



In-Tech

中國智能科技有限公司 China In-Tech Limited

(formerly known as China Overseas Nuoxin International Holdings Limited 中國海外諾信國際控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00464

INTERIM REPORT
2025



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Huijun (*Chairman*)

Ms. Cai Dongyan

(*Chief Executive Officer*)

Mr. Zhou Li Yang

Independent Non-Executive Directors

Mr. Hu Zhigang

Mr. Zhang Jiayou

Mr. Ma Yu-heng

COMPANY SECRETARY

Mr. Ong Kam Chit Vincent

AUDIT COMMITTEE

Mr. Ma Yu-heng (*Chairman*)

Mr. Hu Zhigang

Mr. Zhang Jiayou

NOMINATION COMMITTEE

Mr. Hu Zhigang (*Chairman*)

Mr. Zhang Jiayou

Mr. Ma Yu-heng

REMUNERATION COMMITTEE

Mr. Hu Zhigang (*Chairman*)

Mr. Zhang Huijun

Mr. Zhang Jiayou

Mr. Ma Yu-heng

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Suite 3204, Unit 2A, Block 3, Building D

P.O. Box 1586, Gardenia Court, Camana Bay

Grand Cayman, KY1-1100

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong

Investor Services Limited

Shop 1712-1716,

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISER

Raymond Siu & Lawyers

PRINCIPAL BANKERS

Hang Seng Bank Limited

The Hongkong and Shanghai Banking

Corporation Limited

Dah Sing Bank Limited

CORPORATE WEBSITE

www.chinaintech464.com

STOCK CODE

00464

Highlights

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Operating results		
Revenue	57,186	70,200
Gross (loss)/profit	(682)	8,340
Net loss	(23,495)	(8,335)
Per share data	HK cents	HK cents
Basic loss per share	(3.939)	(1.862)
Net assets per share	3.3	8.3
Financial position	HK\$'000	HK\$'000
Bank and cash balances	5,216	34,831
Total assets	114,009	96,431
Net assets	17,429	44,180
Financial ratio		
Gross (loss)/profit margin	(1.2%)	11.9%
Net loss to revenue	(41.1%)	(11.9%)
Return on equity	(134.8%)	(18.9%)
Net gearing ratio	184.1%	—
Net cash to equity ratio	—	34.8%

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of China In-Tech Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”) together with the comparative figures for the corresponding period of last year (the “**Last Corresponding Period**”).

FINANCIAL RESULTS

Revenue

	For the six months ended 30 September				
	2024		2023		
	HKD million	% of revenue	HKD million	% of revenue	Change %
Electrical haircare appliances	46.4	81.1%	70.2	100%	-33.9%
Information technology services	10.8	18.9%	–	–	+100%
Total	57.2	100%	70.2	100%	-18.5%

During the Period, the Group recorded a revenue of approximately HK\$57,186,000 (2023: HK\$70,200,000), representing a decrease of approximately 18.5% from the Last Corresponding Period. The decrease in revenue was the combined effect of the increase in the revenue of approximately HK\$10,792,000 from the information technology service segment and decrease in the revenue of approximately HK\$23,806,000 from the electrical haircare appliance segment.

The decrease in revenue from the electrical haircare appliance segment was mainly due to the low consumer sentiment resulting from the worldwide economic uncertainties and the geopolitical tensions. It has adversely affected our orders from European and Asian markets for the Period.

Revenue from the information technology service segment was a new revenue stream of the Group which commenced in the second half of 2023.

Management Discussion and Analysis

FINANCIAL RESULTS (Continued)

Cost of Sales

For the six months ended 30 September

	2024		2023		Change %
	HKD million	% of revenue	HKD million	% of revenue	
Electrical haircare appliances	47.9	83.8%	61.9	88.2%	-22.5%
Information technology services	10.0	17.5%	–	–	+100%
Total	57.9	101.2%	61.9	88.2%	-6.5%

Gross (Loss)/Profit

For the six months ended 30 September

	2024	2023	Change	
	HKD million		HKD million	Change %
Electrical haircare appliances	(1.5)	8.3	(9.8)	-118.1%
Information technology services	0.8	–	0.8	-100%
Total	(0.7)	8.3	(9.0)	-107.9%

Management Discussion and Analysis

FINANCIAL RESULTS (Continued)

Gross (Loss)/Profit Margin

For the six months
ended 30 September

	2024 %	2023 %	Change
Electrical haircare appliances	(3.2%)	11.9%	-126.9%
Information technology services	7.4%	–	-100%
Group	(1.2%)	11.9%	-110.1%

During the Period, the Group reported a gross loss of approximately HK\$682,000 (2023: gross profit of HK\$8,340,000), representing a gross loss margin of approximately 1.2% (2023: gross profit margin 11.9%).

The increase in gross loss from the electrical haircare appliance segment was mainly caused by the increase in the production cost of the segment: (i) the increase in the overall prices of raw materials, especially electronic and metal materials, such as electronic assemblies and copper, due to the increase in demand in manufacturing industries; and (ii) the increase in labour cost per product in the Period.

The low gross profit margin of the information technology service segment was mainly caused by the low demand due to the seasonal factor and the economic uncertainties in the PRC and the increase in the cost of sales. Consumers usually intend to upgrade or improve their systems in the first or fourth quarter of the calendar year, and in addition to the economic uncertainties, the demand of the information technology service was relatively low during the Period. Besides, in order to maintain the customers' loyalty, we had to keep our service fee at a market competitive level. In the meantime, retaining our technical staff to provide high standard of services to our customers is important to the business operation. Those factors above led to a low gross profit margin of this segment for the Period.

Management Discussion and Analysis

FINANCIAL RESULTS (Continued)

Net Loss

	For the six months ended 30 September			
	2024 HKD million	2023 HKD million	Change HKD million	Change %
Electrical haircare appliances	(14.8)	(6.6)	(8.2)	-124.2%
Information technology services	(5.1)	–	(5.1)	-100%
Unallocated	(3.6)	(1.7)	(1.9)	-111.8%
Total	(23.5)	(8.3)	(15.2)	-183.1%

Net loss for the Period was approximately HK\$23,495,000, which represented an increase of approximately 181.9% from approximately HK\$8,335,000 in the Last Corresponding Period.

Basic loss per share was HK3.939 cents, which represented an increase of approximately 111.5% from the loss per share of HK1.862 cents in the Last Corresponding Period.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$Nil).

Management Discussion and Analysis

BUSINESS REVIEW

Market Review


The Group is principally engaged in the design, manufacture and sale of electrical haircare appliances and provision of information technology system platform development services in the People's Republic of China (the "**PRC**"). Its headquarter is in Hong Kong and it operates a manufacturing base in Dongguan, the PRC and an operational office in Xiamen, the PRC.

Electrical Haircare Appliance

The products of the electrical haircare appliance segment are mainly sold on original design manufacturing ("**ODM**") and original equipment manufacturing ("**OEM**") basis. Its customers are mainly leading brand owners and importers which resell the products to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs, catalogues and grocery stores.

During the Period, the Group continued to face challenging and adverse business environment. The recovery of global economy was procrastinated by the uncertainties such as high inflation, high interest rate and geopolitical conflicts such as the Russia-Ukraine conflict, the Israeli-Palestinian conflict and US-China tension. It led to sluggish demand and weak consumer sentiment. In addition, market competition within the manufacturing industry has been very intense and the Group has been facing strong pressure on the price of the products. The Group will closely communicate with the customers to understand and accommodate their requests and provide appropriate solutions to overcome this challenge.

Most of the Group's customers are renowned global brands. The five major customers of this segment have accounted for approximately 61% and 86% of its total turnover during the Period and the Last Corresponding Period, respectively. The Group believes that the European and Asian markets will remain as the major revenue contributors of this segment from the geographical perspective in the coming years even the orders from those markets have reduced during the Period.



Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Market Review (Continued)

Information Technology Service

The Group commenced the business of provision of tailor-made information technology system platform (the “**Platform**”) development services in the PRC to the customers in the second half of 2023 with a business partner (the “**Business Partner**”) which holds 49% of the equity interest of Xiamen Digital Technology Company Limited* (廈門天洋數字科技有限公司) (“**Xiamen Tianyang**”), an indirect non wholly-owned subsidiary of the Company.

In the recent years, the government of the PRC has actively promoted digital management of cities and used data to carry out urban governance and provide various services. They require the operations of different industries to carry out information management to improve urban governance standards and the quality of public services and thus accelerate economic development. With the promulgation of new policies for digital city, data elements and big data, the implementation of major projects in the PRC and the need for economic recovery after the pandemic, enterprises are also digitising their operations to meet their needs. They use services provided by different Platforms that combine data collection and analysis and utilise the value of data to (i) improve their business performance and (ii) plan, execute, control and optimise their business processes. Therefore, the standard requirements of service Platforms for different enterprises have been raised and there are further demands for data Platform development and related data information collection and analysis services.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Market Review (Continued)

Information Technology Service (Continued)


The Business Partner, equipped with a development team, has extensive experience in information technology support and system development in the PRC. The Group believes that the information technology service segment has good prospects for development under the current policy and plan in the PRC and the Group is determined to seize the opportunity to enter into this market with a strong partnership in business.

In the Period, the revenue of the information technology service segment accounted for approximately 18.9% of the revenue of the Group.

Electrical Haircare Appliance

Mainland China remains as the Group's major production center. Similar to other manufacturers in Mainland China, the Group has faced a series of operating challenges, such as the slow recovery in export markets, the difficulties in recruiting skilled production line operators and the increasing other manufacturing expenses. However, the Group's continued efforts to optimise its product mix, focus on high margin products and economies of scale mitigated the negative effects of the intensified market competition.

As always, the Group has put efforts on improving the competitiveness of its high quality products together with bolstering its research and development capabilities with an aim to enhancing its market share and achieving a long-term relationship with its customers.



Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Operation Review

Information Technology Service

Xiamen Tianyang provides tailor-made Platform development services to both stated-owned and private enterprises in, among others, sales of motor vehicles, retail and internet media businesses in the PRC. The systems mainly include retail systems, supply chain management systems and digital city systems. An experienced development team bases on the scenario of our customers and our standardised procedures to integrate upstream and downstream work processes and develop the systems and provide supporting services.

The demand for the information technology services was relatively low during the Period. Due to the seasonal factor of the business operation, customers usually intend to upgrade or improve their systems in the first or fourth quarter of the calendar year. In addition to the economic uncertainties in the PRC, they focus on controlling the unnecessary costs and expenses. Under this situation, we have to maintain our standard of services and provide competitive package to our customers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had approximately HK\$5,216,000 in bank and cash balances as at 30 September 2024 (31 March 2024: HK\$39,942,000). The Group's net current assets were approximately HK\$7,662,000 (31 March 2024: HK\$30,751,000). The current ratio was approximately 1.1 (31 March 2024: 1.3).

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES (Continued)


As at 30 September 2024, the Group had aggregated banking facilities of approximately HK\$67,543,000 (31 March 2024: HK\$72,877,000), of which approximately HK\$28,792,000 (31 March 2024: HK\$35,277,000) was utilised. The bank borrowings and overdrafts comprised trade finance facilities of approximately HK\$1,118,000 (31 March 2024: HK\$2,700,000), bank borrowings of approximately HK\$27,243,000 (31 March 2024: HK\$32,577,000) and bank overdrafts of approximately HK\$431,000 (31 March 2024: HK\$Nil) with maturity due within one year. The bank borrowings and overdrafts carry interest at the rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (31 March 2024: 1.8% to 2.0%) or 1% (31 March 2024: 1%) below the prime rate and 8% (31 March 2024: 8%) over prime rate, respectively.

As at 30 September 2024, the Group's net gearing ratio was approximately 184.1% (31 March 2024: 3.5%). This was calculated by dividing the net amount of debt (including loans from a related party and utilised banking facilities after deduction of cash and cash equivalents) by total equity of the Company as at 30 September 2024.

The Group has adopted a prudent financial and funds management approach towards its treasury policies and will continuously monitor its financial resources to ensure sufficient funding to meet working capital and capital expenditure requirements.

FOREIGN EXCHANGE EXPOSURE

The Group's financial statements are denominated in Hong Kong dollars. The Group conducts its business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there is no material exchange rate risk in this respect. During the Period, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign exchange risk.



Management Discussion and Analysis

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of its issued shares as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 30 September 2024, the Group had capital commitments of HK\$1,207,000 (31 March 2024: HK\$774,000).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group had no material contingent liabilities (31 March 2024: HK\$Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2024, the Group employed 19 staff in Hong Kong (30 September 2023: 17) and a total work force of 319 people (30 September 2023: 492), inclusive of all its staff and workers in the PRC. For the Period, the total staff costs (including Directors’ remuneration) were approximately HK\$21,604,000 (Last Corresponding Period: HK\$23,520,000) and the decrease in staff costs was mainly attributable to the decrease in the size of the total work force in electrical haircare appliances segment partially offset by the increase in the staff costs in the new information technology service segment in the Period. The Group’s remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remuneration being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits, including share options, performance-based bonuses, provident fund contributions and medical insurance coverage.


Management Discussion and Analysis

PROSPECTS

The global economic growth remained stagnant in 2024 due to various factors such as geopolitical tensions, high inflation and high interest rates. For the electrical haircare appliance segment, the economy continues to negatively impact the consumers spending on haircare products and services. It leads to a low demand for electrical haircare appliances. Even though the demand level is not expected to strongly rebound throughout the year, we believe that the demand from our customers with long-term relationship will remain stable following their inventory optimization processes that have been ongoing for the past few years. The Group will continue to communicate with our customers about their needs and requests. Meanwhile, we will also explore the opportunities to reach new customers and improve our cost control measures to maintain the profit margin.

The information technology services segment commenced in the second half of 2023, and the fluctuation in the performance in the early stage of business is expected. Except for the seasonal factor of the business operation, the economic growth of the PRC was stable but fell short of initial expectations and customers stay prudence on expenses budgeting. These reduced the demand for information technology systems enhancement. The Group will keep eyes on the business segment to formulate business plan to meet the changing information technology needs from the market.

The Group will continue to explore opportunities and to expand and diversify its business activities, with a view to create new sources of income and to maximize the return to the Company and the shareholders of the Company (the “**Shareholder(s)**”) in the long run.



Supplementary Information

SHARE CAPITAL

As at 30 September 2024, the listed shares of HK\$0.001 each in the share capital of the Company (the “**Shares**”) was 533,154,000 Shares (31 March 2024: 533,154,000 Shares).

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed Shares during the Period.

INTERIM DIVIDENDS

The Board has resolved not to declare payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$Nil).

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 September 2024, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)), as recorded in the register maintained by the Company under Section 352 of the SFO; or as notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Supplementary Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES

As at 30 September 2024, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long Position in the Shares

Name of Substantial Shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
China Yuen Capital Limited (Note 1)	Beneficial owner	252,132,500	47.29%
China Investment International Limited (Note 1)	Interest of controlled corporation	252,132,500	47.29%
Asia Glory Management Group Limited (Note 1)	Interest of controlled corporation	252,132,500	47.29%
Luckever Holdings Limited (Note 1)	Interest of controlled corporation	252,188,500	47.30%
Li Yuelan (Note 1)	Interest of controlled corporation	252,188,500	47.30%
Liu Xuezhong (Note 1)	Interest of controlled corporation	252,188,500	47.30%
Special Opportunity Private Equity Investment Fund No.2* (特殊機遇私募投資基金2號)	Investment manager	50,575,000	9.49%
Special Opportunity Private Equity Investment Fund No.3* (特殊機遇私募投資基金3號)	Investment manager	44,500,000	8.35%

Supplementary Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES (Continued)

Long Position in the Shares (Continued)

Name of Substantial Shareholders	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of issued Shares
Donghai International Financial Holdings Company Limited (Note 2)	Security interest in Shares	226,332,500	42.45%
東海證券股份有限公司 (Note 2)	Security interest in Shares	226,332,500	42.45%
Feng Xinhe	Beneficial owner	46,672,000	8.75%

Note:

- (1) Luckever Holdings Limited is owned as to 60.87% by Mr. Liu Xuezhong and 39.13% by Ms. Li Yuelan (the spouse of Mr. Liu Xuezhong).

China Yuen Capital Limited is owned as to 100% by China Investment International Limited, which is owned as to 100% by Asia Glory Management Group Limited, which in turn is owned as to 100% by Luckever Holdings Limited. By virtue of the SFO, each of China Investment International Limited, Asia Glory Management Group Limited, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan were deemed to be interested in the 252,132,500 Shares held by China Yuen Capital Limited.

China Fund Limited is owned as to 100% by Luckever Holdings Limited. China Fund Limited holds 56,000 Shares. By virtue of the SFO, Luckever Holdings Limited, Mr. Liu Xuezhong and Ms. Li Yuelan were deemed to be interested in the 56,000 Shares held by China Fund Limited.

- (2) 東海證券股份有限公司 is the 100% immediate holding company of Donghai International Financial Holdings Company Limited. By virtue of the SFO, 東海證券股份有限公司 is deemed to be interested in the 226,332,500 Shares held by Donghai International Financial Holdings Company Limited.

* For identification purpose only

Save as disclosed above, as at 30 September 2024, no person (other than Directors and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which were recorded in the register required to be kept under section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

Supplementary Information

SHARE OPTION SCHEME


On 27 May 2005, the Company adopted a share option scheme (“**2005 Share Option Scheme**”) which expired on 26 May 2015. There was no outstanding option under the 2005 Share Option Scheme as at 30 September 2024 (31 March 2024: Nil). Pursuant to a Shareholders’ resolution passed on 6 August 2015, the Company adopted a new share option scheme (the “**New Share Option Scheme**”) which will remain in force for a period of ten (10) years. There was no option granted, exercised, cancelled or lapsed under the New Share Option Scheme during the six months ended 30 September 2024 (31 March 2024: Nil). There was no outstanding option under the New Share Option Scheme as at 30 September 2024 (31 March 2024: Nil).

As at 1 April 2024 and 30 September 2024, the numbers of share options available for grant under the New Share Option Scheme were 44,564,600 and 44,564,600 respectively.

Save and except the New Share Option Scheme, the Company has not adopted any other share scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Period were there any rights to acquire benefits by means of the acquisition of securities of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, its holding company, its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



Supplementary Information

COMPETING INTERESTS

Save and except for interests in the Group, none of the Directors and controlling Shareholders nor their respective associates (as defined under the Listing Rules) had any interest in any other companies as at 30 September 2024 which may, directly or indirectly, compete with the Group's business.

CORPORATE GOVERNANCE

Corporate Governance Practices

To enhance accountability, transparency, independence, responsibility and fairness to the Shareholders and stakeholders of the Company, the Company is dedicated to develop the appropriate framework of corporate governance for the Group. The Group will keep on evaluating and improving the corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 of the Listing Rules throughout the Period and up to the date of this report.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix C3 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Period.

Supplementary Information

CORPORATE GOVERNANCE (Continued)


Board of Directors

The Board comprises six Directors, three of whom are executive Directors, namely, Mr. Zhang Huijun (Chairman), Ms. Cai Dongyan (Chief Executive Officer) and Mr. Zhou Li Yang, and three of whom are independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng.

Remuneration Committee

The remuneration committee of the Company (the “**Remuneration Committee**”) was established with the purpose (i) to review and give comment to the overall remuneration policy and remuneration packages of the Group; (ii) to review and give comment to the basic salary of the executive Directors and senior management of the Group; (iii) to review and give comment to the performance bonus of the executive Directors; (iv) to note the fact that no compensation had been paid to the executive Directors and senior management of the Group in relation to their resignation, if any; (v) to recommend the remuneration packages of the executive Directors and senior management of the Group for each financial year prior to recommending them to the Board for determination; and (vi) to review the share schemes of the Company.

The Remuneration Committee comprises of three independent non-executive Directors namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng and one executive Director, Mr. Zhang Huijun. Mr. Hu Zhigang was appointed as chairman of the Remuneration Committee.



Supplementary Information

CORPORATE GOVERNANCE (Continued)

Nomination Committee

The nomination committee of the Company (the “**Nomination Committee**”) was established to formulate nomination policy for the consideration of the Board and to implement the nomination policy laid down by the Board. It has adopted the terms of reference, which are in line with the CG Code under Appendix C1 to the Listing Rules.

The Nomination Committee comprises three independent non-executive Directors namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. Mr. Hu Zhigang was appointed as the chairman of the Nomination Committee.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) was established on 29 April 2005 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are, inter alia, to review and supervise the financial reporting process, risk management and internal control system of the Group, to review the financial statements focusing particularly on (i) any changes in accounting policies and practices of the Group; (ii) the compliance with accounting standards and (iii) the compliance with the legal requirements, as well as to review the Company’s annual reports and interim reports.

The Audit Committee has the responsibilities and powers set forth in the terms of reference of the Audit Committee. Committee members shall meet at least twice per year to review and consider the interim and final results of the Company prepared by the Board.

Supplementary Information

CORPORATE GOVERNANCE (Continued)

Audit Committee (Continued)


The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hu Zhigang, Mr. Zhang Jiayou and Mr. Ma Yu-heng. Mr. Ma Yu-heng was appointed as the chairman of the Audit Committee. None of the Audit Committee members are members of the former or existing auditors of the Company.

The Audit Committee has discussed with the management the accounting principles and policies adopted by the Group, and reviewed this report and the Group's unaudited interim condensed consolidated financial statements for the Period.

INTERNAL AUDIT

The Company has set up an internal audit department since February 2008. The Audit Committee has met with the internal auditor and discussed with the Board about the internal control report. The Board also, through the Audit Committee, conducted a review of the effectiveness of the systems of internal control and risk management of the Group which cover all material controls, including strategic, financial, operational and compliance controls. The Audit Committee considers the systems effective and adequate.

The Company has engaged an accountant with appropriate working experiences in the Finance & Accounting Department of the Group as the internal auditor.



Supplementary Information

INTERNAL AUDIT (Continued)

Delay in publication of the annual results for the year ended 31 March 2024 (the “2024 Annual Results”)

The audit of the 2024 Annual Results was delayed mainly due to the unexpected departure of the experienced staff of the accounting department of the major subsidiaries of the Company (the “**Major Subsidiaries**”) who are responsible for the finance and accounting functions of the Major Subsidiaries during the year ended 31 March 2024. Due to the considerable change in the composition of the accounting department, additional time was required to complete the unaudited management accounts of the Major Subsidiaries for the year ended 31 March 2024 which led to delay in sending and receiving audit confirmations to and from suppliers and customers, as well as gathering and providing the necessary documents and information requested by the auditors of the Company to complete the audit of the 2024 Annual Results. The audited annual results announcement of the Company for the year ended 31 March 2024 was published on 24 July 2024. Under this situation, the Company will improve the work duties handover process and implement policies and procedures to prevent recurrence of the delay.

Except for disclosed above, the Board was satisfied with the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions.

RISK MANAGEMENT

The Board recognises risk management as one of the key elements to the success of the Company. The Group takes a pragmatic approach to manage different risks to align with its business development strategically. The management identifies potential risks, assesses their impact and likelihood and develops appropriate action plans to mitigate risks to a level that the Company is willing to take in achieving the Company’s objectives on a regular basis. The Group will continue to enhance the risk management practices and internal control system and adopt a stringent governance framework with reference to the best practice in the market.

Supplementary Information


INTERNAL CONTROL

The Board has the overall responsibility in maintaining sound and effective internal control and risk management systems within the Group and reviewing their effectiveness, particularly in respect of the financial, operational, and compliance controls, and setting appropriate policies so that the objectives of the Group can be effectively and efficiently achieved and the associated risks can be identified, managed and mitigated to an acceptable level.

Appropriate policies and procedures are provided to our staff to take all measures that can (i) safeguard assets against unauthorised use or disposition; (ii) keep proper and accurate accounting records and enhance the reliability of financial reporting; and (iii) ensure efficiency and effectiveness of operations and compliance with applicable laws and regulations. The design of the internal control and risk management systems is to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimise the risk of failure in the Group's operational systems.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.



Supplementary Information

EVENTS AFTER THE REPORTING PERIOD

Issue of new Shares under general mandate

On 4 November 2024 (after trading hours of the Stock Exchange), the Company, as the issuer, entered into a subscription agreement with Ms. Chen Huiru (the “**Subscriber**”) pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 60,000,000 new ordinary Shares at the subscription price of HK\$0.100 per subscription Share. The subscription Shares were allotted and issued under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 3 September 2024. The net issue price was HK\$0.100 per subscription Share. The Subscriber, who is an individual investor with extensive experience in equity investment, principally engaged in, among others, apparel e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber is independent of the Company and its connected persons. The closing price was HK0.122 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The aggregate nominal value of the subscription Shares was HK\$60,000. The subscription was completed and 60,000,000 new Shares were allotted and issued to the Subscriber on 19 November 2024. Immediately after the completion of the subscription, the Subscriber is regarded as a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules.

The net proceeds from the subscription amounted to approximately HK\$6.0 million, which were intended for general working capital and are expected to be fully utilised within 12 months from the date of completion of the subscription. The Directors considered that the subscription represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscription helps to broaden the Company’s funding channels.

For the details of the subscription, please refer to the announcements of the Company dated 4 November 2024 and 19 November 2024.

Supplementary Information

EVENTS AFTER THE REPORTING PERIOD (Continued)

Issue of new Shares under general mandate (Continued)

Save as disclosed above, there have been no important events subsequent to 30 September 2024 and up to the date of this report, which would affect the Group's business operations in any material aspects.

CHANGE OF INFORMATION OF DIRECTORS REQUIRED TO BE DISCLOSED UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Ma Yu-heng, an independent non-executive Director, resigned as an independent non-executive director of Summi (Group) Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 0756), with effect from 4 July 2024.

OTHER DISCLOSURE

Save as disclosed above, the Group either had no material changes from the information disclosed in the annual report of the Company for the year ended 31 March 2024 or such changes are otherwise considered insignificant to the Group's operations, and thus no additional disclosure is required to be made in this report.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all staff for their dedication and commitment and the continuing support from our customers, suppliers, banks and Shareholders.

By Order of the Board
CHINA IN-TECH LIMITED
Zhang Huijun
Chairman

Hong Kong, 28 November 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		For the six months ended 30 September	
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	3	57,186	70,200
Cost of sales		(57,868)	(61,860)
Gross (loss)/profit		(682)	8,340
Other income, gains and losses, net		4,794	(213)
Distribution costs		(1,498)	(1,266)
Administrative expenses		(24,958)	(14,948)
Finance costs		(1,151)	(248)
Loss before taxation	5	(23,495)	(8,335)
Income tax expenses	6	—	—
Loss for the period		(23,495)	(8,335)
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		846	4,027
Total comprehensive expenses for the period		(22,649)	(4,308)
Loss for the period attribute to:			
Owners of the Company		(20,999)	(8,335)
Non-controlling interests		(2,496)	—
		(23,495)	(8,335)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended
30 September

	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Total comprehensive expenses for the period attributable to:		
Owners of the Company	(20,557)	(4,308)
Non-controlling interests	(2,092)	—
	(22,649)	(4,308)
Loss per share (HK cents)		
— Basic and diluted	(3.939)	(1.862)

Notes

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Condensed Consolidated Statement of Financial Position

		As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	9	1,730	1,649
Right-of-use assets		10,834	13,986
Deposits, prepayments and other receivables		1,266	1,410
Deferred tax assets		1,484	1,484
		15,314	18,529
Current assets			
Inventories		8,861	11,544
Trade receivables	10	41,546	38,997
Contract costs		6,779	5,868
Deposits, prepayments and other receivables		36,293	34,299
Bank and cash balances		5,216	39,942
		98,695	130,650
Current liabilities			
Trade payables	11	19,704	26,137
Accruals and other payables		25,209	13,440
Contract liabilities		—	10,372
Loans from a related party	12	8,508	6,085
Lease liabilities		5,867	5,454
Bank borrowings and overdrafts		28,792	35,277
Tax liabilities		2,953	3,134
		91,033	99,899
Net current assets		7,662	30,751
Total assets less current liabilities		22,976	49,280

Condensed Consolidated Statement of Financial Position

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
	<i>Notes</i>	
Non-current liabilities		
Lease liabilities	5,547	9,202
NET ASSETS	17,429	40,078
Capital and reserves		
Share capital	533	533
Reserves	11,157	31,714
Equity attributable to owners of the Company	11,690	32,247
Non-controlling interests	5,739	7,831
TOTAL EQUITY	17,429	40,078

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-		Total equity
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated Loss HK\$'000	Total HK\$'000	controlling interests HK\$'000	
At 1 April 2024 (audited)	533	86,915	942	519	2,608	(59,270)	32,247	7,831	40,078
Loss for the period	-	-	-	-	-	(20,999)	(20,999)	(2,496)	(23,495)
Other comprehensive income for the period	-	-	-	-	442	-	442	404	846
Total comprehensive (expenses)/ income for the period	-	-	-	-	442	(20,999)	(20,557)	(2,092)	(22,649)
At 30 September 2024 (unaudited)	533	86,915	942	519	3,050	(80,269)	11,690	5,739	17,429

	Attributable to owners of the Company						Non-		Total equity
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Translation reserve HK\$'000	Accumulated Loss HK\$'000	Total HK\$'000	controlling interests HK\$'000	
At 1 April 2023 (audited)	446	63,099	942	-	4,741	(43,244)	25,984	-	25,984
Loss for the period	-	-	-	-	-	(8,335)	(8,335)	-	(8,335)
Other comprehensive income for the period	-	-	-	-	4,027	-	4,027	-	4,027
Issue of shares	87	22,417	-	-	-	-	22,504	-	22,504
Total comprehensive income/ (expenses) for the period	87	22,417	-	-	4,027	(8,335)	18,196	-	18,196
At 30 September 2023 (unaudited)	533	85,516	942	-	8,768	(51,579)	44,180	-	44,180

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash used in operating activities	(26,770)	(6,973)
Investing activities		
Deposits paid for acquisition of property, plant and equipment	–	(69)
Other investing cash flows	11	15
Net cash generated from/(used in) investing activities	11	(54)
Financing activities		
New bank borrowings raised	4,875	14,788
Repayment of bank borrowings	(11,360)	(6,693)
Advance from a related party	2,423	2,575
Other financing cash flows	(3,586)	(252)
Issue of shares	–	22,504
Net cash (used in)/generated from financing activities	(7,648)	32,922
Net (decrease)/increase in cash and cash equivalents	(34,407)	25,895
Cash and cash equivalents at beginning of period	39,942	8,878
Effect of foreign exchange rate changes	(750)	58
Cash and cash equivalents at end of period	4,785	34,831
Analysis of cash and cash equivalents		
Bank and cash balances	5,216	34,831
Bank overdrafts	(431)	–
	4,785	34,831



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 November 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 June 2005. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its immediate holding company is China Yuen Capital Limited (“**CYC**”), a company incorporated in the British Virgin Islands; its ultimate holding company is Luckever Holdings Limited, a company incorporated in the British Virgin Islands. The principal place of business of the Company is at Unit 506, 5/F, New World Tower 1, 18 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of electrical haircare appliances and provision of information technology system platform development services in the PRC.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), and all values are rounded to nearest thousand unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024.

Certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") have been issued by the HKICPA. The Directors considered that the adoption of those new HKFRSs which are effective for the accounting periods beginning on 1 April 2024 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the HKFRSs that are not yet effective nor have not been early adopted, the Group is in the process of making an assessment of the potential impact of the newly issued HKFRSs.

3. REVENUE

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers and total revenue		
Sales of electrical haircare appliances	46,394	70,200
Service income from information technology services	10,792	—
	57,186	70,200

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. REVENUE (Continued)

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 September 2024		
	Sales of electrical hairecare appliances HK\$'000	Information technology services HK\$'000	Total HK\$'000
Major products/services			
Sales of hair dryer	27,198	–	27,198
Sales of hair straightener	10,917	–	10,917
Sales of air brush	6,930	–	6,930
Information technology services	–	10,792	10,792
Others	1,349	–	1,349
	46,394	10,792	57,186
Geographical markets			
Europe	24,811	–	24,811
Asia	18,841	10,792	29,633
North and South America	1,438	–	1,438
Australia	1,304	–	1,304
	46,394	10,792	57,186
Timing of revenue recognition			
At a point in time	46,394	–	46,394
Over time	–	10,792	10,792
	46,394	10,792	57,186

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. REVENUE (Continued)

Segments	Six months ended 30 September 2023		
	Sales of electrical haircare appliances HK\$'000	Information technology services HK\$'000	Total HK\$'000
Major products/services:			
Sales of hair dryer	41,650	–	41,650
Sales of hair straightener	14,803	–	14,803
Sales of air brush	11,787	–	11,787
Others	1,960	–	1,960
	<u>70,200</u>	<u>–</u>	<u>70,200</u>
Geographical markets			
Europe	44,600	–	44,600
Asia	23,766	–	23,766
North and South America	1,391	–	1,391
Australia	443	–	443
	<u>70,200</u>	<u>–</u>	<u>70,200</u>
Timing of revenue recognition			
At a point in time	<u>70,200</u>	<u>–</u>	<u>70,200</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. REVENUE (Continued)

Sales of electrical haircare appliances

The Group manufactures and sells electrical haircare appliances to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

The Group generally allows a credit period ranging from 14 to 95 days for their trade receivables with terms that are common within the industry and are not considered financing arrangements. The Group negotiates with customers to provide a portion of upfront payments upon acceptance of orders. The advance payments received by the Group for goods are recognised as a contract liability until the goods have been delivered to the customer.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Information technology services

The Group provides information technology services to the customers. When the progress towards complete satisfaction of the performance obligations of an information technology service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to information technology service performed. This method provides the most reliable estimate of the percentage of completion.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

3. REVENUE (Continued)

Information technology services (Continued)

The Group generally allows a credit period of 180 days for their trade receivables with terms that are common within the industry and are not considered financing arrangements. The Group negotiates with customers to provide a portion of upfront payments upon acceptance of orders. The advance payments received by the Group for services are recognised as a contract liability until the services have been delivered to the customer.

When the progress towards complete satisfaction of the performance obligations of a information technology contract cannot be measured reasonably, revenue from the contract is recognised only to the extent of contract costs incurred that is expected to be recoverable.

4. SEGMENT INFORMATION

The Group has two (2023: one) reportable segments as follows:

- (i) Electrical haircare appliance segment: manufacturing and selling electrical haircare appliances; and
- (ii) Information technology service segment: provision of information technology services in the PRC.

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 corporate and other unallocated expenses. Segment assets do not include corporate and other unallocated assets. Segment liabilities do not include loans from a related party and corporate and other unallocated liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

(a) Segment Results

For the six months ended 30 September 2024

	Sales of electrical hairecare appliances HK\$'000	Information technology services HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	46,394	10,792	57,186
Segment loss	(13,734)	(5,002)	(18,736)
Reconciliation:			
Finance costs			(1,151)
Corporate and other unallocated expenses			(3,608)
			(23,495)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

(b) Segment Assets and Liabilities

As at 30 September 2024

	Sales of electrical haircare appliances HK\$'000	Information technology services HK\$'000	Total HK\$'000
Segment assets	66,999	46,919	113,918
Reconciliation:			
Corporate and other unallocated assets			91
Total			114,009
Segment liabilities	65,567	14,171	79,738
Reconciliation:			
Corporate and other unallocated liabilities			16,842
Total			96,580

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

(c) Other Segment Information

For the six months ended 30 September 2024

	Sales of electrical haircare appliances HK\$'000	Information technology services HK\$'000	Total HK\$'000
Interest revenue	10	1	11
Interest expenses	860	48	908
Additions to property, plant and equipment	144	–	144
Depreciation and amortisation	1,581	997	2,578
Loss allowance provision for inventories	293	–	293
Loss allowance provision for trade receivables	670	–	670

Information reported to the executive Directors, being the chief operating decision maker (“**CODM**”), for the purposes of resources allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other than the Group’s results and financial position as a whole for the six months ended 30 September 2023. Therefore, no information about reportable segment profit or loss, assets and liabilities is presented for the six months ended 30 September 2023. Accordingly, only geographical information and major customers are presented for the six months ended 30 September 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

4. SEGMENT INFORMATION (Continued)

Geographical information

The Group's information about its non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Hong Kong	3,579	3,766
The PRC	10,732	12,736
	14,311	16,502

Information about major customers

Revenue from major customers individually accounting for 10% or more of total revenue of the Group are as follows:

	Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Electrical haircare appliances segment		
Customer A	9,539	18,622
Customer B	9,228	12,767
Customer C	6,913	16,297
Customer D	N/A*	10,121
Information technology services segment		
Customer E	7,426	—

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Cost of inventories sold	47,926	61,674
Depreciation of property, plant and equipment	10	106
Depreciation of right-of-use assets	2,568	1,736
Interests on lease liabilities	243	110
Interests on bank borrowings	908	127
Total staff costs (including Directors' remuneration)	21,604	23,520
Allowance for inventories	293	186
Net foreign exchange (gain)/loss	(61)	3,507

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

6. INCOME TAX EXPENSES

Six months ended 30 September	
2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current Tax:	
— Hong Kong Profits Tax	—
— PRC Enterprise Income Tax	—
	—

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The income tax provision of the Group in respect of operations in the PRC which qualified as “Small Low-Profit Enterprise” for the six months ended 30 September 2024 were entitled to a preferential income tax rate. From 1 January 2023 to 31 December 2027, the profits no more than RMB3 million are taxed 5%.

The income tax provision of the Group in respect of operations in the PRC which obtained “High and New Technology Enterprise” qualification under EIT Law were entitled to a preferential income tax rate of 15%.

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 200% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

6. INCOME TAX EXPENSES (Continued)

No PRC Enterprise Income Tax has been provided in the consolidated financial statement as the subsidiaries of the Group operating in the PRC are suffering from tax losses for both periods.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime of the estimated assessable profit for both periods. No Hong Kong Profits Tax has been provided in the consolidated financial statement as the subsidiaries of the Group operating in Hong Kong are suffering from tax losses for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company for the purposes of calculating basic loss per share	(20,999)	(8,335)
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	533,154	447,559
Basic loss per share (HK cents)	(3.939)	(1.862)

There was no diluted loss per share for the six months ended 30 September 2024 and 2023 as there was no potential ordinary share issued during the respective periods.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

8. DIVIDENDS

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30 September 2024 (six month ended 30 September 2023: HK\$Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment at a cost of approximately HK\$144,000 (six months ended 30 September 2023: HK\$Nil). There was no material disposal of property, plant and equipment during six months ended 30 September 2024 and 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

10. TRADE RECEIVABLES

The credit periods granted by the Group ranged from 14 to 180 days. For those major customers, a credit term up to 180 days from the invoice date is allowed.

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Trade receivables	44,067	40,848
Less: loss allowance	(2,521)	(1,851)
Total trade receivables	41,546	38,997

The aging analysis of trade receivables, net of allowance for bad and doubtful debts, presented based on invoice date at the end of the reporting period, which approximates to the respective date of revenue recognition, is as follows:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
0 to 60 days	20,245	30,110
61–120 days	5,428	5,549
121–365 days	13,826	2,073
Over 365 days	2,047	1,265
	41,546	38,997

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

11. TRADE PAYABLES

The credit periods on purchases of goods ranged from 30 to 120 days. The aging analysis of trade payables presented based on the date of receipts of goods at the end of the reporting period is as follows:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
0 to 60 days	12,644	19,528
61–120 days	4,154	1,699
121–365 days	1,646	1,464
Over 365 days	1,259	3,446
	19,704	26,137

12. LOANS FROM A RELATED PARTY

The amounts are unsecured, interest-free and repayable within one year from the drawn down date.

	Note	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
CYC	(a)	8,508	6,085

Note:

- (a) CYC is the Company's immediate holding company. During the Period, the loans of HK\$6,085,000 were brought forward from 31 March 2024 and new loans of HK\$2,423,000 were raised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

13. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 (2023: HK\$0.001) each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 30 September 2024	1,000,000	1,000
Issued and fully paid:		
Ordinary shares of HK\$0.001 (2023: HK\$0.001) each		
At 1 April 2023	445,646	446
Issuance of shares under subscriptions (<i>note</i>):		
Ordinary shares of HK\$0.001 each	87,508	87
At 30 September 2023, 31 March 2024, 1 April 2024 and 30 September 2024	533,154	533

Note: On 11 September 2023, the Company entered into the subscription agreements, pursuant to which the subscribers had conditionally agreed to subscribe for 87,508,000 new shares in aggregate at the subscription price of HK\$0.275 per subscription share. The subscriptions were completed and 87,508,000 of new shares in aggregate were issued and allotted on 27 September 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2024

14. CAPITAL COMMITMENTS

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	1,207	774

15. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with its related parties as at the end of reporting periods and transactions with its related parties during the reporting periods:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Balances with its related party:		
Deposits and prepayments to a company controlled by Mr. Lam Wai Ming ("Mr. Lam") (note) included in deposits, prepayments and other receivables	8,451	10,097
Trade payables to a company controlled by Mr. Lam included in trade payables	747	223

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For the six months ended 30 September 2024

15. RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Transactions with its related party:		
Purchase from a company controlled by Mr. Lam	3,984	19,288
Rent paid to a company controlled by Mr. Lam	1,646	1,636

Key management personnel emoluments

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group.

The key management personnel emoluments during the reporting periods were as follows:

	Six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Basic salaries and allowances	762	958
Retirement benefit contributions	20	25
	782	983

Note: Mr. Lam is directors of some subsidiaries of the Group and is the key management personnel of the Group.