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

(Incorporated in Bermuda with limited liability)

(Stock Code: 970)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

INTERIM RESULTS

The board of directors (the “**Board**”) of New Sparkle Roll International Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 September 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	5	1,046,126	1,733,707
Cost of sales		<u>(933,709)</u>	<u>(1,519,674)</u>
Gross profit		112,417	214,033
Other income, gains and losses	5	(39,920)	(11,376)
Impairment of goodwill		(29,318)	(7,437)
Impairment of other intangible assets		(89,877)	–
Impairment of property, plant and equipment		(328,542)	–
Selling and distribution costs		(121,522)	(156,156)
Administrative expenses		<u>(45,732)</u>	<u>(47,965)</u>
Operating loss	6	(542,494)	(8,901)
Finance costs	7	<u>(33,876)</u>	<u>(44,209)</u>
Loss before income tax		(576,370)	(53,110)
Income tax	8	<u>14,100</u>	<u>2,490</u>
Loss for the period		<u>(562,270)</u>	<u>(50,620)</u>
Other comprehensive income, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments at fair value through other comprehensive income recognised during the period		(1,153)	(20,974)

	Six months ended	
	30 September	
	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of foreign operations	<u>10,874</u>	<u>(104,233)</u>
Other comprehensive income for the period, net of tax	<u>9,721</u>	<u>(125,207)</u>
Total comprehensive income for the period	<u>(552,549)</u>	<u>(175,827)</u>
Loss for the period attributable to:		
Owners of the Company	(562,895)	(51,747)
Non-controlling interests	<u>625</u>	<u>1,127</u>
	<u>(562,270)</u>	<u>(50,620)</u>
Total comprehensive income attributable to:		
Owners of the Company	(553,116)	(176,551)
Non-controlling interests	<u>567</u>	<u>724</u>
	<u>(552,549)</u>	<u>(175,827)</u>
Loss per share attributable to owners of the Company during the period		
Basic	<i>10</i> <u>HK(134.2) cents</u>	<u>HK(15.0) cents</u>
Diluted	<i>10</i> <u>HK(134.2) cents</u>	<u>HK(15.0) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		30 September 2024	31 March 2024
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11(a)</i>	602,672	949,559
Investment properties	<i>11(b)</i>	316,431	346,730
Goodwill	<i>12</i>	55,680	84,708
Other intangible assets	<i>13</i>	41,231	134,562
Financial assets at fair value through other comprehensive income	<i>14</i>	129,580	133,856
Deferred tax assets		1,272	–
		1,146,866	1,649,415
Current assets			
Inventories		817,808	811,593
Trade receivables	<i>15</i>	36,917	31,600
Deposits, prepayments and other receivables		146,432	175,936
Amounts due from non-controlling interests		–	478
Investment in films and television program		29,196	42,846
Pledged deposits		32,822	47,297
Cash at banks and in hand		122,437	93,573
		1,185,612	1,203,323
Current liabilities			
Trade payables	<i>16</i>	8,836	20,947
Contract liabilities		41,016	41,569
Receipts in advance, accrued charges and other payables		181,082	161,126
Amounts due to non-controlling interests		1,494	–
Provision for taxation		–	50
Borrowings	<i>17</i>	729,506	727,251
Lease liabilities		42,063	41,034
		1,003,997	991,977

	30 September	31 March
	2024	2024
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Net current assets	<u>181,615</u>	<u>211,346</u>
Total assets less current liabilities	<u>1,328,481</u>	<u>1,860,761</u>
Non-current liabilities		
Deferred tax liabilities	–	14,009
Lease liabilities	241,588	255,232
	<u>241,588</u>	<u>269,241</u>
NET ASSETS	<u><u>1,086,893</u></u>	<u><u>1,591,520</u></u>
EQUITY		
Share capital	15,008	12,612
Reserves	1,067,897	1,575,487
Equity attributable to owners to the Company	1,082,905	1,588,099
Non-controlling interests	<u>3,988</u>	<u>3,421</u>
TOTAL EQUITY	<u><u>1,086,893</u></u>	<u><u>1,591,520</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL

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

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

In the opinion of the directors of the Company (the "**Directors**"), Sze Ching Lau ("**Mr. Sze**") and his concert parties including, Cha Jung Hoon, Pro Honor Investment Limited, a company incorporated in British Virgin Islands and wholly owned by Qiu Peiyuan, an executive director of the Company and Lam Chi Kin are the controlling shareholders of the Company.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 29 November 2024.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3 below.

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

This announcement contains the interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

3. ACCOUNTING POLICIES

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

- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants and related amendments to Hong Kong Interpretation 5 (Revised)
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements
- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback

The adoption of these amendments to HKFRSs does not have any material financial effect on the Group’s condensed consolidated interim financial statements.

The Group has not adopted new or amendments to HKFRSs that have been issued but are not yet effective in advance.

4. SEGMENT INFORMATION

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

The executive Directors have identified the following reportable operating segments:

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

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

Segment revenue and results

For the six months ended 30 September 2024

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue from external customers	862,699	146,247	37,180	1,046,126
Other income, gains and losses	<u>3,931</u>	<u>1,493</u>	<u>(47,175)</u>	<u>(41,751)</u>
Reportable segment revenue	<u><u>866,630</u></u>	<u><u>147,740</u></u>	<u><u>(9,995)</u></u>	<u><u>1,004,375</u></u>
Reportable segment results	<u><u>(339,236)</u></u>	<u><u>(13,986)</u></u>	<u><u>(140,879)</u></u>	<u><u>(494,101)</u></u>

For the six months ended 30 September 2023

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

Segment assets and liabilities

As at 30 September 2024

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Reportable segment assets	1,050,958	396,793	501,847	1,949,598
Financial assets at fair value through other comprehensive income ("FVTOCI")				129,580
Deposits, prepayments and other receivables				8,751
Cash at banks and in hand				37,245
Other corporate assets:				
– financial assets				–
– non-financial assets				207,304
Consolidated total assets				<u>2,332,478</u>
Additions to non-current segment assets other than financial instruments during the period	6,997	163	–	7,160
Unallocated				14
				<u>7,174</u>
Reportable segment liabilities	215,617	53,677	234,247	503,541
Borrowings				729,506
Other corporate liabilities:				
– financial liabilities				11,214
– non-financial liabilities				1,324
Consolidated total liabilities				<u>1,245,585</u>

As at 31 March 2024

	Auto dealership <i>HK\$'000</i> (Unaudited)	Non-auto dealership <i>HK\$'000</i> (Unaudited)	Property management and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Reportable segment assets	1,355,257	479,219	661,390	2,495,866
Financial assets at FVTOCI				133,856
Deposits, prepayments and other receivables				9,311
Cash at banks and in hand				4,473
Other corporate assets:				
– financial assets				–
– non-financial assets				209,232
Consolidated total assets				2,852,738
Additions to non-current segment assets other than financial instruments during the period	23,104	366	–	23,470
Unallocated				1,374
				24,844
Reportable segment liabilities	207,044	65,566	237,502	510,112
Borrowings				727,251
Other corporate liabilities:				
– financial liabilities				8,219
– non-financial liabilities				15,636
Consolidated total liabilities				1,261,218

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment results	(494,101)	43,955
Bank interest income	318	400
Unallocated corporate incomes	1,511	1,251
Unallocated corporate expenses	(50,222)	(54,507)
Finance costs	(33,876)	(44,209)
	<u>(576,370)</u>	<u>(53,110)</u>

5. REVENUE, OTHER INCOME, GAINS AND LOSSES

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers:		
<i>Recognised at point in time</i>		
Sales of automobiles	819,897	1,461,805
Sales of other merchandised goods	146,247	193,920
<i>Recognised over time</i>		
Provision of after-sales services	42,802	42,545
Provision of property management services	–	1,618
	<u>1,008,946</u>	<u>1,699,888</u>
Total revenue from contracts with customers	1,008,946	1,699,888
Revenue from other sources:		
Provision of property rental services	37,180	33,819
	<u>37,180</u>	<u>33,819</u>
	<u>1,046,126</u>	<u>1,733,707</u>

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Other income, gains and losses</i>		
Bank interest income	318	400
Gain on disposals of property, plant and equipment	669	4,750
Gain on sales of pre-owned cars	246	1,381
Government grants (<i>Note</i>)	343	–
Income from advertising, exhibitions and other services	1,277	10,339
Income from insurance brokerage	826	1,334
Change in fair value of investment properties	(33,410)	(31,506)
Change in fair value of investment in films and television program	(13,819)	(1,892)
Exchange differences, net	(49)	82
Others	3,679	3,736
	(39,920)	(11,376)

Note:

For the period ended 30 September 2024, the amount represents subsidies granted for promotion of consumption by the PRC government. There are no unfulfilled conditions or contingencies related to these grants.

6. OPERATING LOSS

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of other intangible assets	2,888	2,919
Cost of inventories recognised as expense	928,806	1,514,628
Depreciation of property, plant and equipment	28,978	36,473
Exchange differences, net	49	(82)
Government grants	(343)	–
Interest on lease liabilities	9,950	11,240
Impairment of goodwill	29,318	7,437
Impairment of other intangible assets	89,877	–
Impairment of property, plant and equipment	328,542	–
Lease payments not included in the measurement of lease liabilities	1,265	2,660
Gain on disposal of property, plant and equipment	(669)	(4,750)
Employee benefit expenses		
Employee costs, including directors' emoluments	23,236	28,101
Equity-settled share-based payment expenses	–	12,154
Contributions to retirement benefits scheme	7,294	6,839
	30,530	47,094

7. FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	10,527	12,931
Interest on other loans	13,399	19,689
Interest on lease liabilities	9,950	11,240
Imputed interest on convertible bonds	–	349
	33,876	44,209

8. INCOME TAX

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity and can apply two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 September 2023 and 2024.

The Group's subsidiaries in Mainland China are subject to income tax at the rate of 25% for the six months ended 30 September 2023 and 2024.

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong profits tax		
Charge for the period	–	–
– Income tax of other jurisdictions		
Charge for the period	1,013	2,861
Under-provision in prior years	–	21
Total current tax	1,013	2,882
Deferred tax	(15,113)	(5,372)
	<u>(14,100)</u>	<u>(2,490)</u>

9. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2023 and 2024, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss for the purposes of basic loss per share	(562,895)	(51,747)
Effect of dilutive potential ordinary shares:		
Imputed interest on convertible bonds	—	N/A
Loss for the purposes of diluted loss per share	<u>(562,895)</u>	<u>N/A</u>
	Six months ended	
	30 September	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	419,491,073	344,829,877
Effect of dilutive potential ordinary shares:		
– Convertible bonds issued by the Company	—	N/A
– Share options granted by the Company	—	N/A
Weighted average number of ordinary shares for the purposes of calculating diluted loss per share	<u>419,491,073</u>	<u>344,829,877</u>

For the six months period ended 30 September 2024, there is no diluted potential share during the current period. Therefore, the basic and diluted loss per share in the current period are equal.

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

11. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

(a) Property, plant and equipment

During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment at a total cost of HK\$7,174,000 (six months ended 30 September 2023: HK\$22,024,000). Items of property, plant and equipment with a net carrying amount of HK\$8,302,000 were disposed of during the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$9,373,000).

The impairment charge of HK\$328,542,000 arose in cash generating units (“CGUs”) of auto dealership in the PRC following the significant decrease in segment result during the period and uncertainties of the economic market conditions. The recoverable amounts of the property, plant and equipment of auto dealership of HK\$1,019,558,000 as at 30 September 2024 is determined from value-in-use calculations with reference to the business valuations performed by Masterpiece Valuation Advisory Limited (“**Masterpiece**”), an independent firm of professionally qualified valuer, and the carrying amount of such assets is not reduced below the highest of its fair value less cost of disposal of HK\$810,548,000 and its value in use of HK\$1,019,558,000.

The following table sets out the key assumptions where the impairment calculation is updated as at 30 September 2024:

	30 September 2024	31 March 2024
Budgeted gross margin (%)	6%	10%
Discount rate (%)	16%	18%

The significant decrease in the budgeted gross margin assumption in the current period was primarily due to persistent uncertainties of the economic market condition and rising competition.

(b) Investment properties

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

No investment property was derecognised or disposed of during the six months ended 30 September 2023 and 2024. The change in fair value of approximately HK\$33,410,000 (six months ended 30 September 2023: HK\$31,506,000) was recognised during the period.

The Group's investment properties were revalued on 30 September 2024 and 31 March 2024 by CHFT Advisory and Appraisal Limited ("CHFT"), an independent firm of professional surveyors, on an open market value basis.

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

Fair value is determined by applying the income approach and market approach.

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

Market approach is making reference to the comparable market transaction as available, based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties.

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

During the six months period ended 30 September 2024, there was no transfer into or out of Level 3 or any other Level. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

12. GOODWILL

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
At cost:		
At beginning of the period/year	744,644	770,030
Exchange differences	<u>8,274</u>	<u>(25,386)</u>
At end of the period/year	<u>752,918</u>	<u>744,644</u>
Accumulated impairment:		
At beginning of the period/year	(659,936)	(467,715)
Impairment loss recognised	(29,318)	(207,640)
Exchange differences	<u>(7,984)</u>	<u>15,419</u>
At end of the period/year	<u>(697,238)</u>	<u>(659,936)</u>
Net carrying amount	<u><u>55,680</u></u>	<u><u>84,708</u></u>
The carrying amount of goodwill allocated to each of the cash-generating unit is as follows:		
Auto dealership	–	–
Property management services	<u>55,680</u>	<u>84,708</u>
	<u><u>55,680</u></u>	<u><u>84,708</u></u>

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

As at 30 September 2024, based on the result of the assessment, the management determined that the recoverable amount of the CGU of the property management services to be HK\$225,397,000 which is lower than the carrying amount of HK\$255,367,000, resulting from the remaining lease term of the sub-lease project lapses over time resulting less future cash flow with decreasing remaining lease term under income approach and the declined performance of managed property of the property management service project. The impairment amount has been allocated to each category of goodwill, property, plant and equipment, and other intangible assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of HK\$190,543,000 and its value in use of HK\$225,397,000. Impairment losses of approximately HK\$29,318,000 have been recognised against that carrying amount of goodwill with an exchange difference of HK\$652,000 and no class of asset other than goodwill is impaired.

13. OTHER INTANGIBLE ASSETS

The Group regularly reviews its film rights to assess marketability, future economic benefits to be recognised from the films and the corresponding recoverable amounts. The estimated recoverable amounts were determined by the Directors with reference to the valuation performed by CHFT as at 30 September 2024. The valuation is based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film, which were discounted using a pre-tax discount rate of 27.9% (31 March 2024: 27.7%) for relevant assets. As at 30 September 2024, the recoverable amount of film right is higher of its fair value less cost of disposal of HK\$5,854,000 and its value in use of HK\$7,373,000, resulting from screening decision changed from publication in cinemas to only operating on network video platforms under current market condition consideration. Based on value-in-use calculation, impairment losses of approximately HK\$89,877,874,000 and an exchange difference of HK\$1,997,000 are recognised for the six months period ended 30 September 2024.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Listed equity securities, at fair value, classified as financial assets at FVTOCI		
– Listed equity securities in Denmark (<i>Note</i>)	128,378	132,521
– Listed equity securities in Hong Kong	<u>1,202</u>	<u>1,335</u>
	<u>129,580</u>	<u>133,856</u>

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

The fair value of the listed equity securities were based on quoted market price as at 30 September 2024 and 31 March 2024. The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

15. TRADE RECEIVABLES

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

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

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
0 – 30 days	23,903	21,833
31 – 120 days	5,382	2,919
121 – 365 days	1,399	4,919
Over 365 days	<u>6,233</u>	<u>1,929</u>
	<u>36,917</u>	<u>31,600</u>

16. TRADE PAYABLES

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

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
0 – 30 days	6,377	–
31 – 60 days	1,014	16,023
61 – 90 days	–	1,891
Over 90 days	<u>1,445</u>	<u>3,033</u>
	<u>8,836</u>	<u>20,947</u>

17. BORROWINGS

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Current		
Bank loans	263,333	297,527
Other loans	<u>466,173</u>	<u>429,724</u>
Total	<u>729,506</u>	<u>727,251</u>
Effective interest rates per annum in range of:		
– fixed rate borrowings	<u>3.2% to 8.5%</u>	<u>4.5% to 8.8%</u>

Notes:

- (i) The borrowings are substantially denominated in RMB.
- (ii) As at 30 September 2024 and 31 March 2024, certain of the Group's assets were pledged to secure the loan facilities granted to the Group.
- (iii) Certain borrowings were secured by corporate guarantees executed by the Company and certain subsidiaries during the six months ended 30 September 2024 and the year ended 31 March 2024.
- (iv) As at 31 March 2024, certain borrowings were secured by guarantee of state-owned enterprise of the PRC.
- (v) As at 30 September 2024 and 31 March 2024, there are no borrowings containing a repayment on demand clause and/or covenant terms.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2024, the global economy is navigating a complex and ever-changing landscape marked by challenges like slowing growth, moderating inflation, divergent monetary policies, and uncertain trade expansion. Geopolitical tensions are escalating, with distinct disparities in economic performances across regions and nations. The most recent “World Economic Outlook” report from the International Monetary Fund forecasts a stable global economic growth rate of 3.2% for both 2024 and 2025. Despite the overall economic resilience, the global economic future remains shrouded in uncertainty, with some regions and sectors facing potential risks of slowing growth.

Facing the complex and challenging global macroeconomic environment, the Chinese economy has maintained an overall stable and sustained growth momentum. By effectively implementing existing policies and introducing new policies, the country has steadily developed new quality productive forces and pushed forward high-quality development. The growth rate of the gross domestic product (GDP) has remained within a reasonable range. The National Bureau of Statistics of China announced the economic performance for the first three quarters of this year on 18 October 2024. During the quarters, the GDP reached RMB94.9746 trillion, with a year-on-year growth of 4.8% at constant prices. The first, second, and third industries grew by 3.4%, 5.4%, and 4.7% respectively, sending positive and optimistic signals to the market.

Luxury Goods Industry

In 2024, the Chinese luxury goods market is showing signs of recovery and growth, particularly driven by high-net-worth individuals and the emerging new quality productive forces industry. It is expected that the market still holds immense potential.

Tencent Marketing Insights (TMI) and Boston Consulting Group (BCG) jointly released the 2024 China Luxury Market Insights Report, which indicates that Chinese luxury consumers are expected to spend RMB572 billion on luxury goods in 2024, a 4% increase from the previous year. For five consecutive years, China has contributed 20%-25% to the global luxury goods market, maintaining its core position in the global luxury landscape. In the short term, uncertainties remain regarding the recovery of consumers’ confidence and growth in overseas luxury consumption. However, from a long-term perspective, the foundation of luxury consumption in China remains solid.

UBS released the Global Wealth Report 2024, revealing that global wealth grew by 4.2% in 2023, with global wealth growth adjusted for inflation reaching nearly 8.4%. People's wealth increased worldwide. Regionally, the Asia-Pacific region experienced the fastest overall wealth growth, with an increase of nearly 177% since 2008. In contrast, the Americas, excluding the United States, lagged behind in global wealth rebound in 2023. Mainland China, Hong Kong, and Taiwan displayed strong momentum in wealth growth. Hong Kong has the highest number of millionaires, and Mainland China's median wealth growth is remarkably impressive. Julius Baer released the fifth edition of the Global Wealth and Lifestyle Report, indicating that despite continued rising prices in cities worldwide in 2024, affluent individuals around the world are still willing to spend on and invest in their lifestyles, families, and futures. It is evident that the growth and spending power of high-net-worth individuals are primary drivers of the luxury goods market growth.

Bain & Company, in collaboration with the Italian luxury goods industry association Altgamma, recently released the latest Luxury Goods Worldwide Market Study. The Study indicates a shift in global consumers' consumption preferences, with a continued preference for luxury experience over physical luxury goods. Particularly noteworthy is the resurgence in the travel industry, where immersive experience is highly sought after, driving steady growth in experiential consumption such as hotels, fine dining, and upscale restaurants. Additionally, the trend of small private luxury cruises has surpassed traditional cruise travel, emerging as a new consumer hotspot. Consumption of private jets and yachts also continues its upward trajectory. In contrast, the art auction industry is experiencing a slowdown in market growth due to art supply shortages and economic uncertainties.

Though it faced with the challenges of slowing growth and market differentiation, the global luxury goods market is demonstrating strong resilience. As consumer demographics and consumption preferences gradually evolve, the future development of the luxury goods market will witness diverse trends, further fostering the flourishing growth of the luxury goods industry.

BUSINESS REVIEW

Automobile Dealerships

During the financial period under review, all of the 3 brands, namely Rolls-Royce, Bentley and Lamborghini, experienced a drop in revenue. Lamborghini performed the best with the smallest sales decline, amounting to approximately HK\$132.6 million and representing approximately 25.2% decrease in sales in the financial period under review as compared with that of approximately HK\$177.2 million recorded in the corresponding financial period last year. A total of 39 units of Lamborghini were sold, representing a decrease of approximately 27.8% as compared with 54 units sold in the corresponding financial period last year.

Bentley recorded a drop in sales during the financial period under review with a total of approximately HK\$447.1 million, representing a decrease of approximately 36.2% as compared with that of approximately HK\$700.6 million recorded in the corresponding financial period last year. A total of 138 units of Bentley were sold, representing a decrease of approximately 37.0% as compared with 219 units sold in the corresponding financial period last year.

Rolls-Royce recorded sales of 39 units during the financial period under review, representing a decrease of approximately 53.6% as compared with 84 units sold in the corresponding financial period last year. The brand recorded a decrease in sales during the financial period under review with a total of approximately HK\$240.2 million, representing a decrease of approximately 58.9% as compared with that of approximately HK\$584.0 million recorded in the corresponding financial period last year.

Revenue from after-sales services during the financial period under review reached approximately HK\$42.8 million, amounting to a slightly increase of approximately 0.7% as compared with the revenue recorded in the corresponding financial period last year. Regarding the gross profit margin, we saw a decrease from approximately 33.3% in the corresponding financial period last year to approximately 23.7% in the financial period under review.

Non-auto Dealerships

During the financial period under review, the sales performance of our non-auto dealership division recorded a decrease of approximately 24.6% to approximately HK\$146.2 million as compared with that of approximately HK\$193.9 million in the corresponding financial period last year.

Gross profit margin of the non-auto dealership division decreased from approximately 31.1% in the corresponding financial period last year to approximately 24.2% in the financial period under review. The decrease was mainly driven by a decrease in gross profit margin of the sales of audio equipment.

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

Others

During the financial period under review, the revenue from our others division, which includes the provision of property management services and money lending business, recorded an increase of approximately 5.1% to approximately HK\$37.2 million, as compared with approximately HK\$35.4 million in the previous financial period.

In respect of the provision of property management business, the revenue recorded an increase of approximately 5.1% to approximately HK\$37.2 million, as compared with that of approximately HK\$35.4 million in the corresponding financial period last year. The increase was due to an increase in the sublease income during the financial period under review.

In respect of the films and television program investment business, no revenue was generated during the financial period under review. The legal actions against the film producer to recover the investment principal and relevant return are still in progress. The releasing schedules of the rest film investments had also been further postponed due to the continuing weak consumption market sentiment and keen competition.

In respect of the money lending business, no revenue was generated during the financial period under review (2023: nil). During this financial year, the legal actions against the borrowers and the guarantors for the claims of the loans and interest accrued are still in progress. The Group is in the course of seeking legal advice regarding enforcement of the judgments against them for the recovery of the loan and other losses and damages. For further details, please refer to the paragraph headed “LITIGATIONS UPDATES” of this announcement.

Equity Investments

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

As at 30 September 2024, the Group held 12,178,623 shares (31 March 2024: 12,482,034 shares) of B&O, representing approximately 9.92% of its total issued shares. The carrying amount of this investment represented approximately 5.5% of the total assets of the Group as at 30 September 2024. The carrying amount of this investment recorded a decrease of approximately 3.1% to approximately HK\$128.4 million, as compared with that of approximately HK\$132.5 million in the previous financial year. The decrease was mainly due to the sale of the certain shares and the fair value change on the market price of the shares.

During the financial period under review, the Group sold 303,411 shares of B&O and hence realised approximately HK\$3.1 million. During this financial year, the share price of B&O was traded in a range of Danish Krone (“**DKK**”) 9.05 to DKK9.31 per share.

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

The share price of B&O dropped to Danish Krone (“**DKK**”) 9.06 per share as at 30 September 2024 (31 March 2024: DKK9.35 per share) as quoted on the NASDAQ Copenhagen A/S, representing a decrease of approximately 3.1% during the financial year under 31 March 2024.

The Group also held shares in New Amante Group Limited (Stock Code: 8412) (“**New Amante**”), a company incorporated in the Cayman Islands whose shares are listed and traded on GEM of the Stock Exchange. As disclosed in its annual report for the year ended 31 May 2024, New Amante group launched a cigar shop in Hong Kong.

As at 30 September 2024, the Group held 2,670,000 shares (31 March 2024: 2,670,000 shares) of New Amante, representing approximately 2.62% of its total issued shares. The carrying amount of this investment represented approximately 0.05% of the total assets of the Group as at 30 September 2024.

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

The Group’s financial assets at FVTOCI of approximately HK\$129.6 million as at 30 September 2024 (31 March 2024: approximately HK\$133.9 million) represented the Group’s strategic investment in B&O and New Amante. The decrease in carrying amount of the Group’s financial assets at FVTOCI during the financial period under review was mainly due to the sale of the certain shares and the fair value change on the market price of the shares of B&O.

OUTLOOK

Looking ahead, given the uncertain economic environment, it is expected that the businesses of the Group in the second half of this financial year will remain certain level of challenging. Nevertheless, the recent wide-ranging stimulus package announced by the government of the Mainland China may give positive influences on the current situation. The Group maintains prudent financial management and commits to continuing our leading roles as a luxury goods brand manager.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 September 2024 was approximately HK\$1,046.1 million, representing a decrease of approximately 39.7% as compared with that of approximately HK\$1,733.7 million recorded in the corresponding financial period last year. Such decrease was mainly due to a decrease in the units sold and average gross profit of automobiles arising from the continuing weak market sentiment and keen competition in the automotive business of the Group during the financial period under review. The table below sets out the Group's revenue by segments for the period indicated:

Revenue Source	Six months ended 30 September				Changes	
	2024		2023		HK\$'000	%
	Contribution		Contribution			
HK\$'000	(%)	HK\$'000	(%)			
Automobile segment						
Sales of automobiles	819,897	78.4%	1,461,805	84.3%	(641,908)	(43.9%)
Provision of after-sales services	42,802	4.1%	42,545	2.5%	257	0.6%
Sub-total	862,699	82.5%	1,504,350	86.8%	(641,651)	(42.7%)
Non-automobile dealership segment						
Others	37,180	3.5%	35,437	2%	1,743	4.9%
Total	<u>1,046,126</u>	100%	<u>1,733,707</u>	100%	<u>(687,581)</u>	(39.7%)

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2024 decreased by approximately 47.5% to approximately HK\$112.4 million (30 September 2023: approximately HK\$214.0 million) while the gross profit margin of the Group for the six months ended 30 September 2024 decreased to 10.7% as compared with 12.3% for the corresponding period last year. The decrease in gross profit was mainly attributable to decrease in gross profit of the sales of automobiles due to the continuing weak automobile market sentiment and keen competition and decrease in incentive bonuses offered by the automobile suppliers. The gross profit of the sales of automobiles decreased by approximately HK\$74.4 million during the financial period under review.

Other Income, Gains and Losses

Other income, gains and losses recorded a net loss of approximately HK\$39.9 million for the six months ended 30 September 2024 (30 September 2023: a net loss of approximately HK\$11.4 million). Such change was mainly due to increase in loss of fair value of investment in films and television program of approximately of HK\$11.9 million and decrease in income from advertising, exhibitions and other services of approximately of HK\$9.1 million during the financial period under review.

Impairment of goodwill

The impairment losses on goodwill was approximately HK\$29.3 million for property management services for the period ended 30 September 2024 (30 September 2023: approximately HK\$7.4 million).

The impairment test was mainly determined by the recoverable amount of the cash-generating unit (“CGU”) from value-in-use calculation with reference to the business valuation, performed by CHFT Advisory and Appraisal Limited (“CHFT”), an independent firm of professionally qualified valuer. CHFT performed the business valuation using the pre-tax cash flow projection, based on formally approved budget covering a detailed five-year budget plan; and for the period not covered by the budget and up to the end of the remaining useful life, the estimated cash flow projection was extrapolated. The cash flow projection applied in the determination of the recoverable amount of the CGU is best estimate of the range of economic condition that will exist over the remaining useful life of the CGU. There was no change in the approach adopted for the six months period ended 30 September 2024 and the year ended 31 March 2024.

For the others segment, as at 30 September 2024, the recoverable amount of the CGU of the property management services was approximately HK\$225.4 million which is lower than the carrying amount of approximately HK\$255.4 million, resulting from the lapse of the remaining lease term of the sub-lease project lapses over time resulting less future cash flow with decreasing remaining lease term under the income approach and the adjustment on the growth rate in the coming one to two years by the management in view of the current development on the property rental market condition.

The impairment amount has been allocated to each category of goodwill, property, plant and equipment, and other intangible assets such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of approximately HK\$190.5 million and its value in use of approximately HK\$225.4 million. Based on the value-in-use calculation and the allocation, impairment losses of approximately HK\$29.3 million have been recognised against that carrying amount of goodwill with an exchange difference of approximately HK\$0.7 million and no class of asset other than goodwill is impaired.

There was no significant change to the basis, assumptions and inputs adopted in the assessment for the six-month period ended 30 September 2024 as compared with those for the year ended 31 March 2024.

Impairment of properties, plant and equipment

The impairment losses on properties, plant and equipment were approximately HK\$328.5 million for the six months period ended 30 September 2024 (30 September 2023: nil).

The impairment test was mainly determined by the recoverable amount of the CGU from value-in-use calculation with reference to the business valuation, performed by Masterpiece Valuation Advisory Limited (“**Masterpiece**”), an independent firm of professionally qualified valuer. For the business valuation, Masterpiece used the pre-tax cash flow projection, based on formally approved budget covering a detailed five-year budget plan; and for the period not covered by the budget and up to the end of the remaining useful life, the estimated cash flow projection was extrapolated. The cash flow projection applied in determination of the recoverable amount of the CGU is the best estimate of the range of economic condition that will exist over the remaining useful life of the CGU. There was no change in the approach adopted for the six months period ended 30 September 2024 and for the year ended 31 March 2024.

For the auto dealership segment, as at 30 September 2024, the recoverable amount has been assessed to be approximately HK\$1,019.6 million which is lower than the carrying amount of approximately HK\$1,348.1 million. The decrease in the recoverable amount was due to the significant decrease in segment result during the period and uncertainties of the economic market conditions. Other than that, there was no significant change in the basis, assumptions and inputs adopted in the assessment for the six months period ended 30 September 2024 as compared with those for the year ended 31 March 2024.

The impairment amount has been allocated to each category of goodwill, property, plant and equipment, such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal of approximately HK\$810.5 million and its value in use of approximately HK\$1,019.6 million. Based on the value-in-use calculation and the allocation, the impairment losses of approximately HK\$328.5 million have been recognised on property, plant and equipment. No class of asset other than property, plant and equipment is impaired.

There was no significant change in the basis, assumptions and inputs adopted in the assessment for the six months period ended 30 September 2024 as compared with those for the year ended 31 March 2024.

Impairment of other intangible assets

The impairment losses on other intangible assets was approximately HK\$89.9 million for the six months period ended 30 September 2024 (30 September 2023: nil). The impairment losses were measured based on recoverable amounts, which were determined by the Directors with reference to the valuation performed by CHFT as at 30 September 2024. There was no change in the approach adopted for the six months period ended 30 September 2024 and for the year ended 31 March 2024.

As at 30 September 2024, the recoverable amount of film right is higher of its fair value less cost of disposal of approximately HK\$5.9 million and its value in use of approximately HK\$7.4 million, resulting from screening decision changed from publication in cinemas to only operating on network video platforms under current market condition consideration. Based on value-in-use calculation, impairment losses of approximately HK\$89.9 million and an exchange difference of approximately HK\$2.0 million are recognised for the six months period ended 30 September 2024.

The estimated recoverable amounts were determined by the Directors with reference to the valuation performed by CHFT as at 30 September 2024. The valuation is based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film, which were discounted using a pre-tax discount rate of 27.9% (31 March 2024: 27.7%) for relevant assets. Other than that, there was no significant change in the basis, assumptions and inputs adopted in the assessment for the six months period ended 30 September 2024 as compared with those for the year ended 31 March 2024.

Selling and distribution costs

The selling and distribution costs decreased by approximately 22.2% to approximately HK\$121.5 million during the period under review as compared with approximately HK\$156.2 million for the corresponding period of the last financial year. The decrease was mainly due to the decrease in advertising and marketing related expenses and the decrease in depreciation of property, plant and equipment.

Administrative expenses

The administrative expenses decreased by approximately 4.8% from approximately HK\$48.0 million for the six months ended 30 September 2023 to approximately HK\$45.7 million for the six months ended 30 September 2024. The changes were mainly due to no share-based payments, but offset by the increase in legal and professional fees incurred in relation to the litigations during the period under review.

Finance Costs

The financing costs of the Group decreased by approximately 23.3% from approximately HK\$44.2 million for the six months ended 30 September 2023 to approximately HK\$33.9 million for the six months ended 30 September 2024, due to the decrease in borrowings arising from the repayment of bank loan as scheduled during the period under review and the decrease in purchase of automobiles inventories as compared with the same in the corresponding financial period last year.

Property, plant and equipment

The Group's property, plant and equipment as at 30 September 2024 were approximately HK\$602.7 million (31 March 2024: approximately HK\$949.6 million). During the six months ended 30 September 2024, the Group acquired items of property, plant and equipment at a total cost of approximately HK\$7.2 million (six months ended 30 September 2023: approximately HK\$22.0 million), and a net carrying amount of approximately HK\$8.3 million of property, plant and equipment were disposed of during the six months ended 30 September 2024 (the net carrying amount for the six months ended 30 September 2023: approximately HK\$9.4 million). An impairment charge of approximately HK\$328,542,000 was recognised during the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

Investment properties

The Group's investment properties as at 30 September 2024 were approximately HK\$316.4 million (31 March 2024: approximately HK\$346.7 million). The change in value of investment properties was mainly due to the decrease in fair value incurred during the financial period under review.

Goodwill

The Group's goodwill as at 30 September 2024 was approximately HK\$55.7 million (31 March 2024: approximately HK\$84.7 million). The decrease in goodwill was mainly due to the impairment of goodwill on property management services incurred during the financial period under review.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 30 September 2024 were approximately HK\$2,332.5 million (31 March 2024: approximately HK\$2,852.7 million) which were financed by the total equity and total liabilities of approximately HK\$1,086.9 million (31 March 2024: approximately HK\$1,591.5 million) and HK\$1,245.6 million (31 March 2024: approximately HK\$1,261.2 million) respectively.

Cash Flow

The Group's cash and cash equivalents as at 30 September 2024 were approximately HK\$122.4 million (31 March 2024: approximately HK\$93.6 million) which were mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”).

The Group's primary uses of cash are to repay the Group's borrowings, to pay for purchases of inventories and to fund the Group's working capital and normal operating costs. The increase in the Group's cash at banks and in hand was mainly attributable to the decrease in pledged deposit for banking and other facilities when compared with the year ended 31 March 2024 as well as exercise of the share options by the option holders in September 2024.

The Directors consider that the Group will have sufficient working capital for its existing operations and financial resources for financing future business expansion and capital expenditures.

Borrowings

The Group's borrowings as at 30 September 2024 were approximately HK\$729.5 million, representing an increase of approximately 0.3% from approximately HK\$727.3 million as at 31 March 2024. The Group's borrowings were mainly denominated in RMB. The bank loans decreased by approximately HK\$34 million while the other loan borrowings for purchasing of automobiles inventories increased by approximately HK\$36 million.

Gearing Ratio

The Group's gearing ratio computed as total borrowings over the total equity decreased to approximately 67.1% as at 30 September 2024 (31 March 2024: approximately 45.7%).

Inventories

As at 30 September 2024, the Group's inventories increased by approximately 0.8% from approximately HK\$811.6 million as at 31 March 2024 to approximately HK\$817.8 million. Automobiles and audio equipment comprised approximately 63% and 19% of the inventories of the Group respectively.

The Group's average inventory turnover days increased from 139 days for the six months ended 30 September 2023 to 160 days for the six months ended 30 September 2024.

Exposure to Foreign Exchange Risk

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

The Group did not enter into any foreign currency forward contract for the financial period under review. As at 30 September 2024, the Group did not have any unrealised gain or loss in respect of the foreign currency forward contracts (30 September 2023: nil).

Contingent Liabilities and Capital Commitment

During the current period, the Group was involved in the case regarding the petition for winding up and the appointment and discharge of joint provisional liquidators, detailed in the paragraph headed "LITIGATIONS UPDATES – Petition for winding up and appointment and discharge of joint provisional liquidators" of this announcement. To the best understanding and information of the Company, it is believed that the claim made by the former joint provisional liquidators against the Company may amount up to around US\$1.4 million. There are ongoing legal proceedings upon the opposition by the Company on such claim, subjected to the decision by the Bermudan Court. Other than the above mentioned, the Board considered that the Group had no other material contingent liabilities as at 30 September 2024 (31 March 2024: nil). The Board considered that the Group had no material capital commitment as at 30 September 2024 in respect of acquisition of property, plant and equipment (31 March 2024: nil).

Charges on Assets

As at 30 September 2024, land and buildings, investment property, pledged deposits and inventories of the Group with aggregate carrying amounts of approximately HK\$529.6 million (31 March 2024: approximately HK\$814.2 million), approximately HK\$57.9 million (31 March 2024: approximately HK\$64.3 million), approximately HK\$32.8 million (31 March 2024: approximately HK\$47.3 million) and approximately HK\$466.2 million (31 March 2024: approximately HK\$459.3 million) respectively were pledged to secure general banking facilities and other facilities granted to the Group.

Human Resources

As at 30 September 2024, the Group had 387 employees (31 March 2024: 396). Staff costs (including directors' emoluments and the one-off equity-settled share option expenses) charged to profit or loss amounted to approximately HK\$30.5 million for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$47.1 million).

The Group provided benefits, which included basic salary, commission, discretionary bonus, medical insurance and retirement funds and equity-settled share-based payments to employees to sustain the competitiveness of the Group. The package was reviewed on an annual basis based on the Group's performance and employees' performance appraisal.

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

Subscriptions for new shares under general mandate and use of proceeds from the subscriptions

On 19 July 2024, the Company entered into two subscription agreements under which the Company agreed to allot and issue a total of 74,879,418 new ordinary shares of HK\$0.032 each (with an aggregate nominal value of approximately HK\$2,396,141) to Mr. Yang Yun and Mr. Lee Chin Ching Cyrix respectively, at a price of HK\$0.64 per share under the general mandate granted to the Directors.

The closing price as quoted on the Stock Exchange on 19 July 2024, being the date of the subscription agreement, was HK\$0.79 per share. The allotment and issue of the 74,879,418 new shares was completed on 31 July 2024 and raised net proceeds of approximately HK\$46.4 million (with a net price of approximately HK\$0.6197 per share). The Company intends to apply the net proceeds from the subscriptions as to (i) approximately HK\$8.0 million for litigation expenses incurred; (ii) approximately HK\$25.4 million for potential investment when opportunities arise; and (iii) approximately HK\$13.0 million for general working capital of the Group. As at 30 September 2024, net proceeds of approximately HK\$15 million had been utilised for litigation expenses and general working capital.

Further details of the above subscriptions were set out in the announcements of the Company dated 19 and 31 July 2024 respectively.

As at 30 September 2024, the net proceeds from the placing of the Company's new shares completed on 31 July 2024 had been partly utilised as follows:

	Planned use of net proceeds as disclosed in the announcement dated 21 July 2024 <i>HK\$ million</i>	Net proceeds utilised during the period ended 30 September 2024 <i>HK\$ million</i>	Net proceeds unutilised as at 30 September 2024 <i>HK\$ million</i>
Litigation expenses incurred	8	8	–
Potential investment	25.4	–	25.4
General working capital	13	7	6
	<u>46.4</u>	<u>15</u>	<u>31.4</u>

LITIGATIONS UPDATES

Petition for winding up and appointment and discharge of joint provisional liquidators

Upon the Company's petition and application, the Bermudan Court made an order dated 15 April 2024 (the "**Order**"), inter alia, that the hearing of the Company's petition for winding up (the "**Petition**") be adjourned for a period of 6 months and that Edward Willmott and Elizabeth Cava of Deloitte Financial Advisory Ltd., Corner House, 20 Parliament Street, Hamilton HM 12 and Lai Kar Yan (Derek) and Ho Kwok Leung Glen, of Deloitte Touche Tohmatsu, 35th Floor, One Pacific Place, 88 Queensway, Hong Kong be appointed as joint provisional liquidators of the Company (the "**JPLs**"). Such Order was set aside, the Petition was struck out and the JPLs were discharged by the Bermudan Court on 15 May 2024.

For further details, please refer to the announcements made by the Company on 22 April 2024, 8, 13 and 16 May 2024.

Subsequently, the former JPLs filed information with the court, and to the best understanding and information of the Company, it is believed that they may claim up to around US\$1.4 million in expenses against the Company. The Company has put forward an opposition on the payment of the costs claimed by the former JPLs. The legal proceedings are still in progress.

The indemnity claims against former directors

During the period ended 30 September 2024, the Company has taken legal action on the indemnity claims against the former directors for (a) costs incurred by the Company in the winding-up proceedings in Bermuda, including costs; (b) the losses suffered by the Company as a result of the former directors' unilateral application for the appointment of the JPLs on 15 April 2024 and their petition for winding up of the Company in Bermuda; and (c) expenses arising out of or in connection with the appointment of the JPLs in the winding-up proceedings in Bermuda on 16 April 2024.

The Company will make announcement(s) as and when appropriate in compliance with the Listing Rules and inform the Shareholders and potential investors of any material development of this event.

Injunction order against its largest shareholder and Shenwan

The Company's claims against its largest shareholder, Mr. Sze Ching Lau ("**Mr. Sze**") and Shenwan Hongyuan Capital (H.K.) Limited ("**Shenwan**") were discontinued. The Company has paid a total sum of HK\$6,162,303.8 and HK\$400,000 to Mr. Sze and Shenwan respectively as the full and final settlement of their costs incurred in the legal proceedings.

For details, please refer to the announcements of the Company dated 18, 26 January, 7, 22 February, 12 March, 11, 12 April and 20 November 2024.

Borrowers' Default of Loan Agreements

Loan agreement in respect of a facility of HK\$58.0 million

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

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

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

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

The Group received partial payment in instalments in the aggregate sum of HK\$24,320,000 during the year ended 31 March 2023, yet the 1st Borrower failed to repay the outstanding instalments, save for the aforesaid payment, and the accrued interests. The Group has resumed the legal actions against the 1st Borrower and the guarantor in the High Court of Hong Kong with a view to recovering the loans and other losses and damages. A hearing took place at the High Court of Hong Kong (the “**Court**”) on 20 December 2023 in respect of the Proceedings (the “**Hearing**”). At the Hearing, the Court has granted judgment in favour of the Lender against the 1st Borrower and the guarantor for the outstanding principal amount as at 22 November 2022 in the sum of HK\$37,124,764.51, with interest accrued thereon at the annual rate of 6.5% from 22 November 2022 up to 20 December 2023 and thereafter at the judgment rate until the date of payment. The Court has also granted cost to the Lender in the sum of HK\$420,000. A statutory demand against the 1st Borrower was served in January 2024 and another statutory demand against the guarantor was served by way of advertisement in March 2024 for the afore-mentioned judgment sum.

During the period ended 30 September 2024, upon search and enquiry, the Group was informed that a bankruptcy petition was issued against the guarantor under another case. On 9 September 2024, the Group was informed by the Petitioner’s solicitors that such petition was withdrawn by the petitioner by way of consent summons on 3 September 2024.

Up to the date of this announcement, there is no settlement received from the 1st Borrower or the guarantor.

For details, please refer to the announcements of the Company dated 4 March 2021, 1 and 29 April 2022, 8, 18 and 24 August 2022, 1 September 2022 and 21 December 2023.

The Company has sought legal advice and considered taking enforcement actions against the 1st Borrower and the guarantor.

Further announcement(s) in relation to the loan and/or the proceedings will be made by the Company as and when appropriate in compliance with the Listing Rules.

Loan agreement in respect of a facility of HK\$32.0 million

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

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

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

The Lender has on 6 December 2022 obtained a sealed judgment against the 2nd Borrower for the claims of the 2nd Loan and interest accrued thereon. The Lender has further on 17 February 2023 obtained a sealed judgment against the guarantor for the claims of the 2nd Loan and interest accrued thereon. The Group is in the course of enforcing the judgements against the 2nd Borrower and the guarantor for the recovery of the 2nd Loan and other losses and damages. The Lender has filed a bankruptcy petition against the 2nd Borrower in the High Court of Hong Kong on 19 September 2023 and on 6 February 2024, the Court has made a bankruptcy order against the 2nd Borrower. The Official Receiver is now the trustee-in-bankruptcy of the 2nd Borrower responsible for collection and distribution of any recovered properties and assets (if any) of the 2nd Borrower to his creditors. In August 2024, the 2nd Borrower filed an application to the High Court to annul his bankruptcy order and his application is being opposed by both the Lender and the Official Receiver. A hearing of the case is scheduled on 17 January 2025 at the High Court.

For details, please refer to the announcements of the Company dated 22 March 2021, 29 April 2022, 8 December 2022, 20 February 2023 and 7 February 2024.

The Company will make further announcement(s) as and when appropriate in compliance with the Listing Rules and inform the Shareholders and potential investors of any material development of this event.

PRINCIPAL ACTIVITIES

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

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: nil) as the Group would like to reserve more capital to capture opportunities and meet the challenges ahead.

SHARE OPTION SCHEME

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

At the annual general meeting of the Company held on 27 September 2022, the General Scheme Limit was refreshed to allow the Company to grant options to subscribe for up to the maximum of 547,195,344 pre-consolidation Shares (equivalent to 34,199,709 shares after consolidation), representing 10% of the issued shares capital as at the date of approval of the adoption of the Share Option Scheme initially. On 10 January 2023, when the share consolidation became effective, the number of Shares Options available for grant was adjusted to 34,199,709 Shares (including options for nil share that have been granted but not yet lapsed or exercised). During the year ended 31 March 2024, Share Options of an aggregate of 34,000,000 Shares of exercise price of HK\$1.00 each were granted and fully exercised.

During the six months period ended 30 September 2024, no share option granted was exercised, lapsed or cancelled.

There was no vesting period in respect of the share options granted under the Share Option Scheme.

As at 1 April 2024 and 30 September 2024, 199,709 share options were available for grant under the Share Option Scheme.

As at 30 September 2024, (i) there were nil shares (31 March 2024: nil shares) that may be issued in respect of options granted under the Share Option Scheme, representing 0% (31 March 2024: 0%) over the weighted average number of issued shares of the Company of 419,491,073 shares (for the year ended 31 March 2024: 382,939,372 shares).

As at the date of this announcement, there were 199,709 shares available for issue under the Share Option Scheme, representing approximately 0.04% of the issued shares of the Company of 469,001,508 shares.

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

There were 199,709 shares available for further grant pursuant to the Share Option Scheme as at 30 September 2024 and as at the date of this announcement (31 March 2024: 199,709 shares available). It represents approximately 0.05% over the weighted average number of Shares issued for the period (31 March 2024: 0.05%).

CHANGE OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 15 November 2024, the Company's branch share registrar and transfer office in Hong Kong will be changed to:–

TRICOR INVESTOR SERVICES LIMITED

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Telephone No.: (852) 2980 1333

Facsimile No.: (852) 2810 8185

DIRECTORS' BIOGRAPHICAL DETAILS UPDATE

Directors' biographical details update since the date of the 2024 Annual Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Biographical details update since 2024 Annual Report
Mr. Qiu Peiyuan	Resigned as an executive director of China Ecotourism Group Limited, a company listed on the Stock Exchange (stock code: 1371) with effect from 4 September 2024.
Mr. Sze Ka Ho	Appointed as a non-executive Director of Pan Asia Data Holdings Inc., a company listed on the Stock Exchange (stock code:1561), with effect from 6 September 2024.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules to govern securities transactions by the Directors. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the Model Code throughout the six months ended 30 September 2024 and up to the date of this announcement.

The Company also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the six months ended 30 September 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance. The Board agrees that corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure that all practices can be met with legal and statutory requirements.

To the best knowledge of the Board, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules throughout the six months ended 30 September 2024, except for the deviation from code provision C.2.1 of the CG Code up to 23 April 2024.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we did not have a separate chairman and chief executive officer as Mr. Zheng Hao Jiang performed these two roles until 23 April 2024. The Board believes that vesting of the roles of both Chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively; and considers that such arrangement will not impair the balance of power and authority between the Board and the management and that the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and the chief executive officer.

AUDIT COMMITTEE

The primary duties of the Audit Committee of the Company are reviewing and providing supervision over the Group's financial reporting process and internal controls and discussing with the external auditor for the nature and scope of audit. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Chan Man Kit and Mr. Liao Kenan, and one non-executive Director, namely, Mr. You Yiyang. Mr. Chan Man Kit is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated financial statements for the six months ended 30 September 2024 and is of the view that such financial statements have been prepared in compliance with the applicable accounting standards, and that adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no major events occurred after the reporting period and up to the date of this announcement.

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

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

By Order of the Board
New Sparkle Roll International Group Limited
Ju Qinghao
Chairman

Hong Kong, 29 November 2024

As at the date of this announcement, the Company has two executive Directors, four non-executive Directors and four independent non-executive Directors. The executive Directors are Mr. JU Qinghao and Mr. QIU Peiyuan. The non-executive Directors are Mr. LI Qingsong, Mr. SZE Ka Ho, Mr. WU Peng and Mr. YOU Yiyang. The independent non-executive Directors are Mr. CHAN Man Kit, Mr. LIAO Kenan, Mr. NG Wai Hung and Ms. WANG Hui.