



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 REPORT
2024-25

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Chi Hang
(*Chairman and Chief Executive Officer*)
Mr. Leung Kwong Choi
Mr. Wong Po Keung
Mr. Chung Siu Wah
Mr. Chik To Pan
Mr. Liu Yafei
(appointed on 2 August 2024)

Independent Non-Executive Directors

Mr. Heung Chee Hang, Eric
Mr. Lee Chi Ho
Ms. Lai Pik Chi, Peggy
(appointed on 3 October 2024)
Mr. Wong Kwai Sang
(retired on 3 December 2024)

AUDIT COMMITTEE

Mr. Lee Chi Ho (*Chairman*)
Mr. Heung Chee Hang, Eric
Ms. Lai Pik Chi, Peggy
(appointed on 3 October 2024)
Mr. Wong Kwai Sang
(retired on 3 December 2024)

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Mr. Lee Chi Ho
(re-designated as Chairman on
3 December 2024)
Mr. Heung Chee Hang, Eric
Ms. Lai Pik Chi, Peggy
(appointed on 3 October 2024)
Mr. Wong Kwai Sang (*ex-Chairman*)
(retired on 3 December 2024)

COMPANY SECRETARY

Mr. Lo Tai On

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands



CORPORATE INFORMATION**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2608, 26/F.,
Greenfield Tower
Concordia Plaza,
No. 1 Science Museum Road,
Tsim Sha Tsui East, Kowloon

REGISTERED OFFICE

Ugland House
P.O. Box 309
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL BANKERS

China CITIC Bank International Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

HONG KONG STOCK CODE

1130

SINGAPORE TRADING SYMBOL


CHEV4000: SP

WEBSITE

www.cergroup.com.hk



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.

These interim financial statements have not been audited, but have been reviewed by the audit committee and auditor of the Company.



INDEPENDENT REVIEW REPORT



中匯
ZHONGHUI

**TO THE BOARD OF DIRECTORS OF
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)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 31, which comprise the condensed consolidated statement of financial position of China Environmental Resources Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 December 2024 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 notes to the interim financial information. 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 (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on these 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.



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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the condensed consolidated financial statements which mentions that 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 a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Tse Kit Yan

Engagement Director

Practising Certificate Number P08158

Hong Kong, 28 February 2025



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December 2024*

	Notes	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	16	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
		123,919	119,726
Liabilities associated with assets classified as held for sale	14	11,042	11,041
		134,961	130,767
Net current assets		25,764	39,575
Total assets less current liabilities		507,696	530,631
Non-current liabilities			
Lease liabilities		46,456	47,592
Deferred tax liabilities		61,218	64,017
		107,674	111,609
NET ASSETS		400,022	419,022
Capital and reserves			
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
TOTAL EQUITY		400,022	419,022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2024

	Attributable to owners of the Company									
	Share capital	Share premium account	Statutory reserve	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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)	40,731	1,210,501	5,407	76	10,615	30,116	(875,892)	421,554	14,465	436,019
At 1 July 2024 (audited)	48,877	1,218,321	5,407	76	9,337	24,109	(896,183)	409,944	9,078	419,022
Total comprehensive loss for the period	—	—	—	—	—	(2,408)	(15,188)	(17,596)	(1,404)	(19,000)
At 31 December 2024 (unaudited)	48,877	1,218,321	5,407	76	9,337	21,701	(911,371)	392,348	7,674	400,022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2024

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

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 Uglan 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

3. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

4. FAIR VALUE MEASUREMENTS (Continued)

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

Description	Fair value measurements using:			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total 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
Total recurring fair value measurements	284	375,475	—	375,759
Non-recurring fair value measurements:				
Non-current assets held for sale				
— Investment properties in the People's Republic of China (the "PRC")	—	48,528	—	48,528
Total non-recurring fair value measurements	—	48,528	—	48,528

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

Description	Fair value measurements using:			
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total 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	—	190,000	—	190,000
Total recurring fair value measurements	5,032	380,958	—	385,990
Non-recurring fair value measurements:				
Non-current assets held for sale				
— Investment properties in the PRC	—	50,498	—	50,498
Total non-recurring fair value measurements	—	50,498	—	50,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

4. FAIR VALUE MEASUREMENTS (Continued)

- (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 31 December 2024 HK\$'000 (Unaudited)	Fair value as at 30 June 2024 HK\$'000 (Audited)
Biological assets	Market approach	Volume of poplar trees and market price of poplar trees per cubic meter	182,620	190,958
Investment properties in Hong Kong	Direct comparison approach	Market price of car parking space	192,855	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	48,528	50,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

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 recycled metals	Trading of motor vehicles and related accessories	Property investment	Provision of financial services	Securities trading and investment	Sales of plantation materials and products	Provision of finance lease services	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended 31 December 2024									
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
At 31 December 2024									
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

	Trading of recycled metals HK\$'000 (Unaudited)	Trading of motor vehicles and related accessories HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Provision of financial services HK\$'000 (Unaudited)	Securities trading and investment HK\$'000 (Unaudited)	Sales of plantation and materials and products HK\$'000 (Unaudited)	Provision of finance lease services HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
For the six months ended									
31 December 2023									
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)
At 30 June 2024									
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:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

	Six months ended 31 December 2024				
	Trading of recycled metals HK\$'000 (Unaudited)	Trading of motor vehicles and related accessories HK\$'000 (Unaudited)		Trading of computer accessories HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
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	
	2,831	22,507	83	25,421	

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				
	Trading of recycled metals HK\$'000 (Unaudited)	Trading of motor vehicles and related accessories HK\$'000 (Unaudited)		Trading of computer accessories HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Geographical markets					
The PRC	—	2,159	—	2,159	
Hong Kong	5,659	28,111	—	33,770	
Macau	—	47	—	47	
Taiwan	—	101	—	101	
	5,659	30,418	—	36,077	

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

6. FINANCE COSTS

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (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	—
	2,963	3,253

7. INCOME TAX CREDIT

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

7. INCOME TAX CREDIT (Continued)

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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

11. TRADE AND OTHER RECEIVABLES (Continued)

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 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (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
	16,869	19,990

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

12. LOANS RECEIVABLE

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

12. LOANS RECEIVABLE (Continued)

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:

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

13. FINANCE LEASE RECEIVABLES

	Lease payments		Present value of lease payments	
	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
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	63,233	65,773	33,439	33,779
	90,418	92,455	37,723	37,340
Less: Unearned finance income	(52,695)	(55,115)		
Present value of lease payments	37,723	37,340		
Less: Amount within 12 months (shown under current assets)			(1,046)	—
Amount receivable after 12 months			36,677	37,340

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

13. FINANCE LEASE RECEIVABLES (Continued)

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:

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

14. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

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:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

15. REFUNDABLE SECURED DEPOSIT (Continued)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

16. TRADE AND OTHER PAYABLES

	As at 31 December 2024 HK\$'000 (Unaudited)	As at 30 June 2024 HK\$'000 (Audited)
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	11,800	11,800
	28,845	26,931

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

17. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The existing share option scheme of the Company was approved on 11 November 2015 (“Share Option Scheme”). The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, and/or providing benefits to the participant and to provide the participant with the opportunity to acquire a personal stake in the Group and to build common objectives of the Group and the participant for the betterment of business and profitability of the Group and its shareholders as a whole.

The Board of Directors may, at their discretion, invite any participant to take up options. An option is deemed to have been granted and accepted by the grantee upon his or her signing the duplicate letter comprising acceptance of the option and paying HK\$1 by way of consideration for the grant thereof.

The subscription price for shares in the Company under the Share Option Scheme will be the highest of (i) the closing price of the shares in the Company as stated in the Stock Exchange’s daily quotations sheet on the offer date (which date must be a business day); (ii) a price being the average of the closing prices of the shares in the Company as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share of the Company.

The total number of shares in the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in the Company in issue as at the date of approval of the Share Option Scheme. An option may be exercised during a period to be determined by the directors in its absolute discretion and in any such period shall not be longer than 10 years from the date upon which the option is granted.

The maximum entitlement for any one participant is that the total number of shares issued and to be issued upon exercise of the options granted to each participant under the Share Option Scheme in any 12-month period shall not exceed 1% of the total number of shares in issue of the Company. Any further grant of options in excess of the 1% limit shall be subject to shareholders’ approval in general meeting with such participant and his or her associates abstaining from voting. The Share Option Scheme will remain in force for a period of 10 years from the date upon which the option is deemed to be granted and accepted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

17. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

Details of share options are as follows:

Grantees	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options
				Balance as at 31 December 2024 (Unaudited)
Executive directors	22 April 2016	22 April 2016–21 April 2026	1.0320	8,485,690
Executive directors	5 June 2018	5 June 2018–4 June 2028	1.5850	1,980,000
Chief executive officer	22 April 2016	22 April 2016–21 April 2026	1.0320	2,828,562
Chief executive officer	5 June 2018	5 June 2018–4 June 2028	1.5850	560,000
Independent non-executive directors	5 June 2018	5 June 2018–4 June 2028	1.5850	400,000
Employees	5 June 2018	5 June 2018–4 June 2028	1.5850	1,640,000
				15,894,252
Weighted average exercise price (HK\$)				1.1913

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2024

18. 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 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Sales to a related company (note (i))	96	516

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 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Directors' remuneration	3,501	3,313

19. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

MANAGEMENT DISCUSSION AND ANALYSIS

- (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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	Note	Stock Code	Place of incorporation	Net unrealized gain on listed securities HK\$'000	Market value HK\$'000	Approximate percentage	Approximate percentage
						of investments at fair value through profit or loss %	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

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 devise 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions held by each Director and chief executive of the Company and their associates in shares, underlying shares or debentures of the Company or any of its associated corporation, if any, (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 of the Listing Rules were as follows:

Name of Director	Capacity in which interests are held	Number of shares/underlying shares held in the Company			Total interests as to% to the issued share capital as at 31 December 2024 (Note 1)
		Interests in shares	Interest under equity derivatives	Total interests	
Mr. Yeung Chi Hang	Beneficial owner	102,247,200	3,388,563	105,635,763	21.61%
Mr. Chung Siu Wah	Beneficial owner	—	3,388,563	3,388,563	0.69%
Mr. Chik To Pan	Beneficial owner	—	3,388,563	3,388,563	0.69%
Mr. Wong Po Keung	Beneficial owner	—	3,388,563	3,388,563	0.69%
Mr. Leung Kwong Choi	Beneficial owner	—	300,000	300,000	0.06%
Mr. Heung Chee Hang, Eric	Beneficial owner	—	200,000	200,000	0.04%
Mr. Wong Kwai Sang (Note 2)	Beneficial owner	—	200,000	200,000	0.04%

Note 1: The percentage of shareholding was calculated on the basis of the Company's issued share capital of 488,769,147 shares as at 31 December 2024.

Note 2: Mr. Wong Kwai Sang retired on 3 December 2024 and ceased to be an independent non-executive director of the Group.

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executive of the Company or their respective associates had any other personal, family, corporate and other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the following persons, other than Directors or chief executive of the Company, were interested or had short positions in more than 5% of shares and underlying shares of the Company or its subsidiaries according to the register required to be kept under section 336 of the SFO as follows:

Name of shareholders	Number of shares/underlying shares held in the Company				Total interest as to % to the issued share capital as at 31 December 2024 (Note 2)
	Personal Interest	Spouse Interest	Corporate Interest	Total interest	
Mr. Chu Ying Man	27,000,000	—	—	27,000,000	5.52%
Ocean Line Holdings Limited (note 1)	—	—	59,900,000	59,900,000	12.26%
Ms. Cheung Wai Fung (note 1)	2,902,400	—	59,900,000	62,802,400	12.85%
Mr. Kwai Sze Hoi (note 1)	—	2,902,400	59,900,000	62,802,400	12.85%

Notes:

- Ocean Line Holdings Limited ("Ocean Line") holds 59,900,000 Shares and is owned as to 60% by Mr. Kwai Sze Hoi ("Mr. Kwai") and 40% by Ms. Cheung Wai Fung ("Ms. Cheung"), the spouse of Mr. Kwai, who also holds personal interest in 2,902,400 Shares. By virtue of Part XV of the SFO, both Mr. Kwai and Ms. Cheung are deemed to be interested in an aggregate of 62,802,400 Shares, comprising (i) 59,900,000 Shares held by Ocean Line; and (ii) 2,902,400 Share held by Ms. Cheung as at 31 December 2024.
- Pursuant to an ordinary resolution passed on 5 April 2024, every five shares of HK\$0.02 each were consolidated into one consolidated share of HK\$0.1 each effective on 9 April 2024. The percentage of shareholding was calculated based on the Company's issued share capital of 488,769,147 consolidated shares as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTION SCHEME

The shareholders of the Company approved the adoption of a share option scheme on 11 November 2015 (the "2015 Share Option Scheme"). The purpose of the 2015 Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating and/or providing benefits to the eligible persons and to provide the eligible persons with all opportunities to acquire a personal stake in the Group and to build common objectives of the Group and the eligible persons for the betterment of business and profitability of the Group and the Shareholders as a whole. The 2015 Share Option Scheme shall be valid and effective for a period of 10 years from its adoption.

An ordinary resolution was passed at the extraordinary general meeting held on 29 July 2016 to refresh the scheme mandate limit under the 2015 Share Option Scheme. Based on 1,697,138,114 shares then in issue of the Company as at the date of passing the said ordinary resolution, the Company could grant further options under the 2015 Share Option Scheme for subscription of up to a total of 169,713,811 shares, representing 10% of the then shares in issue of the Company as at the date of passing the said ordinary resolution.

An ordinary resolution was passed at the annual general meeting held on 11 December 2020 to refresh the scheme mandate limit under the 2015 Share Option Scheme. Based on 2,036,538,114 shares then in issue of the Company as at the date of passing the said ordinary resolution, the Company can grant further options under the 2015 Share Option Scheme for subscription of up to a total of 203,653,811 shares (before adjustment of share consolidation referred to below) and 40,730,762 shares (after adjustment of share consolidation referred to below), representing 10% of the shares in issue of the Company as at the date of passing the ordinary resolution and as at 1 July 2024 and 31 December 2024.

An ordinary resolution was passed at the extraordinary general meeting held on 5 April 2024 that every five shares of HK\$0.02 each were consolidated into one consolidated share of HK\$0.1 each effective on 9 April 2024 and the closing price of the Company's shares immediately before the date of grant of the options was HK\$0.202 and HK\$0.320 on 22 April 2016 and 5 June 2018, respectively and were adjusted to HK\$1.01 and HK\$1.60 respectively as a result of the share consolidation effective on 9 April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The details of the 2015 Share Option Scheme and valuation of options are set out in Note 17 to the condensed consolidated financial statements. The following table set out movements in the Company's share options granted under the 2015 Share Option Scheme during the six months ended 31 December 2024:

Capacity	Date of Grant	Exercise price	Exercisable period	Number of Share Options					As at 31 December 2024
				As at 1 July 2024	Granted	Exercised	Cancelled	Lapsed	
Executive Directors									
Yeung Chi Hang	22 April 2016	1.032	22 April 2016-21 April 2026	2,828,563	—	—	—	—	2,828,563
	5 June 2018	1.585	5 June 2018-4 June 2028	560,000	—	—	—	—	560,000
Chung Siu Wah	22 April 2016	1.032	22 April 2016-21 April 2026	2,828,563	—	—	—	—	2,828,563
	5 June 2018	1.585	5 June 2018-4 June 2028	560,000	—	—	—	—	560,000
Chik To Pan	22 April 2016	1.032	22 April 2016-21 April 2026	2,828,563	—	—	—	—	2,828,563
	5 June 2018	1.585	5 June 2018-4 June 2028	560,000	—	—	—	—	560,000
Wong Po Keung	22 April 2016	1.032	22 April 2016-21 April 2026	2,828,563	—	—	—	—	2,828,563
	5 June 2018	1.585	5 June 2018-4 June 2028	560,000	—	—	—	—	560,000
Leung Kwong Choi	5 June 2018	1.585	5 June 2018-4 June 2028	300,000	—	—	—	—	300,000
Independent Non-executive Directors									
Heung Chee Hang, Eric	5 June 2018	1.585	5 June 2018-4 June 2028	200,000	—	—	—	—	200,000
Wong Kwai Sang (Note)	5 June 2018	1.585	5 June 2018-4 June 2028	200,000	—	—	—	—	200,000
Employees									
Employees	5 June 2018	1.585	5 June 2018-4 June 2028	1,640,000	—	—	—	—	1,640,000
				15,894,252	—	—	—	—	15,894,252

Note: Mr. Wong Kwai Sang retired and ceased as an independent non-executive director on 3 December 2024.

As at 31 December 2024, options to subscribe for an aggregate of 15,894,252 shares of the Company were outstanding, representing 3.25% of the shares in issue of the Company as at 31 December 2024 and the date of this report.

Save as disclosed above, no option was granted, exercised, cancelled or lapsed during the six months ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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. Thereafter, the Company has met the requirements under Rule 13.92 of the Listing Rules regarding the gender diversity of the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

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 this interim report.

By Order of the Board

China Environmental Resources Group Limited

YEUNG CHI HANG

Chairman and Chief Executive Officer

Hong Kong, 28 February 2025