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## **CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED**

**中國環境資源集團有限公司**

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

**(Stock Code: 1130)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

#### **FINANCIAL RESULTS**

The board of directors (the “Board”) of China Environmental Resources Group Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2024 together with the comparative figures for the corresponding period in 2023. The interim financial statements have not been audited, but have been reviewed by the audit committee and auditor of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 December 2024*

		<b>Six months ended</b>	
		<b>31 December</b>	
	<i>Notes</i>	<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	5	<b>29,799</b>	40,558
Cost of sales		<u>(23,388)</u>	<u>(31,355)</u>
<b>Gross profit</b>		<b>6,411</b>	9,203
Other income, gains and losses		<b>1,149</b>	1,299
Administrative and operating expenses		<b>(18,238)</b>	(19,062)
Fair value gain/(loss) on investment properties		<b>1,335</b>	(11,400)
Loss arising from changes in fair value less costs to sell of biological assets		<b>(6,654)</b>	(30,421)
Net gain on fair value changes in investments at fair value through profit or loss		<u><b>285</b></u>	<u>291</u>
<b>Loss from operations</b>		<b>(15,712)</b>	(50,090)
Finance costs	6	<u>(2,963)</u>	<u>(3,253)</u>
<b>Loss before tax</b>		<b>(18,675)</b>	(53,343)
Income tax credit	7	<u><b>2,121</b></u>	<u>8,051</u>
<b>Loss for the period</b>		<u><b>(16,554)</b></u>	<u>(45,292)</u>
<b>Other comprehensive (loss)/income after tax:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(2,446)</u>	<u>4,991</u>
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<u><b>(2,446)</b></u>	<u>4,991</u>
<b>Total comprehensive loss for the period</b>		<u><u><b>(19,000)</b></u></u>	<u><u>(40,301)</u></u>

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2024</b>	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss for the period attributable to:</b>		
Owners of the Company	<b>(15,188)</b>	(46,091)
Non-controlling interests	<b>(1,366)</b>	799
	<u><b>(16,554)</b></u>	<u>(45,292)</u>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	<b>(17,596)</b>	(41,248)
Non-controlling interests	<b>(1,404)</b>	947
	<u><b>(19,000)</b></u>	<u>(40,301)</u>
<b>Loss per share</b>	<i>8</i>	(Restated)
Basic (HK cents per share)	<u><b>(3)</b></u>	<u>(11)</u>
Diluted (HK cents per share)	<u><b>(3)</b></u>	<u>(11)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*

		As at <b>31 December 2024</b>	As at 30 June 2024
	<i>Notes</i>	<b><i>HK\$'000</i></b> <b>(Unaudited)</b>	<b><i>HK\$'000</i></b> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>1,514</b>	772
Right-of-use assets		<b>4,428</b>	5,132
Investment properties		<b>192,855</b>	190,000
Biological assets		<b>182,620</b>	190,958
Intangible assets		<b>62,751</b>	65,606
Goodwill		<b>1,087</b>	1,087
Loans receivable	<i>12</i>	—	161
Finance lease receivables	<i>13</i>	<b>36,677</b>	37,340
		<b>481,932</b>	491,056
<b>Current assets</b>			
Inventories		<b>31,232</b>	29,549
Trade and other receivables	<i>11</i>	<b>39,319</b>	43,867
Loans receivable	<i>12</i>	<b>7,691</b>	7,539
Finance lease receivables	<i>13</i>	<b>1,046</b>	—
Investments at fair value through profit or loss		<b>284</b>	5,032
Refundable secured deposit	<i>15</i>	<b>11,000</b>	11,000
Cash and cash equivalents		<b>21,501</b>	22,631
		<b>112,073</b>	119,618
Assets classified as held for sale	<i>14</i>	<b>48,652</b>	50,724
		<b>160,725</b>	170,342

		As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	28,845	26,931
Contract liabilities		4,519	4,347
Lease liabilities		3,114	2,826
Borrowings		81,981	82,333
Bank overdrafts		4,999	2,508
Current tax liabilities		461	781
		<u>123,919</u>	119,726
Liabilities associated with assets classified as held for sale	<i>14</i>	<u>11,042</u>	<u>11,041</u>
		<u>134,961</u>	<u>130,767</u>
<b>Net current assets</b>		<u>25,764</u>	<u>39,575</u>
<b>Total assets less current liabilities</b>		<u>507,696</u>	<u>530,631</u>
<b>Non-current liabilities</b>			
Lease liabilities		46,456	47,592
Deferred tax liabilities		61,218	64,017
		<u>107,674</u>	<u>111,609</u>
<b>NET ASSETS</b>		<u>400,022</u>	<u>419,022</u>
<b>Capital and reserves</b>			
Share capital		48,877	48,877
Reserves		343,471	361,067
Equity attributable to owners of the Company		392,348	409,944
Non-controlling interests		7,674	9,078
<b>TOTAL EQUITY</b>		<u>400,022</u>	<u>419,022</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 31 December 2024*

	Attributable to owners of the Company									
	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share-based compensation reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2023 (audited)	40,731	1,210,501	5,407	76	12,630	25,273	(831,638)	462,980	13,340	476,320
Total comprehensive loss for the period	—	—	—	—	—	4,843	(46,091)	(41,248)	947	(40,301)
Share options lapsed	—	—	—	—	(2,015)	—	2,015	—	—	—
Purchase of non-controlling interests	—	—	—	—	—	—	(178)	(178)	178	—
At 31 December 2023 (unaudited)	<u>40,731</u>	<u>1,210,501</u>	<u>5,407</u>	<u>76</u>	<u>10,615</u>	<u>30,116</u>	<u>(875,892)</u>	<u>421,554</u>	<u>14,465</u>	<u>436,019</u>
At 1 July 2024 (audited)	<b>48,877</b>	<b>1,218,321</b>	<b>5,407</b>	<b>76</b>	<b>9,337</b>	<b>24,109</b>	<b>(896,183)</b>	<b>409,944</b>	<b>9,078</b>	<b>419,022</b>
Total comprehensive loss for the period	—	—	—	—	—	<b>(2,408)</b>	<b>(15,188)</b>	<b>(17,596)</b>	<b>(1,404)</b>	<b>(19,000)</b>
At 31 December 2024 (unaudited)	<u><b>48,877</b></u>	<u><b>1,218,321</b></u>	<u><b>5,407</b></u>	<u><b>76</b></u>	<u><b>9,337</b></u>	<u><b>21,701</b></u>	<u><b>(911,371)</b></u>	<u><b>392,348</b></u>	<u><b>7,674</b></u>	<u><b>400,022</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(1,213)</u>	<u>(12,672)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposals of property, plant and equipment	—	750
Purchases of property, plant and equipment	(927)	(680)
Finance lease interest income received	—	960
	<u>—</u>	<u>960</u>
Net cash (used in)/generated from investing activities	<u>(927)</u>	<u>1,030</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings raised	21,080	6,200
Repayment of borrowings	(21,407)	(1,363)
Repayment of lease liabilities and interests	(1,180)	(1,153)
	<u>(1,507)</u>	<u>(1,106)</u>
Net cash (used in)/generated from financing activities	<u>(1,507)</u>	<u>3,684</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,647)</b>	<b>(7,958)</b>
Effect of foreign exchange rate changes	(76)	15
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>20,349</u>	<u>5,640</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>16,626</u></u>	<u><u>(2,303)</u></u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
— Bank and cash balances	21,501	2,273
— Bank overdrafts	(4,999)	(4,717)
— Bank and cash balances classified as held for sale	124	141
	<u>16,626</u>	<u>141</u>
	<u><u>16,626</u></u>	<u><u>(2,303)</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2024*

## 1. GENERAL INFORMATION

China Environmental Resources Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Ugland House, P.O. Box 309, Grand Cayman, KY1-1104 Cayman Islands. The address of its principal place of business is Unit 2608, 26/F, Greenfield Tower, Concordia Plaza, No.1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Singapore Exchange Limited.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2024 are trading of recycle metals, trading of motor vehicles and related accessories, car parking spaces rentals, provision of financial services, provision of finance lease services, securities trading and investment and sales and distribution of plantation products, environmental system and plantation materials.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) which is the Group’s presentation currency and the functional currency of the Company and its principal operating subsidiaries.

## 2. 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”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting period beginning on 1 July 2024. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the condensed consolidated financial statements and amounts reported for the current and prior periods.

## 3. BASIS OF PREPARATION

### **Going concern basis**

The Group incurred a loss attributable to owners of the Company of approximately HK\$15,188,000 and operating cash outflow of approximately HK\$1,213,000 for the six months ended 31 December 2024. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.



The directors have been undertaking the following plans and measures to improve the Group's liquidity and financial position:

- (i) An executive director who is also the chairman, chief executive officer and substantial shareholder of the Company has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due, so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from 31 December 2024;
- (ii) The Group shall continue to implement measures aiming at improving the working capital and cash flows of the Group, including but not limited to the implementation of cost-saving measures to maintain adequate cash flows for the Group's operations; and
- (iii) The directors have carried out a detailed review of the cash flow forecast of the Group prepared by the management of the Company covered a period of not less than twelve months from 31 December 2024, after taking into account the impact of the above-mentioned plans and measures. Accordingly, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from 31 December 2024.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the HKICPA and the applicable disclosures required by 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 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2024.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the condensed consolidated financial statements of the Group.

#### 4. FAIR VALUE MEASUREMENTS

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.

(a) Disclosures of level in fair value hierarchy at 31 December 2024:

Description	Fair value measurements using:			Total HK\$'000 (Unaudited)
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	
Recurring fair value measurements:				
Biological assets	—	182,620	—	182,620
Investments at fair value through profit or loss				
— Equity securities listed in Hong Kong	284	—	—	284
Investment properties in Hong Kong	—	192,855	—	192,855
<b>Total recurring fair value measurements</b>	<b>284</b>	<b>375,475</b>	<b>—</b>	<b>375,759</b>
<b>Non-recurring fair value measurements:</b>				
Non-current assets held for sale				
— Investment properties in the People's Republic of China (the "PRC")	—	48,528	—	48,528
<b>Total non-recurring fair value measurements</b>	<b>—</b>	<b>48,528</b>	<b>—</b>	<b>48,528</b>

Disclosures of level in fair value hierarchy at 30 June 2024:

Description	Fair value measurements using:			Total HK\$'000 (Audited)
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	
Recurring fair value measurements:				
Biological assets	—	190,958	—	190,958
Investments at fair value through profit or loss				
— Equity securities listed in Hong Kong	5,032	—	—	5,032
Investment properties in Hong Kong	<u>—</u>	<u>190,000</u>	<u>—</u>	<u>190,000</u>
<b>Total recurring fair value measurements</b>	<b><u>5,032</u></b>	<b><u>380,958</u></b>	<b><u>—</u></b>	<b><u>385,990</u></b>
<b>Non-recurring fair value measurements:</b>				
Non-current assets held for sale				
— Investment properties in the PRC	<u>—</u>	<u>50,498</u>	<u>—</u>	<u>50,498</u>
<b>Total non-recurring fair value measurements</b>	<b><u>—</u></b>	<b><u>50,498</u></b>	<b><u>—</u></b>	<b><u>50,498</u></b>

- (b) Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

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

The following table gives information about how the fair values of the Group's biological assets and investment properties carried at fair value are determined.

**Level 2 fair value measurements**

Description	Valuation technique	Key input	Fair value as at	Fair value as at
			31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
Biological assets	Market approach	Volume of poplar trees and market price of poplar trees per cubic meter	<b>182,620</b>	190,958
Investment properties in Hong Kong	Direct comparison approach	Market price of car parking space	<b>192,855</b>	190,000
Investment properties in the PRC	Market approach and replacement cost approach	Land: market price per square meter; Buildings: replacement cost per square meter	<b>48,528</b>	50,498

**5. REVENUE AND SEGMENT INFORMATION**

The Group's revenue mainly represents sales of recycled metals and motor vehicles and related accessories, loan interest income, rental income from car parking spaces and provision of finance lease services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include finance costs and income tax credit. Segment assets do not include goodwill and refundable secured deposit. Segment liabilities do not include deferred tax liabilities, borrowings and bank overdrafts.

Information about reportable segment revenue, profit or loss, assets and liabilities:

	Trading of Trading of motor vehicles recycled and related metals accessories <i>HKS'000</i> (Unaudited)		Property investment <i>HKS'000</i> (Unaudited)	Provision of financial services <i>HKS'000</i> (Unaudited)	Securities trading and investment <i>HKS'000</i> (Unaudited)	Sales of plantation materials and products <i>HKS'000</i> (Unaudited)	Provision of finance lease services <i>HKS'000</i> (Unaudited)	Others <i>HKS'000</i> (Unaudited)	Total <i>HKS'000</i> (Unaudited)
<b>For the six months ended 31 December 2024</b>									
Revenue from external customers	2,831	22,507	1,767	191	—	—	2,420	83	29,799
Segment (loss)/profit comprising:	(422)	712	2,492	(256)	267	(8,957)	2,204	58	(3,902)
Loss arising from changes in fair value									
less costs to sell of biological assets	—	—	—	—	—	(6,654)	—	—	(6,654)
Depreciation and amortisation	—	(310)	(1)	(343)	—	(2,281)	—	—	(2,935)
Proceeds from disposal of listed securities	—	—	—	—	5,033	—	—	—	5,033
Costs of disposal of listed securities	—	—	—	—	(4,823)	—	—	—	(4,823)
Net unrealised gain on listed securities	—	—	—	—	75	—	—	—	75
Fair value gain on investment properties	—	—	1,335	—	—	—	—	—	1,335
<b>At 31 December 2024</b>									
Segment assets (unaudited)	—	83,084	241,962	9,237	284	244,879	39,102	—	618,548
Segment liabilities (unaudited)	85	12,107	6,894	1,235	467	1,767	46,752	—	69,307
	Trading of Trading of motor vehicles recycled and related metals accessories <i>HKS'000</i> (Unaudited)		Property investment <i>HKS'000</i> (Unaudited)	Provision of financial services <i>HKS'000</i> (Unaudited)	Securities trading and investment <i>HKS'000</i> (Unaudited)	Sales of plantation materials and products <i>HKS'000</i> (Unaudited)	Provision of finance lease services <i>HKS'000</i> (Unaudited)	Others <i>HKS'000</i> (Unaudited)	Total <i>HKS'000</i> (Unaudited)
<b>For the six months ended 31 December 2023</b>									
Revenue from external customers	5,659	30,418	1,976	109	—	—	2,396	—	40,558
Segment (loss)/profit comprising:	(421)	3,537	(10,141)	(335)	(3,053)	(32,719)	2,129	—	(41,003)
Loss arising from changes in fair value									
less costs to sell of biological assets	—	—	—	—	—	(30,421)	—	—	(30,421)
Depreciation and amortisation	(52)	(337)	(1)	(333)	(621)	(2,276)	—	—	(3,620)
Proceeds from disposal of listed securities	—	—	—	—	622	—	—	—	622
Costs of disposal of listed securities	—	—	—	—	(725)	—	—	—	(725)
Net unrealised gain on listed securities	—	—	—	—	77	—	—	—	77
Net gain on fair value changes in investments at fair value through profit or loss	—	317	—	—	—	—	—	—	317
Fair value loss on investment properties	—	—	(11,400)	—	—	—	—	—	(11,400)
<b>At 30 June 2024</b>									
Segment assets (audited)	950	84,896	241,233	9,589	5,043	256,511	38,792	—	637,014
Segment liabilities (audited)	193	13,388	7,156	1,570	467	1,784	46,986	—	71,544

**Reconciliations of reportable segment profit or loss:**

	<b>Six months ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total loss of reportable segments	<b>(3,902)</b>	(41,003)
Other profit or loss:		
— Finance costs	<b>(2,963)</b>	(3,253)
— Income tax credit	<b>2,121</b>	8,051
Corporate and unallocated loss	<b>(11,810)</b>	(9,087)
Consolidated loss for the period	<b><u>(16,554)</u></b>	<b><u>(45,292)</u></b>

**Disaggregation of revenue from contracts with customers**

	<b>Six months ended 31 December 2024</b>			
	<b>Trading of</b>	<b>Trading of</b>	<b>Trading of</b>	<b>Total</b>
	<b>recycled metals</b>	<b>motor vehicles</b>	<b>computer</b>	<b></b>
	<b>and related</b>	<b>and related</b>	<b>accessories</b>	<b></b>
	<b>accessories</b>	<b>accessories</b>	<b>accessories</b>	<b></b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Geographical markets				
The PRC	—	3,512	—	3,512
Hong Kong	2,831	18,145	83	21,059
Macau	—	9	—	9
Taiwan	—	30	—	30
United Kingdom	—	811	—	811
	<b><u>2,831</u></b>	<b><u>22,507</u></b>	<b><u>83</u></b>	<b><u>25,421</u></b>

During the six months ended 31 December 2024, all revenue from contracts with customers are recognised at a point in time.

	Six months ended 31 December 2023			Total <i>HK\$'000</i> (Unaudited)
	Trading of recycled metals <i>HK\$'000</i> (Unaudited)	Trading of motor vehicles and related accessories <i>HK\$'000</i> (Unaudited)	Trading of computer accessories <i>HK\$'000</i> (Unaudited)	
Geographical markets				
The PRC	—	2,159	—	2,159
Hong Kong	5,659	28,111	—	33,770
Macau	—	47	—	47
Taiwan	—	101	—	101
	<u>5,659</u>	<u>30,418</u>	<u>—</u>	<u>36,077</u>

During the six months ended 31 December 2023, all revenue from contracts with customers are recognised at a point in time.

## 6. FINANCE COSTS

	Six months ended 31 December	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Leases interests	1,033	1,085
Interest on bank loans	1,730	2,131
Interest on bank overdrafts	166	37
Interest on other loans	34	—
	<u>2,963</u>	<u>3,253</u>

## 7. INCOME TAX CREDIT

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax	108	115
Current tax — PRC Enterprise Income Tax	4	8
Deferred tax	<u>(2,233)</u>	<u>(8,174)</u>
Income tax credit	<u><u>(2,121)</u></u>	<u><u>(8,051)</u></u>

Under the two-tiered Profits Tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5% (six months ended 31 December 2023: same).

Profits of the group entities established in the PRC will be taxed at the PRC Enterprise Income Tax rate of 25% (six months ended 31 December 2023: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 8. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$15,188,000 (six months ended 31 December 2023: HK\$46,091,000) and the weighted average number of ordinary shares of 488,769,147 (six months ended 31 December 2023: 407,307,622 as adjusted to reflect the share consolidation in April 2024) in issue during the period.

### Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 31 December 2024 and 2023.

## 9. INTERIM DIVIDENDS

The directors have resolved not to declare an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).



## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, the Group acquired property, plant and equipment of approximately HK\$927,000 (six months ended 31 December 2023: HK\$680,000).

## 11. TRADE AND OTHER RECEIVABLES

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Trade receivables	17,558	28,874
Less: provision for impairment loss of trade receivables	<u>(689)</u>	<u>(8,884)</u>
	16,869	19,990
Prepayments, deposits and other receivables	<u>22,450</u>	<u>23,877</u>
Total	<u><u>39,319</u></u>	<u><u>43,867</u></u>

The movement in provision for impairment of trade receivables is as follows:

	31 December 2024 <i>HK\$'000</i> (Unaudited)	30 June 2024 <i>HK\$'000</i> (Audited)
Balance at beginning of period/year	8,884	8,565
Impairment loss recognised	—	319
Deregistration of subsidiaries	<u>(8,195)</u>	<u>—</u>
Balance at end of period/year	<u><u>689</u></u>	<u><u>8,884</u></u>

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 (30 June 2024: 30 to 90) days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
0–90 days	8,683	15,534
91–180 days	4,972	3,447
181–360 days	1,890	12
Over 360 days	1,324	997
	<u>16,869</u>	<u>19,990</u>

Impaired trade receivables were mainly due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

## 12. LOANS RECEIVABLE

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
Loans receivable	16,014	16,023
Less: provision for impairment loss of loans receivable	<u>(8,323)</u>	<u>(8,323)</u>
	<u>7,691</u>	<u>7,700</u>
Loan receivable, secured	344	517
Loans receivable, unsecured	5,000	5,000
Loan interests receivable, secured	1	1
Loan interests receivable, unsecured	<u>2,346</u>	<u>2,182</u>
	<u>7,691</u>	<u>7,700</u>
Analysed as:		
Current assets	7,691	7,539
Non-current assets	<u>—</u>	<u>161</u>
	<u>7,691</u>	<u>7,700</u>

The loans granted are interest bearing at 6.5%–12% (30 June 2024: 6.5%–12%) per annum. The loan period is generally 12 to 36 (30 June 2024: 12 to 36) months. Loans receivable of approximately HK\$344,000 (30 June 2024: HK\$517,000) are secured by watches (30 June 2024: watches). The directors of the Company monitored the collectibility of the loans receivable closely with reference to their respective current creditworthiness and repayment records.

The aging analysis of these loans and interests receivable, based on loan commencement or renewal date set out in the relevant contracts, and net of allowance, is as follows:

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
181–360 days	—	7,182
Over 360 days	<u>7,691</u>	<u>518</u>
	<u><b>7,691</b></u>	<u><b>7,700</b></u>

### 13. FINANCE LEASE RECEIVABLES

	<b>Lease payments</b>		<b>Present value of lease payments</b>	
	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
Less than 1 year	5,915	4,748	1,046	—
Between 1 and 2 years	6,389	6,783	1,758	1,906
Between 2 and 3 years	4,793	5,206	270	658
Between 3 and 4 years	5,008	4,865	529	359
Between 4 and 5 years	5,080	5,080	681	638
Over 5 years	<u>63,233</u>	<u>65,773</u>	<u>33,439</u>	<u>33,779</u>
	<b>90,418</b>	<b>92,455</b>	<b>37,723</b>	<b>37,340</b>
Less: Unearned finance income	<u>(52,695)</u>	<u>(55,115)</u>		
Present value of lease payments	<u><b>37,723</b></u>	<u><b>37,340</b></u>		
Less: Amount within 12 months (shown under current assets)			<u>(1,046)</u>	—
Amount receivable after 12 months			<u><b>36,677</b></u>	<u><b>37,340</b></u>

The Group leases out its hotel business under a finance lease. The lease is on a fixed repayment basis and no arrangements have been entered into for variable lease payments.

**Disclosures of finance lease-related items:**

	<b>2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2023 <i>HK\$'000</i> (Unaudited)
<b>Six months ended 31 December</b>		
Finance income on net investment in the lease	<u>2,420</u>	<u>2,396</u>
Significant changes in net investment in the lease		
— Decrease due to repayments	<u>2,037</u>	<u>1,606</u>

**14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

On 31 March 2023, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”) to dispose of its 100% equity interest in a subsidiary, namely First Rank Corporation, and all of its 80% equity interest in two subsidiaries, namely Warner Investments Limited and 東莞大新科技有限公司 for a consideration of HK\$59,000,000. The disposal group mainly holds industrial properties with fair value of approximately HK\$48,528,000 (30 June 2024: HK\$50,498,000) in the PRC. The assets and liabilities of the disposal group, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The disposal group is included in the Group’s property investment segment. Reference is made to the Company’s announcement dated 5 December 2023, the Group entered into a supplemental agreement with the Purchaser to extend the completion date to December 2024 or earlier. Further reference is made to the Company’s announcement date 3 January 2025, the Group entered into a second supplemental agreement with the Purchaser to extend the completion date to on or before August 2025.

As at 31 December 2024, the disposal have not been completed and presented the relevant assets and liabilities were classified as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 31 December 2024 and 30 June 2024 are as follows:

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	As at 30 June 2024 HK\$'000 (Audited)
Investment properties	<b>48,528</b>	50,498
Cash and cash equivalents	<b>124</b>	226
Total assets classified as held for sale	<b>48,652</b>	50,724
Trade and other payables, and total liabilities associated with assets classified as held for sale	<b>(11,042)</b>	(11,041)
Net assets of the disposal group	<b>37,610</b>	39,683

#### 15. REFUNDABLE SECURED DEPOSIT

The Group entered into a sale and purchase agreement and a supplemental agreement on 27 November 2013 and 16 December 2013, respectively, with an independent third party in relation to the acquisition of 100% equity interest of a target company and its subsidiaries which are mainly engaged in hotel operations in the PRC (the "Proposed Acquisition"). On 23 December 2013, an amount of HK\$150,000,000 was paid by the Group as refundable deposit. The refundable deposit was charged over the entire issued share capital of a Hong Kong subsidiary of the target company and was classified as secured deposit for acquisition of subsidiaries as at 30 June 2014.

According to the Company's announcement dated 28 October 2014, the Group and the vendor entered into a termination agreement to terminate the Proposed Acquisition because certain conditions precedent of the Proposed Acquisition were not satisfied. Pursuant to the termination agreement, the Group and the vendor agreed that the refundable deposit shall be refunded to the Group by three installments including HK\$60,000,000; HK\$45,000,000; and HK\$45,000,000, repayable on 10 November 2014, 27 January 2015 and 27 April 2015, respectively. The first installment of HK\$60,000,000 was received by the Company on 7 November 2014.

According to the Company's announcement dated 18 June 2015, the Group and the vendor entered into a supplemental termination agreement to amend certain terms of the termination agreement relating to the refund of the remaining refundable deposit. Pursuant to the supplemental termination agreement, the Group and the vendor have agreed that the remaining refundable deposit shall be refunded to the Group by two installments including HK\$20,000,000 and HK\$70,000,000, together with interest as calculated at 5% per annum, repayable on 18 June 2015 and 19 November 2015, respectively. The second installment of HK\$20,000,000 together with interest was received by the Group on 18 June 2015. During the year ended 30 June 2018, the Group received deposit refund of HK\$58,000,000 together with interest income of HK\$2,000,000. The deposit of HK\$12,000,000 was overdue as at 30 June 2021. On 23 August 2021, the Group and the vendor entered into an agreement for the settlement of the remaining refundable deposit of HK\$12,000,000. Pursuant to the agreement, the vendor shall pay HK\$1,000,000 and HK\$11,000,000 with interest as calculated at 1% per annum within 14 days and 24 months, respectively, from the date of agreement signed. During the year ended 30 June 2022, deposit of HK\$1,000,000 was refunded to the Group. The outstanding amount of HK\$11,000,000 (together with the accrued interest) was overdue on 22 August 2023. The board of directors of the Company decided not to extend the settlement date. In 2023, the Company has engaged a Hong Kong solicitors' firm to commence legal proceedings against the vendor and the target company (the "Defendants"). In July 2024, an application for default judgment has been lodged against the Defendants to the Court of First Instance of the High Court of Hong Kong (the "Court") for approval. In September 2024, the Court made the final and interlocutory judgment and ordered the Defendants to pay the Group, among others, HK\$11,000,000 together with the accrued interest, costs associated with relevant legal documents and due diligence under the proposed acquisition and its subsequent termination, and costs of this action to be summarily assessed. The Company is formulating steps to enforce the Court judgement against the Defendants.

The directors of the Company are of the opinion that no provision for impairment loss is necessary in respect of this balance as the Group obtains collateral from the vendor of which the estimated value is sufficient to cover the outstanding amount in case of default.

## 16. TRADE AND OTHER PAYABLES

	<b>As at 31 December 2024 HK\$'000 (Unaudited)</b>	<b>As at 30 June 2024 HK\$'000 (Audited)</b>
Trade payables	5,174	6,448
Other payables and accruals	11,871	8,683
Receipt of deposits for disposal of assets classified as held for sale	<u>11,800</u>	<u>11,800</u>
	<b><u>28,845</u></b>	<b><u>26,931</u></b>

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 31 December 2024 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Audited)
0–90 days	3,577	4,913
91–180 days	82	1,426
181–360 days	1,412	—
Over 360 days	103	109
	<u>5,174</u>	<u>6,448</u>

## 17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group entered into the following material related party transactions.

	Six months ended 31 December	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Sales to a related company ( <i>note (i)</i> )	<u>96</u>	<u>516</u>

*Note:*

- (i) Goods were sold to a company of which the director is the spouse of a director of the Company's subsidiary.

## (b) Key management personnel remuneration

	Six months ended 31 December	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Directors' remuneration	<u>3,501</u>	<u>3,313</u>

## 18. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 February 2025.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended 31 December 2024 (2023: Nil).

## **Business and Operation Review**

The Group is currently engaged in metal recycle business, motor and motor accessories business, car parking spaces rental, money lending business and securities trading and investment business. The Group also maintains the green businesses of research, development and application of technologies and solutions, manufacture, sale and trading of products, materials, systems and services for green market segments including the environmental markets, agricultural markets, organic markets and green technology markets in the People's Republic of China (the "PRC") and overseas. The Group has also a hotel leasing business in Nepal.

The Group through a wholly owned subsidiary maintains timber cutting right over a plantation land of 30,000 mu located at Shihezi City, Xinjiang. As at 31 December 2024, fair value of the biological asset was valued at approximately HK\$182,620,000 (30 June 2024: approximately HK\$190,958,000). The decrease in value is mainly due to the fall of market price of polar tree timber and value of renminbi. The fair value decrease is non-cash nature and does not have effect on cash flow and business operation of the Group. The Group remains on adopting a cautious approach to find the best possible use of the biological asset and will meticulously evaluate its actual economic return before making any investment decision.

Fair value of the industrial land and buildings at Longchuanzhou, Renzhou Village, Shatian, Dongguan City was valued as at 31 December 2024 at approximately HK\$48,528,000 (30 June 2024: approximately HK\$50,498,000). On 8 June 2023, an ordinary resolution was passed by shareholders of the Company at an extraordinary general meeting to the disposal of all 80% of the shares which the Company holds at the holding company of this investment property. Completion of the sale has been postponed from 7 December 2023 to on or before 9 December 2024. Pursuant to the supplemental agreement dated 5 December 2023 entered into by the Company and the purchaser (the "Parties"), the refundable deposit of HK\$11,800,000 received became non-refundable. Pursuant to the 2nd supplemental agreement dated 3 January 2025 entered into by the Parties, completion of the sale has been further postponed from 9 December 2024 to 11 August 2025.

The car parking spaces located at Kennedy Town, Hong Kong continued to generate a stable income for the Group. As at 31 December 2024, it's fair value was valued at approximately HK\$192,855,000 (30 June 2024: approximately HK\$190,000,000).



## **Metal Recycle Business**

In Hong Kong, the main source of metal scrap is from construction sites. According to the Census and Statistics Department's publication in December 2024, the gross value of construction works in the third quarter of 2024 was in real terms decreased in private sector by 11.2% but increased in public sector by 30.8% over a year earlier. The increase in construction activities did not accurately reflect business environment for metal recycle business. The Group did not benefit from the above figure; local supply of metal scrap was insufficient for the business generally. The sourcing of scrap metal became more difficult led the cost of the scrap metal continuous increase and on the contrary, the selling price of scrap metal slipped down due to the contraction of the demand. This further jeopardizes the profit margin and in this regards, the Group had decided to close down the metal recycle business and the exit of the metal recycle market in Hong Kong and explores metal recycle business in other countries.

For the six months ended 31 December 2024, the Group recorded revenue from metal recycle business of approximately HK\$2,831,000 (2023: approximately HK\$5,659,000).

## **Motor and Motor Accessories Business**

The Group has two segments of business, namely sale of car and motorcycle and sale of motor accessories. On the sale of car and motorcycle segment, we still focus on the disposal of inventories. In view of the downturn of the consumption market, especially the high end market, we are adopting a much more flexible pricing approach to test the level of acceptance.

On the sale of car, resumption of production of BAC Mono in United Kingdom did not match up with the downturn of local high end consumption market. As a way out, the Group is trying to find countries where economy is still booming or relatively active, for example Middle East, to see if there are opportunities to sell the BAC Mono super car.

On the sale of motor accessories, Pirelli supplier has now paid more attention to the Asia markets. The models of tyres the Group had requested for had been planned. However, consumer confidence at Asia continued to hover at all-time lows. More and more motor vehicle owners prolonged tyre's maintenance or shifted to use lower tier tyres with cheaper price and Pirelli did not manufacture that category.

For the six months ended 31 December 2024, revenue from motor and motor accessories business was approximately HK\$22,507,000 (2023: approximately HK\$30,418,000).

## **Investment Properties**

No business activity was engaged with the industrial buildings located in the PRC.

On 8 June 2023, an ordinary resolution was passed at an extraordinary general meeting of shareholders in relation to the disposal of all 80% interest of the investment property in PRC, a deposit of HK\$11,800,000 has been received and the balance of HK\$47,200,000 shall be received upon completion.

On 5 December 2023, the Company, the Purchaser and the Disposal Company have entered into a supplemental agreement to the SPA (the “Supplemental Agreement”), pursuant to which the parties thereto mutually agreed that:

- (1) The Completion Date is extended and shall be a business Day on or before 9 December 2024; and
- (2) An aggregate amount of HK\$11,800,000 (the “Deposits”) being the first and second instalments of the Transaction Consideration which had been paid by the Purchaser, or any part thereof shall in no circumstances be refunded or refundable to the Purchaser and the Purchaser irrevocably waives and abandons his rights to claim or recover the Deposits or any part thereof under any provisions of the SPA or the laws.

To allow additional time for the Purchaser to look into the matters in relation to the Resumption Action, on 3 January 2025 (after trading hours), the parties to the SPA have entered into the second supplemental agreement to the SPA (the “Second Supplemental Agreement”), pursuant to which the parties thereto mutually acknowledged and agreed that:

- (i) the Completion Date is extended and shall be a Business Day on or before 11 August 2025;
- (ii) the conditions (a), (b) and (c) precedent under the SPA (as set out in the section headed “Letter from the Board — The SPA — Conditions precedent” in the Circular) have been fulfilled, and shall, for all purposes and intents, be deemed to have been fulfilled upon the signing of the Second Supplemental Agreement up to Completion; and
- (iii) the Vendor has disclosed the updated situation of the Resumption Action and the conditions of the buildings at the Property in the Response Letter and the Purchaser:
  - (a) shall at the Completion accept the state and condition of the Property on an “as it shall be basis”; and
  - (b) absolutely waives, releases and discharges the Vendor from the terms of or its obligations under the SPA, including specifically the warranties therein contained, in relation to the Property, which shall be otherwise enforceable against the Vendor as a result of any action that the Government Authorities had taken or, up to the Completion, may take against the Property, including but not limited to, the Resumption Action or requiring further changes to the state of the buildings at the Property as if such terms or obligations were not contained in the SPA.

For details, please refer to the announcements dated 3 January 2025.

The car parking spaces located in Hong Kong continued to provide a stable revenue and cash flow to the Group. For the six months ended 31 December 2024, rental income decreased to approximately HK\$1,767,000 (2023: approximately HK\$1,976,000).

### **Money Lending Business**

The Company operates money lending business through a wholly-owned subsidiary of the Group, which is a holder of money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

During the six months ended 31 December 2024, the Group recorded loan interest income of approximately HK\$191,000 (2023: approximately HK\$109,000) from granting loans to both corporate and individual clients. The outstanding principal amount of loan receivables net of provision of impairment loss as at 31 December 2024 was approximately HK\$5,344,000 (30 June 2024: approximately HK\$5,517,000). The Group did not recognize any impairment loss for the six months ended 31 December 2024 (2023: Nil).

### **Securities Trading and Investment Business**

During the six months ended 31 December 2024, the market did not perform well with the city's main benchmarks. The Group expects that the stock market in Hong Kong remains uncertain and will continue to adopt a cautious approach in making investment decision in securities dealing so as to obtain a balance between risk and return.

For the six months ended 31 December 2024, the Group recorded the net unrealized gain on listed securities of the invested stocks of approximately HK\$75,000 (2023: approximately HK\$77,000).

As at 31 December 2024, the Group held approximately HK\$284,000 investments at fair value through profit or loss of the invested stocks (30 June 2024: approximately HK\$5,032,000). Details of the investments are as follows:

Stock Name	Stock Code	Place of incorporation	Net unrealized gain on listed securities <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Approximate percentage of investments at fair value through profit or loss %	Approximate percentage to the net assets of the Group %
Wai Chun Group Holdings Ltd.	1 1013	Bermuda	1	66	23.2	0.02
Hang Sang (Siu Po) International Holding Co Ltd	2 3626	Cayman Islands	74	218	76.8	0.05
			75	284	100	0.07

*Notes:*

1. Wai Chun Group Holdings Ltd is an investment holding company principally engaged in (i) general trading of chemicals and agricultural products; (ii) sales and services provision of integration services of computer and communication systems, and design, consultation and production of information system software and management training services; and (iii) investment holdings. No dividend was received for the period ended 31 December 2024. According to its latest published financial statements, it had net liabilities of approximately HK\$257,303,000 as at 30 September 2024.
2. Hang Sang (Siu Po) International Holding Company Limited is an investment holding company. The Company is principally engaged in the manufacturing and sale of apparel labels, packaging printing products, sale and distribution of food, daily necessities and utility products, and operation of a cafe in Hong Kong. No dividend income was received for the period ended 31 December 2024. According to its latest published financial statements, it had a net asset value of approximately HK\$40,419,000 as at 30 June 2024.

## **Green Technology**

There was no revenue on the green technology for the six months ended 31 December 2024 (2023: Nil).

## **Plantation Sales Business**

The Group has timber cutting right on trees grown on the biological asset at Shihezi City, Xinjiang with which the Group is working prudently to find the best possible use of it. The Group would cautiously consider the actual economic return after gathering all relevant data and information and thoroughly study all risks and uncertain factors before making any investment decision. For the six months ended 31 December 2024, there was no revenue generated from plantation sales business (2023: Nil).

## **Hotel Leasing Business**

The boutique hotel at Kathmandu, Nepal operated under the name Waldo Hotel was able to generate steady income by contracting out its hotel business. For the six months ended 31 December 2024, the Group recorded revenue from hotel leasing business of approximately HK\$2,420,000 (2023: approximately HK\$2,396,000).

## **PROSPECTS**

In office just over a month, Donald J. Trump is delivering on his promises and disrupting the USA, if not the world economy. He promised border enforcement, deportations, tariffs, lower taxes and “draining the D.C. swamp” of federal workers and expenditures. He is delivering on these promises and more. But almost always there are delays, reversals, and refinements that lead to rising uncertainty. Indeed, Trump is using policy uncertainty as a negotiating device when seeking to get what he has promised or wants. In a way, an “elephant-in-a-china-shop” approach is being taken with some correction made after damage is done. On foreign policy, Trump continues unreservedly his unorthodox approaches of emphasising American interests and power to stage his personal greatness with no regards to traditional values and unities amongst historical allies and friendly communities. Suffice to say that Trump policy brings much uncertainty and chaos not only to USA herself but to the world at large. High uncertainty leads to delays in investments and major spending decisions, and that reduces GDP growth. Regrettably, his term just begins!

In Hong Kong geopolitical tensions are expected to be increased in 2025, presenting challenges for corporations and investors. The likelihood of fewer interest rate cuts in USA will limit local cost of borrowing to be adjusted to stimulate growth, deter tourist spending in the city and limit the chances of a strong uptick in investment activity. It is the national policy that Hong Kong is the only international financial centre for China. The Hong Kong government shall adopt meaningful measures to restore international confidence and competitiveness to service the nation while striking a good balance in national security.

The Group has recently identified a business development opportunity and entered into a memorandum of understanding with a company in relation to a potential cooperation for the business development of rare earth-based projects and other ancillary business opportunities in the PRC and duly made a voluntary announcement on 21 February 2025. Further developments of the potential cooperation will be announced in accordance with the listing rules.

## FINANCIAL REVIEW

For the six months ended 31 December 2024, revenue of the Group decreased by 26.5% to approximately HK\$29,799,000 (2023: approximately HK\$40,558,000). The decrease in revenue was mainly due to the decrease in revenue in metal recycle business and sales of luxury motor vehicles and related accessories.

For the six months ended 31 December 2024, gross profit of the Group decreased by 30.3% to approximately HK\$6,411,000 (2023: approximately HK\$9,203,000). The decrease in gross profit was mainly due to the decreased income from sales of luxury motor vehicles and related accessories.

Loss for the six months ended 31 December 2024 decreased to approximately HK\$16,554,000 (2023: approximately HK\$45,292,000). The decrease in loss was mainly due to during the six months ended 31 December 2024 (i) a decrease in loss arising from changes in fair value less costs to sell of biological assets to approximately HK\$6,654,000; (ii) an increase in fair value gain on investment property to approximately HK\$1,335,000.

For the six months ended 31 December 2024, basic and diluted loss per share were HK cents 3 (2023: HK cents 11, restated). The loss was mainly due to loss arising from changes in fair value less costs to sell of biological assets of approximately HK\$6,654,000 (2023: approximately HK\$30,421,000) and fair value gain on investment property of approximately HK\$1,335,000 (2023: loss of approximately HK\$11,400,000).

For the six months ended 31 December 2024, the finance costs were approximately HK\$2,963,000 (2023: approximately HK\$3,253,000).

Administrative expenses from operations for the six months ended 31 December 2024 decreased to approximately HK\$18,238,000 (2023: approximately HK\$19,062,000). It included major items such as amortisation of intangible assets of approximately HK\$2,281,000, legal and professional fee of approximately HK\$1,060,000 salaries and directors' emoluments of approximately HK\$7,682,000 and short-term lease expenses of approximately HK\$547,000.

Income tax credit was recorded at approximately HK\$2,121,000 (2023: approximately HK\$8,051,000).

Exchange loss on translating foreign operations was recorded at approximately HK\$2,446,000 (2023: gain of approximately HK\$4,991,000).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2024, the total assets of the Group were approximately HK\$642,657,000 (30 June 2024: approximately HK\$661,398,000), including cash and bank balances of approximately HK\$21,501,000 (30 June 2024: approximately HK\$22,631,000).

The Group's total borrowings as at 31 December 2024 were approximately HK\$86,980,000 (30 June 2024: HK\$84,841,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 21.7% as at 31 December 2024 (30 June 2024: 20.2%).

As at 31 December 2024, the Group's net assets amounted to approximately HK\$400,022,000 (30 June 2024: approximately HK\$491,022,000).

The directors of the Company are of the view that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

## **CAPITAL COMMITMENT**

As at 31 December 2024, there was no material capital commitment.

## **CAPITAL RAISING AND EXPENDITURE**

During the six months ended 31 December 2024, the Group did not have any capital raising activity (2023: Nil).

## **SHARE CAPITAL**

As at 31 December 2024, the total number of issued shares capital of the Company comprised 488,769,147 ordinary shares of HK\$0.1 each (30 June 2024: 488,769,147 ordinary shares of HK\$0.1 each).

## **MAJOR ACQUISITION AND DISPOSAL**

Save as disclosed above, during the six months ended 31 December 2024, there was no material acquisition or disposal of subsidiaries or associated corporation of the Company (2023: Nil).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 31 December 2024, the Group had 52 (30 June 2024: 44) employees. The Group implements remuneration policy, bonus and share option scheme to ensure that pay scales of its employees are rewarded on a performance related basis within the general framework of the Group's remuneration.

## **CHARGES ON THE GROUP ASSETS**

As at 31 December 2024, the bank loans of approximately HK\$86,980,000 were secured by (i) the car parking spaces with aggregate carrying amount of approximately HK\$192,855,000; (ii) a deed of assignment of rental income from the car parking spaces; and (iii) personal guarantee from a director of the Company.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE**

The Group conducted most of its business in Great British Pound, Euro, Renminbi, United States Dollar, Nepalese Rupee and Hong Kong Dollars for the six months ended 31 December 2024. The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 31 December 2024, the Group had a minimal exposure to foreign currency risk as most of its business transactions were principally denominated in the respective functional currencies used by the respective group entities.

The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the directors of the Company are not aware of any material contingent liabilities (30 June 2024: Nil).

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

During the six months ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange.



## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in the Appendix C1 of the Listing Rules for the six months ended 31 December 2024, except the following deviation.

Code provision C.2.1 of the CG Code provides that the role of chairman of the board and chief executive should be separate and should not be performed by the same individual. This code provision also stipulate, inter alia, the role and responsibility of the chairman of the board and the chief executive.

Mr. Yeung Chi Hang was appointed as chairman of the Board and the chief executive officer of the Company on 27 January 2015. Thereafter, Mr. Yeung Chi Hang has assumed both roles.

The directors were of the view that the vesting of the roles of chairman of the Board and chief executive officer in the same person can provide the Group with strong and consistent leadership and allow for more effective planning and execution of long-term business strategies, as well as ensuring effective oversight of management. The directors were also of the view that the present structure was considered to be appropriate under the circumstances of the Company. The Board would keep review of its current board structure from time to time.

On 3 October 2024, Ms. Lai Pik Chi, Peggy (“Ms. Lai”) was appointed as an independent non-executive Director, a member of each of the audit committee, the remuneration committee and the nomination committee of the Company that the Company has met the requirements under Rule 13.92 of the Listing Rules regarding the gender diversity of the Board.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code for the six months ended 31 December 2024.

## AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management systems. It has formulated its written terms of reference in accordance with the Listing Rules. The audit committee of the Company has reviewed the interim report, including the unaudited interim financial results, for the six months ended 31 December 2024. The audit committee of the Company currently comprises three independent non-executive directors of the Company, namely Mr. Lee Chi Ho (Chairman), Mr. Heung Chee Hang, Eric and Ms. Lai Pik Chi, Peggy.

The condensed consolidated financial information is unaudited, but has been reviewed by ZHONGHUI ANDA CPA Limited, 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, whose independent review report is included in the interim report to be sent to shareholders.

By Order of the Board  
**China Environmental Resources Group Limited**  
**YEUNG CHI HANG**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 February 2025

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah, Mr. Chik To Pan and Mr. Liu Yafei; and three independent non-executive Directors, namely Mr. Heung Chee Hang, Eric, Mr. Lee Chi Ho and Ms. Lai Pik Chi, Peggy.*