



HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 248

Interim Report
2024



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Chan Chung Yee, Hubert
(*Chairman & Chief Executive Officer*)
Chan Chung Yin, Roy
Chan Ming Him, Denny
Wu Kwok Lam CPA, FCCA
Ip Man Hon
Lam Man Hau
Wan Man Lai Polly
(appointed on 1 November, 2024)

Independent Non-executive Directors

Chiu Ngar Wing FCCA, CPA (Practising)
Chu Chor Lup
Law Ka Hung
Wong Kwok Leung

COMPANY SECRETARY

Wu Kwok Lam CPA, FCCA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F., Block B, Vita Tower
29 Wong Chuk Hang Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

HONG KONG BRANCH REGISTRAR

Pilare Limited
17/F., Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank (Asia)

STOCK CODE

248

WEBSITE ADDRESS

<http://www.hkc.com.hk>

The board of directors (the "Board") of HKC International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September, 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2024

		Six months ended 30 September,	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
	Notes		
Revenue	3	48,130	101,526
Cost of sales		(29,322)	(81,388)
Gross profit		18,808	20,138
Other income, gains and losses	4	216	1,290
Fair value profit (loss) on financial assets at fair value through profit and loss ("FVTPL")		54	(123)
Reversal of impairment on trade receivables		107	573
Selling and distribution expenses		(1,443)	(1,814)
Administrative and other operating expenses		(17,093)	(14,802)
Finance costs	5	(3,713)	(5,910)
Loss before taxation	6	(3,064)	(648)
Taxation		-	-
Loss for the period attributable to equity holders of the Company		(3,064)	(648)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas operations		173	2,090
Total comprehensive (expense) income attributable to equity holders of the Company		(2,891)	1,442
Loss per share - (HK cents)			
- basic and diluted	7	(0.25) cents	(0.05) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER, 2024

	Notes	As at 30 September, 2024 HK\$'000 (unaudited)	As at 31 March, 2024 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		49,280	49,690
Investment properties		165,200	165,200
Financial assets at FVTPL		10,324	9,442
		224,804	224,332
CURRENT ASSETS			
Inventories		14,541	12,592
Contract assets	9	110,252	119,553
Financial assets at FVTPL		452	398
Trade receivables	10	8,062	23,796
Prepayments, deposits and other receivables		8,739	8,917
Tax recoverable		117	133
Pledged bank deposits		2,802	2,765
Cash and bank balances		15,657	22,699
		160,622	190,853
CURRENT LIABILITIES			
Trade payables	11	5,218	2,160
Accruals and other payables	11	3,702	5,481
Contract liabilities		2,406	2,600
Amounts due to directors		1,500	3,000
Lease liabilities		54	383
Bank borrowings		132,121	159,031
Tax payable		593	30
		145,594	172,685
NET CURRENT ASSETS		15,028	18,168

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 SEPTEMBER, 2024

	As at 30 September, 2024 HK\$'000 (unaudited)	As at 31 March, 2024 HK\$'000 (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	239,832	242,500
NON-CURRENT LIABILITIES		
Lease liabilities	313	90
Deferred tax liabilities	49	49
	362	139
NET ASSETS	239,470	242,361
CAPITAL AND RESERVES		
Share capital	12,453	12,453
Reserves	227,017	229,908
TOTAL EQUITY	239,470	242,361



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2024

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April, 2024	12,453	39,621	28,325	74,640	149	-	1,887	85,286	242,361
Loss for the period	-	-	-	-	-	-	-	(3,064)	(3,064)
Other comprehensive income for the period	-	-	-	-	173	-	-	-	173
Total comprehensive income (expense) for the period	-	-	-	-	173	-	-	(3,064)	(2,891)
At 30 September, 2024 (unaudited)	12,453	39,621	28,325	74,640	322	-	1,887	82,222	239,470
At 1 April, 2023	12,453	39,621	28,325	74,640	652	5,954	830	100,853	263,328
Loss for the period	-	-	-	-	-	-	-	(648)	(648)
Other comprehensive income for the period	-	-	-	-	2,090	-	-	-	2,090
Transferred to retained profits on disposal of financial assets at FVTOCI	-	-	-	-	-	(5,954)	-	5,954	-
Transferred to retained profits on disposal of investment property	-	-	-	(9,478)	-	-	-	9,478	-
Total comprehensive (expense) income for the period	-	-	-	(9,478)	2,090	(5,954)	-	14,784	1,442
At 30 September, 2023 (unaudited)	12,453	39,621	28,325	65,162	2,742	-	830	115,637	264,770

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2024

	Six months ended	
	30.9.2024 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	39,185	(26,747)
Net cash used in investing activities	(127)	(188)
Net cash (used in) generated from financing activities	(27,016)	20,954
Net increase (decrease) in cash and cash equivalents	12,042	(5,981)
Cash and cash equivalents at beginning of the period	1,510	14,426
Effect of foreign exchange rates changes	6	(12)
Cash and cash equivalents at end of the period	13,558	8,433
Analysis of balances of cash and cash equivalents		
Cash and bank balances	15,657	21,176
Bank overdraft	(2,099)	(12,743)
	13,558	8,433

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2024

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK-Int")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair values. These financial statements are presented in Hong Kong Dollars ("HK\$") and all values are rounded to the nearest thousand except where otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April, 2024:

Amendments to HKFRS 16

Amendments to HKAS 1

Lease Liability in a Sale and Leaseback

Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1

Amendments to HKAS 7 and HKFRS 7

Non-current Liabilities with Covenants

Supplier Finance Arrangements

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



3. REVENUE/SEGMENT INFORMATION

Revenue represents sales of mobile phones, sales of internet of things (“IOT”) solutions and gross rental income.

Segment results, assets and liabilities

The reportable segments for the six months ended 30 September, 2024 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000 (unaudited)	Sales of IOT solutions in Hong Kong HK\$'000 (unaudited)	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUES						
Revenue	3,150	43,008	9,047	773	(7,848)	48,130
Less: inter-segment revenue	-	-	(7,848)	-	7,848	-
Reportable segment revenue – external	<u>3,150</u>	<u>43,008</u>	<u>1,199</u>	<u>773</u>	<u>-</u>	<u>48,130</u>
Reportable segment (loss) profit	<u>(657)</u>	<u>3,131</u>	<u>(3,704)</u>	<u>(1,802)</u>	<u>-</u>	<u>(3,032)</u>
Segments assets and liabilities:						
Reportable segment assets	2,261	181,623	25,566	165,200	-	374,650
Reportable segment liabilities	1,644	132,987	10,624	652	-	145,907
Other segment information:						
Amounts included in the measure of segment profit or loss or segment assets						
Interest income from bank deposits	-	275	-	-	-	275
Finance costs	5	2,490	17	1,201	-	3,713
Depreciation	71	176	220	12	-	479
Reversal of impairment on trade receivables	-	107	-	-	-	107
Additions to non-current assets	-	48	21	-	-	69

3. REVENUE/SEGMENT INFORMATION (Continued)
Segment results, assets and liabilities (Continued)

The reportable segments for the six months ended 30 September, 2023 are as follows:

	Sales of mobile phones in Hong Kong HK\$'000 (unaudited)	Sales of IOT solutions in Hong Kong HK\$'000 (unaudited)	Sales of IOT solutions in Mainland China and other countries in South East Asia HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Inter-segment elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
REVENUES						
Revenue	19,434	79,015	9,341	472	(6,736)	101,526
Less: inter-segment revenue	—	—	(6,736)	—	6,736	—
Reportable segment revenue – external	<u>19,434</u>	<u>79,015</u>	<u>2,605</u>	<u>472</u>	<u>—</u>	<u>101,526</u>
Reportable segment (loss) profit	<u>(946)</u>	<u>3,926</u>	<u>(2,276)</u>	<u>(1,228)</u>	<u>—</u>	<u>(524)</u>
Segments assets and liabilities:						
Reportable segment assets	151,427	52,822	14,236	200,680	—	419,165
Reportable segment liabilities	<u>111,022</u>	<u>3,433</u>	<u>4,088</u>	<u>45,420</u>	<u>—</u>	<u>163,963</u>
Other segment information:						
Amounts included in the measure of segment profit or loss or segment assets						
Interest income from						
bank deposits	—	304	—	—	—	304
Finance costs	18	4,679	264	949	—	5,910
Depreciation	72	160	208	15	—	455
Reversal of impairment on						
trade receivables	—	573	—	—	—	573
Additions to non-current assets	—	18	77	—	—	95

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit earned by each segment without allocation of fair value gain (loss) of financial assets at FVTPL and net exchange loss. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3. REVENUE/SEGMENT INFORMATION (Continued)

Geographic information

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographic location of the assets.

	Revenues from external customers		Non-current assets*	
	30.9.2024 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Hong Kong (place of domicile)	46,931	98,922	214,279	214,191
Mainland China	89	573	5	199
Singapore	1,110	2,031	196	500
Other countries in South East Asia	-	-	-	-
	1,199	2,604	201	699
	48,130	101,526	214,480	214,890

* Non-current assets excluding financial assets at FVTPL

Reconciliations of reportable segment profit or loss before taxation

	Six months ended	
	30.9.2024 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)
PROFIT OR LOSS		
Reportable segment loss	(3,032)	(524)
Fair value gain (loss) of financial assets at FVTPL	54	(123)
Net exchange loss	(86)	(1)
Consolidated loss before taxation	(3,064)	(648)



3. REVENUE/SEGMENT INFORMATION (Continued)
Reconciliations of reportable segment assets and liabilities

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
ASSETS		
Total reportable segment assets	374,650	405,345
Unallocated corporate assets	10,776	9,840
	385,426	415,185
LIABILITIES		
Total reportable segment liabilities	145,907	172,775
Deferred tax liabilities	49	49
	145,956	172,824

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than financial assets at FVTPL.
- all liabilities are allocated to reportable segments other than deferred tax liabilities.

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended	
	30.9.2024 HK\$'000 (unaudited)	30.9.2023 HK\$'000 (unaudited)
Gain on disposal of financial assets at FVTOCI	-	447
Loss on disposal of investment property	-	(890)
Government subsidies (Note)	26	52
Bank interest income	275	304
Dividend income	1	1,378
Net exchange loss	(86)	(1)
	216	1,290

Note:

The Group recognised government subsidies of HK\$26,000 (2023: HK\$52,000) from Singapore government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidiaries.

5. FINANCE COSTS

	Six months ended	
	30.9.2024	30.9.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	3,559	5,615
Interest on lease liabilities	8	8
	<hr/>	<hr/>
Total interest expenses	3,567	5,623
Bank charges	146	287
	<hr/>	<hr/>
	3,713	5,910
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS BEFORE TAXATION

	Six months ended	
	30.9.2024	30.9.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation on		
– property, plant and equipment	306	304
– right-of-use assets	173	151
	<hr/>	<hr/>
	479	455
	<hr/>	<hr/>
Employee benefits expenses (including directors' remuneration)		
– salaries, allowances and benefits in kind	8,717	7,062
– retirement benefit scheme contributions	1,250	1,838
	<hr/>	<hr/>
Total staff costs	9,967	8,900
	<hr/>	<hr/>
Reversal of impairment on trade receivables	(107)	(573)
	<hr/> <hr/>	<hr/> <hr/>



7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss attributable to equity holders of the Company of HK\$3,064,000 (2023: HK\$648,000) and on the number of shares of 1,245,331,256 (2023: 1,245,331,256) in issue during the period.

As a result of the Group's net loss for the periods ended 30 September, 2024 and 2023, share options outstanding were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

8. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September, 2024 (2023: Nil).

9. CONTRACT ASSETS

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Smart system construction service	112,434	121,735
Less: Loss allowance	(2,182)	(2,182)
	<u>110,252</u>	<u>119,553</u>

10. TRADE RECEIVABLES

The Group allows an average credit periods ranging from seven days to one month to its customers. For certain customers with long-established relationship and have good credit worthiness, a longer period may be granted.

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Trade debtors	9,215	25,056
Less: Loss allowance	(1,153)	(1,260)
	<u>8,062</u>	<u>23,796</u>



10. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables presented based on the invoice date:

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Within 30 days	5,099	19,085
31 – 60 days	594	670
61 – 90 days	281	2,560
91 – 180 days	439	1,057
181 – 365 days	722	400
Over 365 days	2,080	1,284
	9,215	25,056

11. TRADE PAYABLES, ACCRUALS AND OTHE PAYABLES

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
Trade payables	5,218	2,160
Accruals and other payables	3,702	5,481
	8,920	7,641

The following is an aged analysis of trade payables presented based on the invoice date:

	30.9.2024 HK\$'000 (unaudited)	31.3.2024 HK\$'000 (audited)
0 – 30 days	4,251	943
31 – 60 days	99	187
61 – 90 days	57	155
Over 90 days	811	875
	5,218	2,160

The trade payables were due according to the terms stated in the relevant contracts. The average credit period ranged from 30 days to 60 days.

12. RELATED PARTY TRANSACTIONS
Key management personnel compensation

The remuneration of directors of the Company (who are also the key management) during the period were as follows:

	Six months ended	
	30.9.2024	30.9.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short-term benefits	2,400	2,043
Post-employment benefits	81	36
	2,481	2,079

The remuneration of directors of the Company is determined by the remuneration committee having regard to the performance of individual and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September, 2024, the Group's revenue was HK\$48 million which represented a decrease of approximately 53% as compared with the HK\$102 million recorded for the corresponding period last year and during the period under review, the loss attributable to equity holders of the Company was HK\$3.1 million as compared to the loss of HK\$0.6 million for the six months ended 30 September, 2023.

Sales of mobile phones

During the period under review, the revenue was HK\$3 million, representing a decrease of 84% compared to the same period last year (2023: HK\$19 million) due to the weak market demand and closing of counters at Aeon department stores. The division recorded loss of HK\$0.7 million (2023: HK\$0.9 million).

Sales of IOT solutions

During the period under review, the turnover was HK\$44 million (2023: HK\$82 million). The division recorded loss of HK\$0.6 million (2023: profit of HK\$1.7 million).

Property investment

During the period under review, the rental income increased by HK\$0.3 million to HK\$0.8 million (2023: HK\$0.5 million). The division recorded loss of HK\$1.8 million (2023: HK\$1.2 million). The increase in loss was mainly attributable to the increase in finance costs for the bank loans.

PROSPECTS

Regarding the mobile phone business, we are the authorised distributors of both Nokia and vivo brands. In view of the weak demand in the foreseeable future, we will decrease our resources in this segment to minimize losses.

For IOT solutions segment, the market demand is weak due to the uncertain economic outlook. We will continue to strengthen our cost control and develop additional products to meet market demand and to mitigate the negative impact upon our business.

Regarding the property investment segment, all properties have been leased.



LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September, 2024, the Group's cash and bank balances amounted to approximately HK\$16 million (31 March, 2024: HK\$23 million) while the bank borrowings were HK\$132 million (31 March, 2024: HK\$159 million).

The Board believes that the Group has sufficient cash balances and banking facilities to satisfy its commitment and working capital requirements. The gearing ratio was 55% (31 March, 2024: 66%) which is expressed as a percentage of total borrowings to total equity.

EMPLOYEES

As at 30 September, 2024, the total number of employees of the Group was approximately 109 (31 March, 2024: 100) and the aggregate remuneration of employees (excluding directors' emoluments) amounted to HK\$7 million (2023: HK\$7 million). The remuneration and bonus packages of the employees are based on the individual merits and performance and are reviewed at least annually. The Group maintains a good relationship with its employees.

PLEDGE OF ASSETS

As at 30 September, 2024, the Group's general banking facilities were secured by (1) first legal charge on certain leasehold land and buildings with total carrying value of HK\$47,783,000 (31 March, 2024: HK\$47,783,000); (2) first legal charge on certain investment properties with total fair value of HK\$165,200,000 (31 March, 2024: HK\$165,200,000); (3) bank deposits of HK\$2,802,000 (31 March, 2024: HK\$2,765,000) and (4) financial assets at FVTPL with total fair value of HK\$9,260,000 (31 March, 2024: HK\$9,206,000).

CONTINGENT LIABILITIES

As at 30 September, 2024, the Company had provided corporate guarantees of HK\$130 million (31 March, 2024: HK\$138 million) to secure the banking facilities granted to subsidiaries.

SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 26 August 2022 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 26 August 2032. Under the Scheme, the Board may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
18 October 2022	18 October 2022 to 31 October 2023	1 November 2023 to 31 December 2025	HK\$0.055

The following table discloses movements of the Company's share options held by employees and directors during the period:

Grantee	Outstanding at 1 April 2024	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the year	Outstanding at 30 September 2024
Chan Chung Yee Hubert	12,000,000	-	-	-	-	12,000,000
Wu Kwok Lam	9,772,000	-	-	-	-	9,772,000
Lam Man Hau	8,488,000	-	-	-	-	8,488,000
Chan Ming Him	2,620,000	-	-	-	-	2,620,000
Chan Chung Yin Roy	2,520,000	-	-	-	-	2,520,000
Chiu Ngai Wing	1,200,000	-	-	-	-	1,200,000
Chu Char Lup	1,200,000	-	-	-	-	1,200,000
Law Ka Hung	1,200,000	-	-	-	-	1,200,000
Employees	49,280,000	-	-	-	-	49,280,000
Total	88,280,000	-	-	-	-	88,280,000

The maximum number of shares in respect of which share options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as of the date of adoption of the Scheme, being 124,533,125. As at 30 September, 2024, the number of shares that may be issued in respect of the options granted and outstanding under the Scheme was 88,280,000 (31 March, 2024: 88,280,000), representing 7% (31 March, 2024: 7%) of the shares of the Company in issue at that date. The number of shares which can further be issued under the Scheme is 36,253,125.

The estimated fair value of the options granted on the date is HK\$1,887,000.



SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	2023
Exercise price	HK\$0.055
Volatility	61.745%
Attrition rate	5%
Risk-free rate	4.32%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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

As at 30 September, 2024, the interests and short positions of each director and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long position in shares and underlying shares of the Company

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives (Note 1)	Total	Approximate percentage of interest
	Personal interests (held as beneficial owner)	Corporate interests (interests of controlled corporation)			
Chan Chung Yee, Hubert	659,740,159	22,012,087 (Note 2)	12,000,000	693,752,246	55.71
Chan Chung Yin, Roy	93,795,191	-	2,520,000	96,315,191	7.73
Chan Ming Him, Denny	2,616,991	-	2,620,000	5,236,991	0.42
Ip Man Hon	1,537,598	-	-	1,537,598	0.12
Lam Man Hau	625,000	-	8,488,000	9,113,000	0.73
Wu Kwok Lam	3,000	-	9,772,000	9,775,000	0.79
Chiu Ngar Wing	-	-	1,200,000	1,200,000	0.10
Chu Chor Lup	-	-	1,200,000	1,200,000	0.10
Law Ka Hung	-	-	1,200,000	1,200,000	0.10

Notes:

- (1) These underlying shares of the Company held under equity derivatives represented the share options granted by the Company under its share option scheme.
- (2) These shares were held by Light Emotion Limited, a Company owned by Mr. Chan Chung Yee, Hubert and his wife, Josephine Liu.
- (3) Save as disclosed above, as at the end of the reporting period, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" and "Share-based payment transactions" above at no time during the period under review were there any rights to acquire shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them. None of the Company or any of its subsidiaries was a party to any arrangement to enable the directors or their respective spouse or minor children to acquire such rights in any other body corporate.

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

As at 30 September, 2024, the interests and short positions of the substantial shareholders of the Company (other than the directors and the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Number of Shares (long position) <i>(Note 1)</i>	Capacity/ nature of interest	Approximate percentage of interest
Josephine Liu <i>(Note 1)</i>	693,752,246	Interests of spouse	55.71
Chan Low Wai Han, Edwina <i>(Note 2)</i>	96,315,191	Interests of spouse	7.73

Notes:

- (1) Ms. Josephine Liu is the wife of Mr. Chan Chung Yee, Hubert. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Josephine Liu is deemed to be interested in all the shares in which Mr. Chan Chung Yee, Hubert is interested.
- (2) Mrs. Chan Low Wai Han, Edwina is the wife of Mr. Chan Chung Yin, Roy. By virtue of the provisions of Divisions 2 and 3 of Part XV of the SFO, Mrs. Chan Low Wai Han, Edwina is deemed to be interested in all the shares in which Mr. Chan Chung Yin, Roy is interested.

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

During the six months ended 30 September, 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September, 2024, except the following provisions:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer and Mr. Chan Chung Yee, Hubert currently holds both positions. The Board believes that vesting the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chiu Ngar Wing and Dr. Chu Chor Lup were unable to attend the annual general meeting of the Company held on 23 August, 2024 due to their other commitments.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 September, 2024.



AUDIT COMMITTEE

The audit committee has reviewed with management the accounting policies adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 September, 2024.

APPRECIATION

The Board of the Company would like to extend its sincere gratitude to the Company's shareholders, business counterparts and all management and the staff members of the Group for their contribution and continued support during the period.

On behalf of the Board
Chan Chung Yee, Hubert
Chairman

Hong Kong, 29 November, 2024

