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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Director

Dr. LI Zhuang (*Vice President*)  
 Mr. NG Chun Man (*resigned as chief executive officer on 1 September 2023 and resigned as Executive Director on 7 October 2023*)

#### Non-executive Directors

Mr. XIE Hui (*Chairman*)  
 Mr. JIN Liang  
 Mr. YAN Jun  
 Ms. LI Yanmei  
 Ms. LEE Wing Yee Loretta  
 Ms. WONG Ling Fong Lisa  
 Mr. ZHOU Wenjie

#### Independent Non-executive Directors

Mr. FAN Chiu Tat Martin  
 Dr. GUAN Yuyan  
 Mr. HONG Kam Le  
 Mr. LEUNG Siu Hong  
 Ms. RU Tingting

### BOARD COMMITTEES

#### Audit Committee

Mr. FAN Chiu Tat Martin (*Chairman*)  
 Ms. RU Tingting  
 Mr. LEUNG Siu Hong

#### Remuneration Committee

Mr. LEUNG Siu Hong (*Chairman*)  
 Dr. GUAN Yuyan  
 Ms. RU Tingting

#### Nomination Committee

Ms. RU Tingting (*Chairman*)  
 Dr. GUAN Yuyan  
 Mr. HONG Kam Le

### AUTHORISED REPRESENTATIVES UNDER LISTING RULES

Dr. LI Zhuang  
 Mr. XIE Hui (*appointed on 7 October 2023*)  
 Mr. NG Chun Man (*resigned on 7 October 2023*)

### CHIEF EXECUTIVE OFFICER

Mr. FUNG Chi Wang William (*appointed on 1 September 2023*)

### COMPANY SECRETARY

Dr. LI Zhuang

### LEGAL ADVISERS

*As to Hong Kong law*  
 Bird & Bird

*As to Cayman Islands law*  
 Harney Westwood & Riegels

### COMPLIANCE ADVISER

Huajin Corporate Finance (International) Limited

### INDEPENDENT AUDITOR

RSM Hong Kong  
*Certified Public Accountants, Hong Kong*

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
 DBS Bank (Hong Kong) Limited  
 Hang Seng Bank Limited

## Corporate Information

### REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F China Aerospace Centre  
No. 143 Hoi Bun Road  
Kwun Tong  
Kowloon, Hong Kong

### CAYMAN ISLANDS PRINCIPAL REGISTRAR OFFICE

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
George Town,  
Grand Cayman KY1-1002  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### STOCK CODE

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### WEBSITE

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# Management Discussion and Analysis

## RESULTS

The Group is a leading environmental hygiene service provider with coverage spanning across Hong Kong Island, Kowloon and the New Territories, providing cleaning services including building and campus cleaning, park and recreation center cleaning, street cleaning, disinfection services, pest management services, garbage logistics services and environmental improvement services.

The Group recorded a revenue of approximately HK\$822.0 million for the six months ended 30 September 2023 (the “**Period**”), representing a decrease of 32.8% compared with the same period last year. The Group’s overall gross profit margin decreased from approximately 6.7% to 4.9%, which was mainly due to intense market competition.

Profit attributable to equity holders of the Company decreased by approximately HK\$24.3 million or 71.6% from approximately HK\$33.9 million for the six months ended 30 September 2022 to approximately HK\$9.6 million for the Period. The decrease was mainly due to various reasons: (i) certain government contracts for the provision of cleaning services not being successfully renewed, which caused a decrease in revenue generated from our government customers during the Period; (ii) the decrease in profit margin of the Group’s certain service contracts due to intense market competition; (iii) the decrease in government subsidies by approximately HK\$3.1 million received from the employment support scheme of the Government of the Hong Kong Special Administrative Region during the Period as compared to that for the six months ended 30 September 2022; and (iv) the decrease in certain fixed costs of the Group during the Period was less than the decline in revenue.

## BUSINESS REVIEW AND PROSPECTS

During the Period, the overall economic environment in the Hong Kong Special Administrative Region (“**Hong Kong**”) improved as the market economic activities gradually resumed after the COVID-19 pandemic. However, affected by global economic inflation and changes in geopolitical situation, rising interest rates and high fuel prices continues to pose severe challenges to the daily operations of enterprises.

For the cleaning business, as new market players entered the government cleaning services market, which further intensified market competition, the Group experienced a decrease in contracts during the Period. However, we have been actively recruiting talents to build a high-end commercial line team while striving to improve service quality, so as to maintain a high renewal rate in the commercial line market and to broaden revenue sources. During the Period, the Group has successfully secured the contract in relation to the provision of cleaning services for the largest landmark shopping mall in the East Kowloon district. The Group has been actively exploring new customers from various governmental departments and has recently secured its first cleaning contract with the Hong Kong Housing Authority.

For the garbage logistics business, with the dedicated efforts of our specialized operation team and allocation of sufficient resources, service revenue maintained substantial growth during the Period. The Group successfully maintained its leading position in garbage logistics services for the cargo terminal of the Hong Kong Airport during the Period, and successfully obtained a five-year contract for waste collection services for government in Tai Po district for the first time in the name of the Group’s subsidiary, Johnson Environmental Company Limited, which was a significant milestone for the subsidiary’s further development in the government customer market in the future. Affected by the new contracts, service revenue for the garbage logistics business increased significantly during the Period and profitability continued to improve. Meanwhile, as the Municipal Solid Waste Charging Bill is expected to officially become effective in the first half of next year, the Group is proactively explaining and planning this bill to its customers so as to make preparation together.

## Management Discussion and Analysis

On the other hand, the Group continues to actively develop its professional pest management business in view of the numerous pest and rodent problems in Hong Kong. Unlike general pest control services, integrated pest management is a holistic approach to pest risk management using early prevention and control measures, coupled with good hygiene procedures and continuous and extensive supervision, thereby reducing the risk of potential pest infection. Meanwhile, it is also expected that new cross-selling opportunities will emerge between the new business and its main cleaning business, and synergy will be achieved.

In addition to continuing to develop its existing businesses, the Group has commenced its security guarding business in response to market demand, thereby leveraging its existing resources to achieve diversified business development. At present, the Group has gradually established its own team and obtained relevant licenses. In the future, the Group will provide security guarding services to various customers under the name of Wyson Security Services Limited (formerly known as i-Clean Limited). It is believed that such business will become a new profit growth point of the Group. At the same time, the Company has gradually withdrawn from the distribution agency business to focus on the development of its main business and optimize its overall business structure.

Looking ahead, as the number of properties in Hong Kong will continue to grow, the public transportation system will constantly develop, and the environmental hygiene services market will continue to expand in the foreseeable future. The Group will strive to maintain a steady growth of its overall business, with emphasis on service quality, dedicating resources to ensure continuous advancement in technology-led environmental, social and corporate governance, while optimizing its organizational structure and bringing in more talents to enhance internal management capacity and core competitiveness. We will continue to maintain cleaning as our core business, develop new businesses to enrich the Group's business structure, and advance the overall business development through strategic mergers and acquisitions.

### FINANCIAL REVIEW

#### Revenue

The Group's revenue for the six months ended 30 September 2023 and 2022 were approximately HK\$822.0 million and HK\$1,224.1 million respectively, representing a decrease of approximately HK\$402.1 million or 32.8%. The decrease was mainly due to the decrease in revenue generated from our government customers as a result of intense market competition, which was partially offset by the increase in revenue from the non-government sector market for our cleaning business.

#### Cost of services

The cost of services primarily comprised of labour costs, cleaning materials costs and motor vehicles expenses. For the six months ended 30 September 2023 and 2022, the cost of services amounted to approximately HK\$781.7 million and HK\$1,141.9 million respectively, representing approximately 95.1% and 93.3% of the Group's revenue for the corresponding periods respectively. The percentage of cost of services to the Group's revenue increased by approximately 1.8% mainly due to the fact that the decrease in certain fixed costs of the Group during the Period was less than the decline in revenue, and the additional costs incurred upon completion of certain contracts with government customers.

## Management Discussion and Analysis

### Gross profit and gross profit margin

The Group's gross profit for the Period was approximately HK\$40.3 million, representing a decrease of approximately HK\$41.9 million or 51.0% from approximately HK\$82.2 million for the corresponding period in 2022.

The gross profit margins of the Group for the six months ended 30 September 2023 and 2022 were approximately 4.9% and 6.7% respectively. As mentioned above, the decrease in gross profit margin was mainly due to the decrease in revenue arising from intense market competition as well as the costs failing to decline in proportion to the decline in revenue during the Period.

### Administrative expenses

The administrative expenses of the Group for the six months ended 30 September 2023 and 2022 were approximately HK\$32.6 million and HK\$45.9 million respectively, representing a decrease of HK\$13.3 million or 29.0%. The decrease was mainly due to the decrease of remuneration of management and employee expenses. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

### Finance costs

The finance costs represented primarily the interest expenses on bank borrowings with floating interest rates. The finance costs amounted to approximately HK\$2.1 million and HK\$3.2 million for the six months ended 30 September 2023 and 2022 respectively, representing approximately 0.3% and 0.3% of the Group's total revenue respectively. The slight decrease was mainly due to the better cashflow management and reducing reliance on bank borrowings.

### Profit for the Period attributable to equity holders of the Company

The Group's profit for the period attributable to equity holders of the Company for the six months ended 30 September 2023 and 2022 were approximately HK\$9.6 million and HK\$33.9 million respectively, representing a decrease of HK\$24.3 million or 71.6%. The decrease was mainly due to various reasons: (i) certain government contracts for the provision of cleaning services not being successfully renewed, which caused a decrease in revenue generated from our government customers during the Period; (ii) the decrease in profit margin of the Group's certain service contracts due to intense market competition; (iii) the decrease in government subsidies by approximately HK\$3.1 million received from the employment support scheme of the Government of the Hong Kong Special Administrative Region during the Period as compared to that for the six months ended 30 September 2022; and (iv) the decrease in certain fixed costs of the Group during the Period was less than the decline in revenue.

# Management Discussion and Analysis

## Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through cash inflows from financing activities. As at 30 September 2023, the capital structure of the Group consisted of equity of approximately HK\$590.0 million (31 March 2023: HK\$586.5 million), bank and other borrowings of approximately HK\$23.9 million (31 March 2023: HK\$28.3 million) and lease liabilities of approximately HK\$12.4 million (31 March 2023: HK\$15.8 million).

## Account receivables

As at 30 September 2023, the Group had net account receivables of approximately HK\$408.5 million (31 March 2023: HK\$340.4 million). The increase was mainly due to the delay in the settlement of account receivables by government sector customers. The slow settlement from our government sector customers for the Period was in line with their historical settlement pattern of which they generally settle their invoices faster near the fiscal year end of the Government of Hong Kong falling in March than other periods of a year. The Group does not expect any material difficulty in collecting payment from such customers and continues to improve credit and collections management.

## Cash position and fund available

During the Period, the Group maintained a healthy liquidity position, with working capital being financed by financing cash flows. As at 30 September 2023, the Group's cash and cash equivalents were approximately HK\$301.2 million (31 March 2023: HK\$455.0 million). The Group pledged bank deposits of approximately HK\$30.0 million (31 March 2023: HK\$29.6 million) to secure the Group's banking facilities. As at 30 September 2023, the current ratio of the Group was approximately 3.0 times (31 March 2023: 2.5 times).

## Accruals, other payables and provisions

As at 30 September 2023, the Group had total accruals, other payables and provisions of approximately HK\$211.6 million (31 March 2023: HK\$281.0 million). The decrease was mainly due to the decrease in accrued staff costs and provision.

# Management Discussion and Analysis

## Bank and other borrowings

As at 30 September 2023, the Group had total bank and other borrowings of approximately HK\$23.9 million (31 March 2023: HK\$28.3 million). As at 30 September 2023, the Group had aggregate banking facilities, which comprised of overdraft and revolving loan facilities, factoring facility and guarantee line facility, of approximately HK\$1,710.0 million, of which approximately HK\$1,370.7 million was unutilised.

## Gearing ratio

As at 30 September 2023, the Group's gearing ratio was approximately 6.2% (31 March 2023: 7.5%), calculated by dividing total debts by total equity and multiplying the resulting value by 100%. The Group's total debts include interest-bearing bank and other borrowings and lease liabilities.

## Foreign currency exposure

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group's entities located in Hong Kong. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## Capital expenditure

The Group incurred total capital expenditures of approximately HK\$17.9 million and HK\$0.2 million respectively for the six months ended 30 September 2023 and 2022 for additions of property, plant and equipment. The capital expenditure was principally incurred due to the acquisition of motor vehicles for rendering environmental hygiene service. It was mainly funded by cash generated from operating activities.

## Capital Commitment

As at 30 September 2023, the Group had no capital commitment (31 March 2023: Nil).

## Charges on the Group's Assets

As at 30 September 2023, the Group pledged certain property, plant and equipment, bank deposits, account receivables, right-of-use assets and financial assets at fair value through profit or loss ("FVTPL") to secure bank and other borrowings, performance bonds relating to deposits for cleaning, janitorial and other related service projects, and lease liabilities.

# Management Discussion and Analysis

## Contingent Liabilities

### (a) Performance bonds

As at 30 September 2023 and 31 March 2023, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK\$337,896,000 (unaudited) and HK\$338,766,000 (audited), respectively. The performance bonds were secured by the Group's pledged bank deposits, account receivables, financial assets at FVTPL and were guaranteed by the Company.

### (b) Litigations

As at 30 September 2023 and 31 March 2023, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees and third parties with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$3,213,000 (unaudited) and HK\$4,303,000 (audited), respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

## ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

During the Period, the Group did not make any material acquisition, disposal nor held any significant investment.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group had no specific plan for material investments or capital assets as at 30 September 2023.

## EVENTS AFTER THE REPORTING PERIOD

The Group did not have any material events after the end of the reporting period.

## HUMAN RESOURCES

As at 30 September 2023, the Group had over 6,300 employees (31 March 2023: over 7,400 employees). Remuneration is determined with reference to market terms and in accordance with the performance, qualification, and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and reward for their contributions. In addition, the Group conducted various training activities, such as training on operational safety, office, and management skills, to improve the front-end quality of services and office support during the Period.

## Management Discussion and Analysis

### USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange by way of global offering of 125,000,000 new Shares at an offer price of HK\$1.0 per share on 16 October 2019. The net proceeds from the global offering after deduction of the underwriting commission and related listing expenses were approximately HK\$87.9 million.

The below table sets out the actual use and proposed applications of the net proceeds from 16 October 2019, being the listing date on which the Shares first becoming listed on the Main Board of the Stock Exchange to 30 September 2023:

Purpose	Approximate percentage of total amount	Net proceeds from the global offering (HK\$ million)	Actual use of proceeds up to 30 September 2023 (HK\$ million)	Remaining proceeds as at 30 September 2023 (HK\$ million)	Expected timeline of full utilisation of the remaining proceeds
Financing the upfront cost to manage the cash flow mismatch between salaries payment and collection of sales receipt	34.8%	30.6	30.6	-	N/A
Enhancing operational efficiency and quality of environmental hygiene service by upgrading hardware and software as well as recruiting additional talents mainly for contracting and operation department	19.0%	16.7	16.0	0.7	By March 2024
Acquiring suitable new specialised motor vehicles for rendering environmental hygiene service	17.4%	15.3	15.3	-	N/A
Development of waste management business including, among others, to develop or acquire businesses related to waste management such as running of fleets	17.0%	14.9	14.9	-	N/A
Purchase of suitable new automated cleaning machineries and equipment mainly for rendering environmental hygiene service	5.8%	5.1	5.1	-	N/A
General working capital	6.0%	5.3	5.3	-	N/A
	100%	87.9	87.2	0.7	

All unutilised net proceeds have been deposited with licensed banks in Hong Kong. The Group intends to apply the remaining proceeds as shown above.

During the Period, the Directors considered that these proceeds were intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated 27 September 2019.

The expected timeline of full utilization of the remaining proceeds for enhancing operational efficiency and quality of environmental hygiene service was postponed from March 2023 to March 2024 because the schedules of upgrading hardware and software as well as recruiting additional talents were delayed by the persistent outbreak of COVID-19.

# Independent Review Report



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## TO THE BOARD OF DIRECTORS OF HONG KONG JOHNSON HOLDINGS CO., LTD.

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 31 which comprises the condensed consolidated statement of financial position of Hong Kong Johnson Holdings Co., Ltd. (the “**Company**”) and its subsidiaries as at 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Review Report

## CONCLUSION

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

### **RSM Hong Kong**

Certified Public Accountants  
Hong Kong

29 November 2023

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Revenue</b>	6	<b>822,032</b>	1,224,108
Cost of services		<b>(781,723)</b>	(1,141,859)
<b>Gross profit</b>		<b>40,309</b>	82,249
Other income	7	<b>3,466</b>	4,868
Other gains and losses, net	8	<b>1,950</b>	3,417
Reversal of allowance/(allowance) for account receivables		<b>58</b>	(660)
Administrative expenses		<b>(32,580)</b>	(45,855)
<b>Profit from operations</b>		<b>13,203</b>	44,019
Finance costs	9	<b>(2,090)</b>	(3,230)
<b>Profit before tax</b>		<b>11,113</b>	40,789
Income tax expense	10	<b>(1,490)</b>	(6,880)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>	11	<b>9,623</b>	33,909
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted (HK cents per share)	13	<b>1.9</b>	6.8

# Condensed Consolidated Statement of Financial Position

At 30 September 2023

	<i>Notes</i>	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	14	76,841	70,619
Right-of-use assets		31,237	34,600
Financial assets at fair value through profit or loss ("FVTPL")		12,349	12,258
Deferred tax assets		147	147
<b>Total non-current assets</b>		<b>120,574</b>	117,624
<b>Current assets</b>			
Account receivables	15	408,532	340,398
Prepayments, deposits and other receivables		8,423	7,730
Inventories		17	139
Pledged bank deposits		30,024	29,566
Bank and cash balances		301,186	455,007
<b>Total current assets</b>		<b>748,182</b>	832,840
<b>Current liabilities</b>			
Account payables	16	15,227	28,291
Accruals, other payables and provisions		211,560	280,579
Dividend payable		6,100	–
Bank and other borrowings	17	11,613	10,818
Lease liabilities		7,391	7,300
Current tax liabilities		1,397	2,083
<b>Total current liabilities</b>		<b>253,288</b>	329,071
<b>Net current assets</b>		<b>494,894</b>	503,769
<b>Total assets less current liabilities</b>		<b>615,468</b>	621,393

# Condensed Consolidated Statement of Financial Position

At 30 September 2023

	<i>Notes</i>	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Provisions		440	444
Bank and other borrowings	17	12,325	17,496
Lease liabilities		4,993	8,495
Deferred tax liabilities		7,728	8,499
<b>Total non-current liabilities</b>		<b>25,486</b>	34,934
<b>NET ASSETS</b>			
		<b>589,982</b>	586,459
<b>EQUITY</b>			
Share capital	18	5,000	5,000
Reserves		584,982	581,459
<b>TOTAL EQUITY</b>		<b>589,982</b>	586,459

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Attributable to equity holders of the Company (unaudited)				
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2022	5,000	71,999	6,450	497,460	580,909
Total comprehensive income for the period	-	-	-	33,909	33,909
Dividend approved	-	-	-	(25,000)	(25,000)
Changes in equity for the period	-	-	-	8,909	8,909
At 30 September 2022	5,000	71,999	6,450	506,369	589,818
At 1 April 2023	<b>5,000</b>	<b>46,999</b>	<b>6,450</b>	<b>528,010</b>	<b>586,459</b>
Total comprehensive income for the period	-	-	-	9,623	9,623
Dividend approved	-	-	-	(6,100)	(6,100)
Changes in equity for the period	-	-	-	3,523	3,523
At 30 September 2023	<b>5,000</b>	<b>46,999</b>	<b>6,450</b>	<b>531,533</b>	<b>589,982</b>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(133,222)</b>	(159,666)
Increase in pledged bank deposits	(458)	(4,563)
Interest received	3,099	159
Dividend received from financial assets at FVTPL	44	39
Purchases of property, plant and equipment	(17,924)	(210)
Proceeds from disposals of property, plant and equipment	4,225	13,725
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>	<b>(11,014)</b>	9,150
Repayment of bank and other borrowings	(5,725)	(9,030)
Repayment of loan from a controlling shareholder	–	(2,000)
Increase in factoring loans	1,349	154,314
Principal elements of lease payments	(3,411)	(5,417)
Interest paid	(1,798)	(2,849)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(9,585)</b>	135,018
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(153,821)</b>	(15,498)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>455,007</b>	422,041
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>301,186</b>	406,543
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	301,186	406,543

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 9 July 2018. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The address of its principal place of business is 11/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) is engaged in provision of cleaning, janitorial and other related services.

## 2. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2023. Except as described below, the accounting policies (including the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2023.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), amendments and interpretations issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2023. The adoption of these new/ revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current and prior periods.

### New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism *(Continued)*

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the abolition of the mandatory provident fund – long service payment offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

The Group has commenced the processes on impact assessment. As the Group has yet to fully complete its assessment of the impact of the HKICPA guidance, the impact on these condensed consolidated financial statements is not reasonably estimable at the time they are authorised for issue.

## 4. FAIR VALUE MEASUREMENTS

Except as disclosed below, the carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 4. FAIR VALUE MEASUREMENTS *(Continued)*

### (a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 September 2023		
	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<b>Recurring fair value measurements:</b>			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,644	–	1,644
Investments in life insurance	–	10,705	10,705
	<b>1,644</b>	<b>10,705</b>	<b>12,349</b>

Description	Fair value measurements as at 31 March 2023		
	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
<b>Recurring fair value measurements:</b>			
Financial assets at FVTPL			
Investments in unlisted unit trusts	1,677	–	1,677
Investments in life insurance	–	10,581	10,581
	<b>1,677</b>	<b>10,581</b>	<b>12,258</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 4. FAIR VALUE MEASUREMENTS *(Continued)*

### (b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTPL as at 30 September 2023 HK\$'000 (unaudited)
Financial assets at FVTPL: Investments in life insurance At 1 April 2023	10,581
Fair value gain, net recognised in profit or loss	124
At 30 September 2023	10,705

	Financial assets at FVTPL as at 31 March 2023 HK\$'000 (audited)
Financial assets at FVTPL: Investments in life insurance At 1 April 2022	10,273
Fair value gain, net recognised in profit or loss	308
At 31 March 2023	10,581

Gains recognised in profit or loss including those for assets held at end of reporting period are presented in other gains and losses, net in the condensed consolidated statement of profit or loss and other comprehensive income.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 4. FAIR VALUE MEASUREMENTS *(Continued)*

### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's Chief Financial Officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Chief Financial Officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Chief Financial Officer and the Board of Directors at least twice a year.

#### *Level 2 fair value measurements*

Description	Valuation technique	Assets fair value as at	
		30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Investments in unlisted unit trusts	Derived from quoted unit prices	1,644	1,677

#### *Level 3 fair value measurements*

The investments in life insurance in level 3 represents life insurance policies for the former key management. The fair value of life insurance policies is determined by reference to the cash surrender value of the insurance policies.

If the cash surrender value increased/decreased by 6% per annum, the Group's consolidated profit after tax for the period and retained earnings would be increased/decreased by approximately HK\$642,000 (unaudited) and approximately HK\$635,000 (audited) for the six months ended 30 September 2023 and for the year ended 31 March 2023, respectively.

There were no changes in the valuation techniques used.

## 5. SEGMENT INFORMATION

The Group has carried on a single business, which is provision of cleaning, janitorial and other related services in Hong Kong. Accordingly, there is only one single reportable segment of the Group which is regularly reviewed by the chief operating decision maker.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 5. SEGMENT INFORMATION *(Continued)*

### Geographical information:

No geographical information is presented as all of the Group's business is carried out in Hong Kong and the Group's revenue from external customers is generated and non-current assets are located in Hong Kong during the period.

## 6. REVENUE

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements for the year ended 31 March 2023. The Group's revenue is derived from cleaning, janitorial and other related services income.

### Disaggregation of revenue:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Cleaning, janitorial and other related services income	<b>822,032</b>	1,224,108
<b>Timing of revenue recognition</b>		
Services transferred over time	<b>822,032</b>	1,224,108

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 7. OTHER INCOME

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest income	3,099	159
Dividend income from financial assets at FVTPL	44	39
Government subsidies from employment support scheme of the Government of the Hong Kong Special Administrative Region	–	3,087
Other government subsidies ( <i>note</i> )	–	1,583
Sundry income	323	–
	<b>3,466</b>	4,868

*Note:* The amounts represent government grants for the Anti-epidemic fund and other subsidies received from the Government of the Hong Kong Special Administrative Region during the six months ended 30 September 2022.

### 8. OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Gain on disposals/written-off of property, plant and equipment, net	1,859	3,554
Fair value gain/(loss) on financial assets at FVTPL	91	(137)
	<b>1,950</b>	3,417

### 9. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest on lease liabilities	292	370
Interest on bank and other borrowings	1,798	2,849
Interest on loan from a controlling shareholder	–	11
	<b>2,090</b>	3,230

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 10. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax – Hong Kong Profits		
Tax Provision for the period	2,261	8,669
Deferred tax	(771)	(1,789)
	<b>1,490</b>	6,880

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2023 and 2022.

### 11. PROFIT FOR THE PERIOD

The Group's profit for the period is stated at after charging/(crediting) the followings:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	9,799	17,269
Depreciation of right-of-use assets	2,900	5,040
Gain on disposals/written-off of property, plant and equipment, net	(1,859)	(3,554)
(Reversal of allowance)/allowance for account receivables	(58)	660
Expenses relating to short-term lease payments	287	223

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 12. DIVIDENDS

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

The final dividend of 1.22 HK cents per ordinary share for the year ended 31 March 2023 was approved by the shareholders at the annual general meeting of the Company held on 8 September 2023 and was subsequently paid on 10 October 2023.

### 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company for the purpose of calculating basic earnings per share	<b>9,623</b>	33,909
	2023 '000 (unaudited)	2022 '000 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>500,000</b>	500,000

The weighted average numbers of ordinary shares used as denominator for calculating the basic and diluted earnings per share are the same as there were no dilutive potential ordinary shares in issue for the six months ended 30 September 2023 and 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 14. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately HK\$17,924,000 (six months ended 30 September 2022: HK\$210,000).

In addition, the Group has performed a review to reassess the estimated useful lives of certain motor vehicles based on more experiences attained by the Group's operational management, and has changed the expected useful life of certain motor vehicles from 5 years to 7 years to better reflect their actual useful lives. The change has been accounted for prospectively as a change in an accounting estimate in accordance with Hong Kong Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" effective from 1 April 2023. The impact on the condensed consolidated statement of profit or loss and other comprehensive income for the Period was a decrease of HK\$7,362,000 in depreciation expenses (included in cost of services).

## 15. ACCOUNT RECEIVABLES

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Account receivables	411,261	343,185
Allowance for account receivables	(2,729)	(2,787)
	<b>408,532</b>	340,398

The ageing analysis of account receivables, based on invoice date, is as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Up to 90 days	352,700	291,015
91 to 180 days	45,828	43,239
181 days to 1 year	10,254	6,381
Over 1 year	2,479	2,550
	<b>411,261</b>	343,185

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 16. ACCOUNT PAYABLES

The ageing analysis of account payables, based on the date of receipt of goods or services, is as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Up to 30 days	12,959	14,017
31 to 60 days	1,269	13,420
61 to 90 days	844	816
Over 90 days	155	38
	<b>15,227</b>	<b>28,291</b>

### 17. BANK AND OTHER BORROWINGS

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Factoring loans	1,349	–
Other borrowings	22,589	28,314
	<b>23,938</b>	<b>28,314</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 17. BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings are repayable as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Within one year	11,613	10,818
More than one year, but not exceeding two years	7,710	9,398
More than two years, but not more than five years	4,615	8,098
	<b>23,938</b>	28,314
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(11,613)</b>	(10,818)
Amount due for settlement after 12 months (shown under non-current liabilities)	<b>12,325</b>	17,496

The interest rates per annum are as follows:

	At 30 September 2023 (unaudited)	At 31 March 2023 (audited)
Factoring loans	<b>HIBOR +1.6% to HIBOR +1.7%</b>	HIBOR +1.6% to HIBOR +1.9%
Other borrowings	<b>4.23% to 4.92%</b>	4.23% to 4.92%

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

## 18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised: Ordinary shares of HK\$0.01 each		
At 31 March 2023 (audited) and 30 September 2023 (unaudited)	<b>3,000,000,000</b>	<b>30,000</b>
Issued and fully paid: Ordinary shares of HK\$0.01 each		
At 31 March 2023 (audited) and 30 September 2023 (unaudited)	<b>500,000,000</b>	<b>5,000</b>

## 19. CONTINGENT LIABILITIES

### (a) Performance bonds

As at 30 September 2023 and 31 March 2023, there were contingent liabilities in respect of performance bonds relating to deposits for cleaning, janitorial and other related service projects and an employment compensation insurance contract issued by banks for the Group amounting to approximately HK\$337,896,000 (unaudited) and HK\$338,766,000 (audited), respectively. The performance bonds were secured by the Group's pledged bank deposits, account receivables, financial assets at FVTPL and were guaranteed by the Company.

### (b) Litigations

As at 30 September 2023 and 31 March 2023, the Group has been involved in several on-going litigations and claims concerning personal injuries of its existing or former employees and third parties with estimated claim amounts, net of estimated insurance deductibles, of approximately HK\$3,213,000 (unaudited) and HK\$4,303,000 (audited), respectively. In the opinion of the directors of the Company, the provision of insurance deductibles had been provided based on insurance policies. The estimated costs and expenses above the insurance deductibles are expected to be adequately covered by the Group's insurance policies.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

### 20. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related party during the period:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Compliance advisor fee paid to a related company ( <i>note 1</i> )	180	180
Interest expense paid to loan from a controlling shareholder ( <i>note 2</i> )	–	11

*Note 1:* The related company and the Company have a common controlling shareholder – Zhuhai Huafa Group Company Limited.

*Note 2:* The controlling shareholder is Hong Kong Huafa Investment Holdings Limited.

- (b) The remuneration of directors and other members of key management personnel during the period is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Basic salaries and allowances	5,101	7,116
Bonuses	–	3,256
Retirement benefit scheme contributions	187	466
	5,288	10,838

### 21. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 November 2023.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2023, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which were 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 interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Rules Governing the Listing of the Securities of the Stock Exchange (the “**Listing Rules**”) as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

#### Long positions in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of Shares held <sup>(Note 1)</sup>	Approximate percentage of shareholding in issue as at 30 September 2023
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) <sup>(Note 2)</sup>	30.75%

#### Notes:

- The letter “L” denotes the entity/person’s long positions in the Shares.
- Canvest Environmental Protection Group Company Limited (“**Canvest Environmental**”) is owned as to 54.7% by Best Approach Developments Limited (“**Best Approach**”) (which is in turn directly held as to 55% by Harvest Vista Company Limited (“**Harvest Vista**”) and indirectly held as to 45% by Harvest Vista through Century Rise Development Limited (“**Century Rise**”). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta, is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest Environmental (China) Company Limited (“**Canvest (China)**”) is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng Development Limited (“**Yi Feng**”) for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 September 2023, so far as the Directors are aware, the interests or short positions of the entities/persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares held <sup>(Note 1)</sup>	Approximate percentage of shareholding in issue as at 30 September 2023
Hong Kong Huafa Investment Holdings Limited ("Hong Kong Huafa")	Beneficial interest	210,000,000 (L) <sup>(Note 2)</sup>	42.00%
珠海華發集團有限公司 Zhuhai Huafa Group Company Limited* ("Zhuhai Huafa")	Interest in controlled corporation	221,250,000 (L) <sup>(Note 2)</sup>	44.25%
Canvest (China)	Beneficial interest	153,750,000 (L)	30.75%
Yi Feng	Interest in controlled corporation	153,750,000 (L) <sup>(Note 3)</sup>	30.75%
Canvest Environmental	Interest in controlled corporation	153,750,000 (L) <sup>(Note 4)</sup>	30.75%
Best Approach	Interest in controlled corporation	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
Century Rise	Interest in controlled corporation	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
Harvest Vista	Interest in controlled corporation	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
LAI Kin Man	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
LAI Chun Tung	Beneficiary of a trust (other than a discretionary interest)	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
LEE Wing Yee Loretta	Founder of a discretionary trust who can influence how the trustee exercises his discretion	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
HSBC International Trustee Limited	Trustee	153,750,000 (L) <sup>(Note 5)</sup>	30.75%
South Pacific International Trading Limited ("South Pacific")	Beneficial interest	45,000,000 (L)	9.00%
SIIC Estate Company Limited	Interest in controlled corporation	45,000,000 (L) <sup>(Note 6)</sup>	9.00%
SIIC Investment Company Limited	Interest in controlled corporation	45,000,000 (L) <sup>(Note 6)</sup>	9.00%
SIIC International (BVI) Company Limited	Interest in controlled corporation	45,000,000 (L) <sup>(Note 6)</sup>	9.00%
Shanghai Industrial Investment (Holdings) Company Limited ("SIIC")	Interest in controlled corporation	45,000,000 (L) <sup>(Note 6)</sup>	9.00%

\* For identification purpose only

## Other Information

### Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. Under the SFO, (i) Zhuhai Huafa through Guang Jie Investment Limited is deemed to be interested in 40.68% of Huafa Property Services Group Company Limited (華發物業服務集團有限公司) ("**Huafa Property Services**"). Zhuhai Huafa is deemed to be interested in 11,250,000 Shares through Huafa Property Services; and (ii) Hong Kong Huafa is the beneficial owner of 210,000,000 Shares. Zhuhai Huafa is deemed to be interested in a total of 221,250,000 Shares.
3. The Shares are registered in the name of Canvest (China), the entire share capital of which is wholly owned by Yi Feng. Under the SFO, Yi Feng is deemed to be interested in all the Shares held by Canvest (China).
4. Yi Feng is wholly owned by Canvest Environmental. Under the SFO, Canvest Environmental is deemed to be interested in all the Shares held by Canvest (China) (through its shareholding in Yi Feng).
5. Canvest Environmental is owned as to 54.7% by Best Approach (which is in turn directly held as to 55% by Harvest Vista and indirectly held as to 45% by Harvest Vista through Century Rise). The entire issued share capital of Harvest Vista is held by HSBC International Trustee Limited as trustee of Harvest VISTA Trust, a trust which Ms. LEE Wing Yee Loretta and Mr. LAI Kin Man are founders and established in accordance with the laws of the British Virgin Islands, and Mr. LAI Chun Tung, spouse of Ms. LEE Wing Yee Loretta is the beneficiary of Harvest VISTA Trust. The discretionary beneficiaries of Harvest VISTA Trust include Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man and the personal trust of Ms. LEE Wing Yee Loretta (the beneficiaries of which are Ms. LEE Wing Yee Loretta and her immediate family members). Canvest (China) is an investment holding company indirectly wholly owned by Canvest Environmental through Yi Feng for the purpose of holding Shares. Under the SFO, Best Approach, Harvest Vista, Century Rise, Ms. LEE Wing Yee Loretta, Mr. LAI Kin Man, Mr. LAI Chun Tung and HSBC International Trustee Limited are deemed to be interested in all the Shares held by Canvest (China).
6. South Pacific is a direct wholly-owned subsidiary of SIIC Estate Company Limited and an indirect wholly-owned subsidiary of SIIC Investment Company Limited, SIIC International (BVI) Company Limited and SIIC. SIIC is a company incorporated in Hong Kong with limited liability and an overseas conglomerate controlled by the Shanghai municipal government. As at the date of this report, SIIC was the controlling shareholder of Shanghai Industrial Holdings Limited ("**SIHL**"), a limited liability company incorporated in Hong Kong whose shares are listed on the Stock Exchange (stock code: 0363). As at the date of this report, SIHL, through its indirect wholly-owned subsidiary, True Victor Holdings Limited, was interested in approximately 19.48% of Canvest Environmental. South Pacific is principally engaged in securities investment.

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

## Other Information

### INTERIM DIVIDEND

The Board does not declare any interim dividend for the Period (six months ended 30 September 2022: Nil).

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability.

Throughout the Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the requested standards set out in the Model Code throughout the Period. The Company has also established written guidelines no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the guidelines by the employees was noted by the Company.

### REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's unaudited interim condensed consolidated financial information for the Period has been reviewed by the audit committee of the Company, which currently comprises three independent non-executive Directors, namely Mr. FAN Chiu Tat Martin, Ms. RU Tingting and Mr. LEUNG Siu Hong, and by the Company's independent auditor RSM Hong Kong, certified public accountants in Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

## Other Information

### CHANGES IN DIRECTOR'S AND CHIEF EXECUTIVE'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

In accordance with Rule 13.51B(1) of the Listing Rules, changes of Directors' and chief executive's information since the last published 2022/2023 annual report of the Company and up to the date of this interim report are set out below:

Name	Details of Change
NG Chun Man	<ul style="list-style-type: none"> <li>— Resigned as the chief executive officer of the Company with effect from 1 September 2023.</li> <li>— Resigned as an executive Director and ceased to act as the authorised representative of the Company under Rule 3.05 of the Listing Rules and the authorised representative of the Company under the Companies Ordinance with effect from 7 October 2023.</li> </ul>
FUNG Chi Wang William	Appointed as the chief executive officer of the Company with effect from 1 September 2023.
XIE Hui	Appointed as the authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 7 October 2023.
LI Zhuang	Appointed as the authorised representative of the Company under the Companies Ordinance with effect from 7 October 2023.
RU Tingting	Appointed as an independent non-executive director of International Business Digital Technology Limited (a company the shares of which are listed on the Main Board of the Stock Exchange ( <i>stock code: 1782</i> ) with effect from 7 April 2023).

Save as disclosed above, there is no other changes in information on Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 September 2023.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to the shareholders, investors and business partners' support and trust, and all employees for their dedication and hard work.

For and on behalf of the Board

#### **XIE Hui**

*Chairman of the Board*

Hong Kong, 29 November 2023