 million. Such decrease was primarily due to the decrease in automobile and audio equipment which comprised approximately 55.5% and 22.7% of the inventories of the Group respectively.

The Group's average inventory turnover days increased from 133 days for the six months ended 30 September 2022 to 139 days for the six months ended 30 September 2023.

Exposure to Foreign Exchange Risk

The revenue and expenses of the Group are mainly denominated in RMB and HK\$ while the production cost, purchases and investments of the Group are denominated in RMB, HK\$, DKK and United States dollar ("USD").

The Group did not enter into any foreign currency forward contract for the financial period under review. As at 30 September 2023, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts (30 September 2022: nil).

Contingent Liabilities and Capital Commitment

The Board considered that the Group had no material contingent liabilities as at 30 September 2023 (31 March 2023: nil). The Board considered that the Group had no material capital commitment as at 30 September 2023 in respect of acquisition of property, plant and equipment (31 March 2023: nil).

Charges on Assets

As at 30 September 2023, land and buildings, investment property, pledged deposits and inventories of the Group with aggregate carrying amounts of approximately HK\$876.3 million (31 March 2023: approximately HK\$942.1 million), approximately HK\$37.6 million (31 March 2023: approximately HK\$42.0 million), approximately HK\$47.5 million (31 March 2023: approximately HK\$75.2 million) and approximately HK\$526.0 million (31 March 2023: approximately HK\$610.3 million) respectively were pledged to secure general banking facilities and other facilities granted to the Group.

Human Resources

As at 30 September 2023, the Group had 436 employees (31 March 2023: 456). Staff costs (including directors' emoluments and the one-off equity-settled share option expenses) charged to profit or loss amounted to approximately HK\$47.1 million for the six months ended 30 September 2023 (six months ended 30 September 2022: HK\$42.6 million).

The Group provided benefits, which included basic salary, commission, discretionary bonus, medical insurance and retirement funds and equity-settled share-based payments to employees to sustain the competitiveness of the Group.

The package was reviewed on an annual basis based on the Group's performance and employees' performance appraisal.

The Group also provided training to the employees for their future advancement.

The Borrowers' Default of Loan Agreements

The loan agreement in respect of a facility of HK\$58.0 million

On 4 March 2021, Forwell Finance Limited (the “**Lender**”), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the “**1st Loan Agreement**”) with a borrower which is an independent third party (the “**1st Borrower**”), pursuant to which the Lender agreed to grant to the 1st Borrower a loan with principal amount of HK\$58.0 million (the “**1st Loan**”) for a term of 12 months, bearing interest at a rate of 6.5% per annum.

Pursuant to the 1st Loan Agreement, the 1st Borrower had been paying the quarterly interests on the 1st Loan to the Lender on time during the term of the 1st Loan Agreement. However, the 1st Borrower failed to repay the 1st Loan with outstanding principal amount of HK\$58.0 million and the accrued interest on the maturity date (4 March 2022).

The Group sought legal advice and commenced legal action against the 1st Borrower and the guarantor of the 1st Loan in the High Court of Hong Kong on 20 April 2022 with a view to recovering the 1st Loan and other losses and damages.

After the commencement of the legal proceedings, the parties reached a settlement on the matter and pursuant to a Tomlin Order filed by the parties with the High Court of Hong Kong dated 8 August 2022, the parties agreed to stay the legal proceedings and a deed of settlement was executed by the Lender, the 1st Borrower and the guarantor on 8 August 2022.

The Group received partial payment in instalments in the aggregate sum of HK\$24,320,000 during the year ended 31 March 2023, yet the 1st Borrower failed to repay the outstanding instalments, save for the aforesaid payment, and the accrued interests. The Group has resumed the legal actions against the 1st Borrower and the guarantor in the High Court of Hong Kong with a view to recovering the loans and other losses and damages. A hearing at the High Court has been fixed on 20 December 2023. During the period ended 30 September 2023 and up to the date of this announcement, there is no settlement received from the 1st Borrower or the guarantor.

For details, please refer to the announcements of the Company dated 4 March 2021, 1 and 29 April 2022, 8, 18 and 24 August 2022 and 1 September 2022.

The loan agreement in respect of a facility of HK\$32.0 million

On 22 March 2021, the Lender entered into a loan agreement (the “**2nd Loan Agreement**”) with another borrower who is an independent third party (the “**2nd Borrower**”), pursuant to which the Lender agreed to grant to the 2nd Borrower loan with principal amount of HK\$32.0 million (the “**2nd Loan**”) for a term of 12 months, bearing interest at a rate of 7% per annum.

Pursuant to the 2nd Loan Agreement, the 2nd Borrower had paid the quarterly interests on the 2nd Loan to the Lender on time during the term of the 2nd Loan Agreement. However, the 2nd Borrower failed to repay the 2nd Loan with outstanding principal amount of HK\$32.0 million and the accrued interest on the maturity date (22 March 2022).

As a result of the 2nd Borrower’s default, the Group sought legal advice and commenced legal action against the 2nd Borrower and the guarantor of the 2nd Loan in the High Court of Hong Kong on 29 April 2022 with a view to recovering the 2nd Loan and other losses and damages.

The Lender has on 6 December 2022 obtained a sealed judgment against the 2nd Borrower for the claims of the 2nd Loan and interest accrued thereon. The Lender has further on 17 February 2023 obtained a sealed judgment against the guarantor for the claims of the 2nd Loan and interest accrued thereon. The Group is in the course of enforcing the judgements against the 2nd Borrower and the guarantor for the recovery of the 2nd Loan and other losses and damages. The Lender has filed a bankruptcy petition against the 2nd Borrower in the High Court of Hong Kong on 19 September 2023 and the petition will be heard by the court on 22 December 2023. During the period ended 30 September 2023 and up to the date of this announcement, there is no settlement received from the 2nd Borrower or the guarantor.

The legal proceedings are ongoing and the Company will make further announcement on the status of any material development of this event as and when appropriate.

For details, please refer to the announcements of the Company dated 22 March 2021, 29 April 2022, 8 December 2022 and 20 February 2023.

Shareholding Disputes

On 5 September 2023, the Company received a letter from a law firm through email purportedly acting for a beneficial owner of substantial shares in the Company who has shareholding disputes with certain substantial shareholders of the Company. As the Company needs time to investigate the matter, the proposal for the adjournment of the annual general meeting which was scheduled to be held on 5 September 2023 was put forward. The resolution for the adjournment was duly passed by the shareholders present at the meeting as an ordinary resolution of the Company by way of poll.

On 24 September 2023, the Company received, via its Chairman's email, a copy of a complaint letter dated 24 September 2023 and sent by the same law firm to the regulatory authorities in Hong Kong, giving further information and attaching evidence on the shareholding disputes. The Company is still assessing the impact, if any, of such shareholding disputes and the complaint on the Company.

For details, please refer to the announcements of the Company dated 5 September 2023 and 25 September 2023.

Proposed Placing of New Convertible Bonds under General Mandate, Injunction Order on Placing and Lapse of Placing Agreement

On 19 September 2023, the Company entered into a conditional placing agreement dated 19 September 2023 (the “**CB Placing Agreement**”) with a placing agent (the “**Placing Agent**”), pursuant to which the Company agreed to issue and the Placing Agent agreed to procure, on a best effort basis, not less than six (6) placees, who will be independent third parties, to subscribe in cash for the convertible bonds in the aggregate principal amount of HK\$64,500,000, convertible into a maximum of 67,894,736 new shares of the Company, at the initial conversion price of HK\$0.95 per conversion share (the “**CB Placing**”).

It was expected that the gross proceeds and net proceeds (after deducting the placing commission for the CB Placing and other relevant expenses) from the CB Placing would be approximately HK\$64.5 million and approximately HK\$63.3 million respectively, and the Company intended to utilize all of the net proceeds for repayment of the existing loans granted to the Group.

On 25 September 2023, the Company received notice from the solicitors of two purported shareholders of the Company (collectively, “**Plaintiffs**”) informing the Company shortly before the commencement of the adjourned annual general meeting that they were about to commence legal proceedings against the Company and 8 other defendants including the then existing Directors (collectively, “**Defendants**”) in the High Court of Hong Kong, and were also seeking an urgent injunction against the Defendants, including the Company on even date. The Company subsequently received notice from the solicitors of the Plaintiffs informing the Company that the High Court granted an interim injunction order against the Defendants in respect of the CB Placing (“**Interim Injunction Order**”) which would remain in force up to and including 29 September 2023.

On the same day of 25 September 2023, the Plaintiffs also filed the Originating Summons (“**Originating Summons**”). The Summons for the continuation of the Interim Injunction Order (“**Plaintiffs’ Summons**”) was filed on the following day of 26 September 2023.

On 29 September 2023, the High Court made directions for the further conduct of the Plaintiffs’ Summons.

In so far as the Company is concerned, upon the undertakings of the Company that until the determination of the Plaintiffs’ Summons or further order of the High Court, the Company, whether by itself or its servants or agents or otherwise howsoever, will not:

- (a) take any steps to carry out, proceed with, implement and/or perform any other acts in respect of the CB Placing Agreement;
- (b) issue convertible bonds to any places pursuant to the CB Placing Agreement; or
- (c) if and insofar as any convertible bonds were issued under the CB Placing Agreement, provide written approval to the holder(s) of such convertible bonds to exercise their right to convert any part of the outstanding principal of the convertible bonds to conversion shares, and/or otherwise issuing or dealing with conversion shares pursuant to such convertible bonds,

the High Court ordered, inter alia, that Plaintiffs’ Summons be adjourned for substantive argument on a date not before 8 December 2023, with 1 day reserved.

On 10 October 2023, as informed by the Placing Agent, since the conditions precedent of the CB Placing Agreement were not fulfilled by 10 October 2023 (being the Long Stop Date), the CB Placing Agreement lapsed and the CB Placing will not proceed. Pursuant to the terms of CB Placing Agreement, all rights, obligations and liabilities of the parties to the CB Placing Agreement shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach of any right or obligation under CB Placing Agreement prior to such termination.

On the same day of 10 October 2023, the Court made an Order (“**10 October 2023 Order**”) in terms of the Consent Summons of the parties (other than the 7th and 8th Defendants), which granted leave to the Plaintiffs, namely Mr. Sze Ching Lau (“**Mr. Sze**”) and Pro Honor Investment Limited (“**Pro Honor**”), to amend the Originating Summons and provided for directions for the further conduct of the amended Originating Summons (“**Amended Originating Summons**”).

As part of the 10 October 2023 Order, the Amended Originating Summons was adjourned to a Case Management Conference to be fixed not before the determination of the Plaintiff’s Summons with 30 minutes reserved.

Please refer to the announcements of the Company dated 19 September 2023, 26 September 2023, 29 September 2023, 11 October 2023 and 13 October 2023 for further details.

Voluntary Conditional Cash Offers (the “Offers”)

On 28 September 2023 (after trading hours), the Company received a letter from Mr. Sze (the “**Offeror**”) notifying the Board that he has firm intention to make, through Shenwan Hongyuan Capital (H.K.) Limited, the Offers to acquire all the issued ordinary shares of the Company (the “**Shares**”) and the outstanding convertible bonds (the “**Convertible Bonds**”) (other than those already owned by or to be acquired by the Offeror and his concert parties (the “**Concert Parties**” which include, inter alia, Pro Honor), and to cancel all outstanding share options (the “**Shares Options**”).

On 29 September 2023, the Company requested trading halt on the Shares in accordance with the requirements under the Listing Rules.

On 5 October 2023, the Offeror issued an announcement (the “**Offeror Announcement**”) setting out details of the Offers.

As disclosed in the Offeror Announcement, the offer price under the Offers: (a) for each Share in issue (other than those already owned by or to be acquired by the Offeror or his Concert Parties) is HK\$0.9 in cash (the “**Share Offer Price**”); (b) for every HK\$1 face value of the Convertible Bonds is HK\$0.225 in cash; and (c) for cancellation of each Share Option is HK\$0.01 in cash.

On 17 October 2023, the Company issued an announcement (i) in response to the Offeror Announcement, including inter alia, its disagreement with the Offeror’s comparison of the value of the Share Offer Price with the Company’s consolidated net asset value attributable to owners of the Company as at 31 March 2023, providing further details on, among other things, the Offeror’s son’s interests in the Shares and matters relating to the Offeror’s reasons for initiating the Offers as disclosed in the Offeror Announcement; and (ii) the application for resumption of trading in the shares of the Company.

On 26 October 2023, the Offeror announced that as more time would be required, an application has been made for an extension of the time limit for the despatch of the offer document (the “**Offer Document**”) from 26 October 2023 to 24 November 2023.

On 9 November 2023, the Offeror issued his supplemental announcement providing further information in respect of the Offers.

On 24 November 2023, the Offeror despatched the Offer Document. An announcement dated 24 November 2023 in respect of, inter alia, the despatch of the Offer Document was also issued by the Offeror.

Please refer to the announcements of the Offeror dated 5 October 2023, 26 October 2023, 9 November 2023 and 24 November 2023, the Offer Document dated 24 November 2023 and the announcements of the Company dated 29 September 2023, 17 October 2023, 27 October 2023 and 30 October 2023 for further details.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in dealerships of luxury goods and automobiles, provision of after-sales services, property management services, property rental services, film related business including development and investment in films and television program and money lending business. The Group’s operations are mainly based in Hong Kong and Mainland China.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil) as the Group would like to reserve more capital to capture opportunities and meet the challenges ahead.

SHARE OPTION SCHEME

The Company's previous share option scheme (the "**Old Scheme**") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 August 2012 for the primary purpose of providing incentives to Directors and eligible employees.

On 19 August 2022, Share Options of an aggregate of 290,000,000 Shares (equivalent to 18,125,000 Shares after consolidation) of HK\$0.1 each in the share capital of the Company were granted to employees of the Group under the Old Scheme. On 10 January 2023, the share consolidation became effective, the exercise price of the Share Options and the number of Shares to be allotted and issued upon the exercise of the Share Options granted under the Old Scheme were adjusted. Following the adjustment, the number of Shares issuable on exercise of the outstanding options under the Old Scheme became 18,125,000 Shares.

On 15 September 2023, 2,700,000 Shares under the Old Scheme have been exercised and remaining 15,425,000 options have not yet exercised as at 30 September 2023.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 September 2022, the Company's new share option scheme (the "**New Scheme**") was adopted on 29 September 2022 and the Old Scheme was expired on 19 August 2022. The New Scheme shall be valid and effective for a term of ten years commencing on 29 September 2022.

At the annual general meeting of the Company held on 27 September 2022, the General Scheme Limit was refreshed to allow the Company to grant options to subscribe for up to the maximum of 547,195,344 pre-consolidation Shares (equivalent to 34,199,709 shares after consolidation), representing 10% of the issued shares capital as at the date of approval of the adoption of the New Scheme initially. On 10 January 2023, when the share consolidation became effective, the number of Shares Options available for grant was adjusted to 34,199,709 Shares (including options for nil share that have been granted but not yet lapsed or exercised).

During the six-month period ended 30 September 2023, Share Options of an aggregate of 34,000,000 Shares of HK\$1.00 each in the share capital of the Company were granted to employees and Directors, which include three executive Directors and three independent non-executive Directors under the New Scheme.

On 15 September 2023, 29,700,000 Shares under the New Scheme have been exercised and remaining 4,300,000 options have not yet exercised as at 30 September 2023.

Details and movements of Share Options granted are stated as below:

Name or category of grantee	Share Option Scheme	Exercise price (HKD) (Note 1)	Exercise period (DD/MM/YYYY)	Number of share options (Note 1)						
				As at 1 April 2023	Granted on 4 August 2023 (Note 3)	Granted on 13 September 2023 (Note 4)	Exercised on 15 September 2023 (Note 5)	Lapsed during the period (Note 6)	Cancelled during the period (Note 6)	As at 30 September 2023
Employees	Old Scheme	1.6	19/08/2022 – 18/08/2027	18,125,000 (Note 2)	-	-	2,700,000	-	-	15,425,000
Mr. Zheng Hao Jiang (Executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	3,400,000	-	3,400,000	-	-	-
Mr. Zhao Xiaodong (Executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	3,400,000	-	3,400,000	-	-	-
Mr. Zhu Lei (Executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	3,400,000	-	3,400,000	-	-	-
Mr. Choy Sze Chung, Jojo (Independent non-executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	300,000	-	-	-	-	300,000
Mr. Lam Kwok Cheong (Independent non-executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	300,000	-	-	-	-	300,000
Mr. Gao Yu (Independent non-executive Director)	New Scheme	1	04/08/2023 – 03/08/2028	-	300,000	-	-	-	-	300,000
Employees	New Scheme	1	04/08/2023 – 03/08/2028	-	2,500,000	-	2,500,000	-	-	-
Employees	New Scheme	1	04/02/2024 – 03/08/2028	-	3,400,000	-	-	-	-	3,400,000
Employees	New Scheme	1	13/09/2023 – 12/09/2028	-	-	17,000,000	17,000,000	-	-	-
				<u>18,125,000</u>	<u>17,000,000</u>	<u>17,000,000</u>	<u>32,400,000</u>	<u>-</u>	<u>-</u>	<u>19,725,000</u>

Notes:

- The number of Share Options and exercise price held have been adjusted for the sixteen-to-one share consolidation of the Company which became effective on 10 January 2023.

2. On 19 August 2022, Share Options of an aggregate of 290,000,000 Shares (equivalent to 18,125,000 Shares after consolidation) of HK\$0.1 each in the share capital of the Company were granted to employees of the Group under the Old Scheme. The closing price of the Shares immediately before the date of grant is HK\$0.091 (equivalent to HK\$1.456 after consolidation).
3. The closing price of the Shares immediately before the date of grant (4 August 2023) is HK\$0.87.
4. The closing price of the Shares immediately before the date of grant (13 September 2023) is HK\$0.94.
5. The weighted average closing price of the Shares immediately before the date of exercise (15 September 2023) is HK\$0.96.
6. During the six-month period ended 30 September 2023, no Share Option was lapsed or cancelled.
7. For employees who have worked with the Group for more than 10 years as at the date of grant, there is no vesting period in respect of the share options granted to them. For employees who have worked with the Group for less than 10 years but more than 5 years, the share option shall be vested or exercisable after expiry of six months from the date of grant.

In accordance to HKFRS 2, the fair value of the share options granted to the employees on 4 August 2023 and 13 September 2023 were HK\$6,191,000 and HK\$6,650,000 (HK\$0.364 and HK\$0.391 each). Share-based payment of HK\$12,154,000 was recognised during the six months ended 30 September 2023. The following information is relevant in the determination of the fair value of options granted on 4 August 2023 and 13 September 2023 under the share option scheme:

Option pricing model used	Options granted on	Options granted on
	4 August 2023	13 September 2023
	Binomial	Binomial
	Option-Pricing	Option-Pricing
	Model	Model
Share price	HK\$0.86	HK\$0.95
Exercise price	HK\$1	HK\$1
Expected volatility	64.09%	63.23%
Risk-free interest rate	3.82%	3.90%
Post-vesting exit rate	0%	0%
Early exercise multiple	1.60 to 2.47	1.60 to 2.47

Changes in these subjective input assumptions could affect the fair value estimate. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

The expected volatility is estimated with reference to the historical volatility of the daily share price of the Company for a period equal to the expected life preceding the grant date. The expected life of the options is based on the contractual life of the options and historical data over the past years, and is not necessarily indicative of the exercise patterns that may occur. Expected dividend rate is based on historical dividend rates of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

Subsequent to 30 September 2023, the Company has allotted and issued 4,625,000 Shares and 4,750,000 Shares on 27 October 2023 and 30 October 2023 respectively pursuant to the exercise of total 9,375,000 Share Options granted under the Old Scheme. For the details, please refer to the announcements of the Company dated 27 October 2023 and 30 October 2023.

The Company operates the New Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's business. The Directors may, at its discretion, grant options to eligible employees and non-employee persons, including directors of the Company and its subsidiaries, suppliers, customers, persons who provide research, development or other technological support, shareholders, advisers or consultants of the Group or invested entities, and any participant who contributes to the development of the Group.

There was 199,709 Shares available for further grant pursuant to the New Scheme as at 30 September 2023 and as at the date of this announcement (31 March 2023: 34,199,709 shares available). It represents approximately 0.06% over the weighted average number of Shares issued for the period (31 March 2023: 10%).

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 29 May 2023, the principal place of business of the Company in Hong Kong has been changed to 23/F, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong. All telephone and facsimile numbers of the Company will remain unchanged.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to the existing shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules to govern securities transactions by the Directors. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the Model Code throughout the six months ended 30 September 2023 and up to the date of this announcement.

The Company also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the six months ended 30 September 2023.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance. The Board agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements. Throughout the year ended 31 March 2023, the Group has adopted the principles and code provisions in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Listing Rules. The Company has been in compliance with the Code throughout the year ended 31 March 2023 except for the deviation from provision C.2.1 of the Code since 1 January 2018.

According to provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zheng Hao Jiang is the chairman of the Board and the Chief Executive Officer of the Company with effect from 1 January 2018 and the Co-Chairman of the Board (the “**Co-Chairman**”) with effect from 8 July 2020, responsible for overall strategic development, project management and client management of the Group. Mr. Ma Chao, an executive Director, was appointed as a Co-Chairman with effect from 8 July 2020. Mr. Ma Chao has retired as an executive Director and ceased to be a Co-Chairman of the Board with effect from 16 June 2023 upon expiration of his service contract with the Company. Immediately following Mr. Ma’s cessation as a Co-Chairman of the Board, Mr. Zheng Hao Jiang became the sole chairman of the Board. The Board believes that vesting of the roles of both Chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively; and considers that such arrangement will not impair the balance of power and authority between the Board and the management and that the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and the chief executive officer. Nevertheless, the Board will review such arrangement from time to time in light of the prevailing circumstances.

In addition, the Audit Committee of the Company, (the “**Audit Committee**”), comprised exclusively independent non-executive Directors, is free to directly communicate with the Company’s external auditors and independent professional advisers when it considers necessary.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Lam Kwok Cheong and Mr. Gao Yu with written terms of reference in line with the code provisions set out in the Code. The Audit Committee has reviewed and approved the interim condensed consolidated financial statements of the Group for the six months ended 30 September 2023 with no disagreement with the accounting treatment adopted by the Company.

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

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.hk970.com. The interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

By Order of the Board
New Sparkle Roll International Group Limited
Zheng Hao Jiang
Chairman

Hong Kong, 30 November 2023

As at the date of this announcement, the Company has four executive Directors and four independent non-executive Directors. The executive Directors are Mr. Zheng Hao Jiang, Mr. Zhao Xiaodong, Mr. Zhu Lei and Ms. Cheng Bin. The independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Lam Kwok Cheong, Mr. Gao Yu and Ms. Liu Wenjing.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.