华音国际
HUAYIN INTERNATIONAL

HUA YIN INTERNATIONAL HOLDINGS LIMITED
華音國際控股有限公司

(Incorporated in Bermuda with limited liability)
(stock code: 989)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "Board") of directors (each a "Director") of Hua Yin International Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2023 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue	*4*	**394,107**	112,103
Cost of sales and services		**(338,006)**	(80,280)
Gross profit		**56,101**	31,823
Other income and gains	*4*	**550,510**	134,610
Selling and distribution expenses		**(6,424)**	(11,382)
Administrative expenses		**(35,429)**	(38,613)
Finance costs	*5*	**(16,696)**	(62,458)
Other expenses		**(11,326)**	(6,561)
Change in fair value of investment properties	*10*	**(66,293)**	(81,714)
Change in fair value of derivative financial instruments	*18*	**(8,208)**	(44,879)
PROFIT/(LOSS) BEFORE TAX	*6*	**462,235**	(79,174)
Income tax	*7*	**(96,226)**	22,214
PROFIT/(LOSS) FOR THE YEAR		**366,009**	(56,960)
Attributable to:			
Owners of the parent		**366,009**	(56,960)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*9*		
Basic		**5.17 cents**	(0.84) cents
Diluted		**5.08 cents**	(0.84) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**366,009**	(56,960)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss) income that are/may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12,938)**	6,132
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(12,938)**	6,132
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**353,071**	(50,828)
Attributable to:		
Owners of the parent	**353,071**	(50,828)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**574**	261
Investment properties	*10*	**550,400**	615,800
Right-of-use assets		**4,174**	332
Deferred tax assets		**10,124**	17,363
Total non-current assets		**565,272**	633,756
CURRENT ASSETS			
Properties under development and completed properties held for sale	*11*	**1,597,786**	1,262,844
Trade and other receivables	*12*	**36,054**	55,681
Prepaid income tax		**8,025**	9,257
Derivative financial instruments	*18*	**2,310**	9,709
Pledged and restricted deposits	*13*	**6,335**	7,596
Cash and cash equivalents	*13*	**69,939**	93,151
Total current assets		**1,720,449**	1,438,238
CURRENT LIABILITIES			
Trade and other payables	*14*	**448,149**	481,876
Contract liabilities	*15*	**102,427**	383,969
Lease liabilities		**10,010**	12,646
Loans from a controlling shareholder	*16*	**354,490**	234,819
Bank and other borrowings	*17*	**445,696**	420,697
Liability component of the Convertible Bonds	*18*	**90,052**	–
Income tax payable		**48,802**	42,753
Total current liabilities		**1,499,626**	1,576,760
NET CURRENT ASSETS/(LIABILITIES)		**220,823**	(138,522)
TOTAL ASSETS LESS CURRENT LIABILITIES		**786,095**	495,234

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Liability component of the Convertible Bonds	*18*	–	79,267
Bank and other borrowings	*17*	**229,000**	290,897
Deferred tax liabilities		**131,498**	52,042
Lease liabilities		**27,985**	28,487
Total non-current liabilities		**388,483**	450,693
NET ASSETS		**397,612**	44,541
EQUITY			
Share capital	*19*	**311,453**	292,554
Convertible preference shares	*20*	–	299,515
Equity component of the Convertible Bonds	*18*	**60,276**	60,276
Reserves		**25,883**	(607,804)
TOTAL EQUITY		**397,612**	44,541

NOTES

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year ended 31 March 2023, the Company was principally engaged in investment holding and the Group was principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

2. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 March 2023 but are extracted from those financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group had net current assets of approximately RMB220,823,000 as at 31 March 2023. However, the Group's current portion of bank and other borrowings amounted to RMB445,696,000 while its unrestricted cash and cash equivalents amounted to RMB69,939,000. In addition, in view of the current condition of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the Group is expected to generate adequate cash flows to maintain its operations;

(ii) the Group has obtained continuous financial support from the Group's controlling shareholder, and the controlling shareholder has confirmed that it will not demand the Group for repayment of the loans from controlling shareholder within the next twelve months should the Group not be in the financial position to make such repayment; and

(iii) the Group is actively reviewing its debt structure and looking for funding opportunities. It is actively negotiating with financial institutions to extend or renew existing borrowings and to secure new sources of financing at reasonable costs.

The Directors have prepared a cash flow forecast covering a period up to 30 June 2024 on the basis that the negotiation with financial institutions for the renewals of the Group's borrowings and credit facilities would be successful and would obtain continuous financial support from the Group's controlling shareholder. The Directors are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2023.

Accordingly, the Directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed below.

Changes in accounting policies

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

Operating segments	Nature of business activities	Place of operation
Property development and management	Property development and provision of management service to property projects	The People's Republic of China (the "PRC")
Property investment	Property holding for long term investment and leasing purposes	The PRC

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/ loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, finance costs, fair value gains/losses from the Group's financial instruments, gain on disposal of subsidiaries as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid income tax, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, income tax payable, the liability component of the Convertible Bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 March 2023

	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	**382,004**	**12,103**	**394,107**
Segment results	**569,682**	**(58,556)**	**511,126**
Bank interest income			**1**
Finance costs			**(16,696)**
Change in fair value of derivative financial instruments			**(8,208)**
Unallocated head office expenses			**(23,988)**
Profit before tax			**462,235**
Income tax			**(96,226)**
Profit for the year			**366,009**
Segment assets:			
Reportable segment assets	**1,651,149**	**551,322**	**2,202,471**
Deferred tax assets			**10,124**
Prepaid income tax			**8,025**
Derivative financial instruments			**2,310**
Unallocated assets			**62,791**
Total assets			**2,285,721**
Segment liabilities			
Reportable segment liabilities	**1,480,042**	**49,294**	**1,529,336**
Deferred tax liabilities			**131,498**
Income tax payable			**48,802**
Liability component of the Convertible Bonds			**90,052**
Unallocated liabilities			**88,421**
Total liabilities			**1,888,109**
Other segment information			
Capital expenditure*	**240**	**297**	**537**
Change in fair value of investment properties	**–**	**66,293**	**66,293**
Depreciation**	**581**	**105**	**686**
Impairment on trade and other receivables	**8,962**	**–**	**8,962**
Reversal of write-down of properties under development to net realisable value	**(545,442)**	**–**	**(545,442)**
Write-down of completed properties held for sales to net realisable value	**8,135**	**–**	**8,135**

Year ended 31 March 2022

	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	98,051	14,052	112,103
Segment results	72,022	(92,770)	(20,748)
Bank interest income			1
Finance costs			(62,458)
Change in fair value of derivative financial instruments			(44,879)
Gain on disposal of subsidiaries	64,348	–	64,348
Unallocated head office expenses			(15,438)
Loss before tax			(79,174)
Income tax			22,214
Loss for the year			(56,960)
Segment assets:			
Reportable segment assets	1,349,660	615,808	1,965,468
Deferred tax assets			17,363
Prepaid income tax			9,257
Derivative financial instruments			9,709
Unallocated assets			70,197
Total assets			2,071,994
Segment liabilities			
Reportable segment liabilities	1,710,392	55,633	1,766,025
Deferred tax liabilities			52,042
Income tax payable			42,753
Liability component of the Convertible Bonds			79,267
Unallocated liabilities			87,366
Total liabilities			2,027,453
Other segment information			
Capital expenditure*	24	–	24
Change in fair value of investment properties	–	81,714	81,714
Depreciation**	57	–	57
Impairment on trade and other receivables	5,036	1,503	6,539
Reversal of write-down of properties under development to net realisable value	(20,733)	–	(20,733)
Write-down of completed properties held for sale to net realisable value	792	–	792

* During the year, the head office did not incur any capital expenditure (2022: nil) which represents additions to non-current assets.

** Included in unallocated head office expenses is depreciation of RMB2,320,000 (2022: RMB1,709,000).

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
The PRC	**394,107**	112,103

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
The PRC	**553,014**	616,062
Hong Kong	**2,134**	331
	555,148	616,393

The non-current asset information above is based on the locations of the assets and excludes the Group's deferred tax assets.

Information about major customers

There was no sale to a single customer which accounted for over 10% or more of the Group's revenue for the years ended 31 March 2023 and 2022.

4. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents income from the sale of properties, rental income and property management service income.

An analysis of revenue, other income and gains is presented below:

Revenue

	Year ended 31 March 2023		
	Property development and management *RMB'000*	**Property investment** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	**349,158**	**–**	**349,158**
Property management service income	**32,846**	**–**	**32,846**
	382,004	**–**	**382,004**
Revenue from other sources:			
Rental income	**–**	**12,103**	**12,103**
	382,004	**12,103**	**394,107**
Representing geographical markets of:			
The PRC	**382,004**	**12,103**	**394,107**
	382,004	**12,103**	**394,107**
Timing of revenue recognition			
– At a point in time	**349,158**	**–**	**349,158**
– Over time	**32,846**	**12,103**	**44,949**
	382,004	**12,103**	**394,107**

	Year ended 31 March 2022		
	Property development and management *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Revenue from contracts with customers within HKFRS 15:			
Sale of properties	65,040	–	65,040
Property management service income	33,011	–	33,011
	98,051	–	98,051
Revenue from other sources:			
Rental income	–	14,052	14,052
	98,051	14,052	112,103
Representing geographical markets of:			
The PRC	98,051	14,052	112,103
	98,051	14,052	112,103
Timing of revenue recognition			
– At a point in time	65,040	–	65,040
– Over time	33,011	14,052	47,063
	98,051	14,052	112,103

Other income and gains

	Note	**2023** **RMB'000**	2022 *RMB'000*
Gain on disposal of subsidiaries		**–**	64,348
Gain on revaluation upon transfer of investment properties		**–**	48,181
Reversal of write-down of properties under development	*11*	**545,442**	20,733
Exchange gain		**3,604**	–
Bank interest income		**1**	1
Sundry income		**1,463**	1,347
Total other income and gains		**550,510**	134,610

5. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other borrowings**	**19,861**	66,333
Interest on Convertible Bonds	**6,130**	3,427
Interest on lease liabilities	**1,715**	4,230
Interest on loans from a controlling shareholder	**475**	–
	28,181	73,990
Less: Interest capitalised into properties under development*	**(11,485)**	(11,532)
Total finance costs	**16,696**	62,458

* The borrowing costs have been capitalised at a rate of 7.3%-7.35% per annum (2022: 7.3% per annum).

** Included in the items was the reversal of over-provision of interest on the bank and other borrowings in previous years of RMB43,855,000 (2022: RMB35,980,000).

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Cost of properties sold	**308,476***	48,115*
Cost of services	**26,042**	26,154
Cost of rental	**3,488**	6,011
Depreciation		
– property, plant and equipment	**224**	85
– right-of-use assets	**2,782**	1,681
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	**19,162**	22,787
Contribution to defined contribution retirement plans	**4,270**	4,350
Total staff costs	**23,432**	27,137
Less: Amount capitalised into properties under development	**(1,278)**	(1,805)
	22,154	25,332

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration:		
Audit services	**950**	822
Other services	**369**	329
Operating lease charges in respect of office premises and other leased assets under short term leases	**1,512**	2,745
Direct operating expenses arising from investment properties that generated rental income	**76**	110
Direct operating expenses arising from investment properties that did not generate rental income	**17**	27
Provision for (reversal of) impairment on:		
– Trade receivables	**8,962****	(116)**
– Other receivables	**–**	6,655**
Reversal of write-down of properties under development to net realisable value	**(545,442)*****	(20,733)***
Write-down of completed properties held for sale to net realisable value	**8,135***	792*

* Included in cost of properties sold was the write-down of completed properties held for sale to net realisable value of RMB8,135,000 (2022: RMB792,000) for the year ended 31 March 2023.

** These items are included in other expenses in the consolidated statement of profit or loss.

*** This item is included in other income and gains in the consolidated statement of profit or loss.

7. INCOME TAX

PRC Corporate Income Tax ("CIT") has been provided at the applicable income tax rate on the assessable profits in accordance with the relevant tax laws applicable to the entities in the PRC. The statutory CIT tax rate in the PRC is 25% (2022: 25%).

No Hong Kong profits tax has been provided for the years ended 31 March 2023 and 2022 as the Group incurred a loss for taxation purpose.

The Group's subsidiaries are not subject to any income tax in Bermuda, BVI and Samoa pursuant to the respective rules and regulations.

Land Appreciation Tax ("LAT") in the PRC is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC CIT	**5,376**	974
PRC CIT over-provided in previous years	**–**	(7,094)
PRC LAT	**4,389**	14,190
PRC LAT over-provided in previous years	**(234)**	(19,203)
	9,531	(11,133)
Deferred tax	**86,695**	(11,081)
Total charge (credit)	**96,226**	(22,214)

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2023 (2022: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share amounts is based on the earnings/(loss) for the year attributable to owners of the parent, and the weighted average of 7,084,472,000 shares (2022: 6,764,286,000 shares) in issue during the year.

The calculation of the diluted earnings/(loss) per share amounts is based on the earnings/(loss) for the year attributable to owners of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss)		
Profit/(loss) attributable to owners of the parent	**366,009**	(56,960)
Effect of interest on the liability component of the Convertible Bonds	**6,130**	3,427
Effect of fair value loss on the derivative component of the Convertible Bonds	**8,208**	44,879
Adjusted profit/(loss) attributable to owners of the parent	**380,347**	(8,654)

	Number of shares	
	2023	2022
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**7,084,472**	6,764,286
Effect of dilution – weighted average number of ordinary shares:		
Convertible preference shares	**119,167**[(a)]	439,353[(a)]
Convertible Bonds	**264,299**[(b)]	110,652[(b)]
Share options	**–**[(c)]	–[(c)]
Weighted average number of ordinary shares (diluted)	**7,467,938**[(d)]	7,314,291[(d)]

(a) The diluted earnings per share amount decreased when taking into account of the convertible preference shares, which had dilutive effect on the basic earnings per share amount for the year ended 31 March 2023. For the year ended 31 March 2022, the convertible preference shares had an anti-dilutive effect on basic loss per share amount and no consideration on the calculation of the diluted loss per share.

(b) The diluted earnings per share amount increased when taking into account of the convertible bonds, which had anti-dilutive effect on the basic earnings per share amount for the year ended 31 March 2023. For the year ended 31 March 2022, the convertible bonds had an anti-dilutive effect on basic loss per share amount and no consideration on the calculation of the diluted loss per share.

(c) Because the exercise price of the share options were out of the money compared to the average stock prices of the Company during the years ended 31 March 2023 and 2022, the share options had an anti-dilutive effect on the basic earnings (loss) per share amount for the years ended 31 March 2023 and 2022.

(d) The calculation of the diluted earnings per share amount was based on the adjusted profit attributable to the owners of the parent of RMB366,009,000 and the adjusted weighted average number of 7,203,639,000 shares in issue during the year ended 31 March 2023 (2022: adjusted loss attributable to owners of the parent of RMB56,960,000 and adjusted weighted average number of 6,764,286,000 shares).

10. INVESTMENT PROPERTIES

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**615,800**	547,100
Transfer from right-of-use assets	**893**	10,714
Transfer from completed properties held for sale	**–**	139,700
Net loss on fair value adjustment	**(66,293)**	(81,714)
At the end of the reporting period	**550,400**	615,800

At 31 March 2023, the Group's investment properties included certain units of a shopping mall in Baishan City, Jilin Province. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Services Company Limited (2022: Savills Valuation and Professional Services Limited/Savills Real Estate Valuation (Guangzhou) Limited Beijing Branch), independent professional qualified valuers.

11. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2023	2022
	RMB'000	*RMB'000*
Properties under development	**1,862,771**	2,125,264
Completed properties held for sale	**224,018**	163,890
	2,086,789	2,289,154
Write-down of properties under development and completed properties held for sale to net realisable value	**(489,003)**	(1,026,310)
	1,597,786	1,262,844

The Group's properties under development and completed properties held for sale situated in the PRC are stated at lower of cost and net realisable value and held on leases between 40 and 70 years.

At 31 March 2023, certain of the Group's properties under development and completed properties held for sale of RMB1,210,000,000 (2022: RMB665,600,000) and RMB8,069,000 (2022: RMB8,069,000) respectively, were pledged to banks to secure certain of the bank loans granted to the Group.

The movement of the write-down of properties under development and completed properties held for sale to net realisable value during the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**1,026,310**	1,046,251
Decrease in the write-down, net	**(537,307)**	(19,941)
At the end of the reporting period	**489,003**	1,026,310

In estimating the net realisable value of the Group's properties under development under the property project in Fusong County, Jilin Province ("Fusong Property Project"), the management has engaged the valuer to carry out a valuation on the properties under development. Given the management's then intention to divest the project in short period of time during the year ended 31 March 2022, the valuation in prior reporting periods was carried out on a bare land basis and based on a direct comparison approach by making reference to comparable land transactions available in the market, followed by applying a discount factor on the appraised value for the intended short-term sale. As at 31 March 2022, the Group had accumulated write downs on Fusong Property Project of RMB992,200,000.

During the year ended 31 March 2023, the Board decided to re-activate the development of the project after a detailed assessment on the feasibility study and the Group had started the refurbishment construction work on the existing buildings. Accordingly, the discount factor applied for the intended short term sale as at 31 March 2022 was no longer applicable due to the change of the development plan. As at 31 March 2023, the valuation has been carried out by the valuer, (i) for the land parcels under development, on the basis of capitalisation of net income based on the project plan by making reference to comparable market transactions taking into account of the construction costs to be expended; and (ii) for the land parcels for future development, on the bare land basis and based on direct comparison approach by making reference to comparable land transactions available in the market. As a result, a reversal of write-down of RMB545,442,000 relating to Fusong Property Project was made and included in to the other income and gains in the consolidated statements of profit or loss in current year.

12. TRADE AND OTHER RECEIVABLES

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Trade receivables, gross		**21,489**	20,679
Less: provision for impairment		**(14,537)**	(5,575)
Trade receivables, net	*(a)*	**6,952**	15,104
Other receivables:			
Deposits for land development expenditure	*(b)*	**22,095**	22,095
Deposits for construction and pre-sale of projects	*(c)*	**6,741**	6,741
Prepaid business tax and other taxes		**18,190**	36,352
Other receivables, prepayments and deposit		**53,010**	46,323
Less: provision for impairment	*(d)*	**(70,934)**	(70,934)
		29,102	40,577
Total trade and other receivables		**36,054**	55,681

(a) In respect of property sales, no credit terms are granted to purchasers. For property investment and property management, the respective rental income and property management income are settled in accordance with the terms stipulated in the agreements, most of which are settled in advance. In particular, sufficient rental deposits are received to minimise credit risk. The carrying amounts of the receivables approximate to their fair values. Trade receivables are non-interest-bearing.

At 31 March 2023 and 2022, trade receivables are primarily related to revenue recognised from the provision of property management service and leasing of properties.

The ageing analysis of the trade receivables (net of allowance for doubtful debts) by the invoice date as at the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**1,457**	1,610
31 days–180 days	**4,762**	8,033
Over 180 days	**733**	5,461
	6,952	15,104

The ageing analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2023	2022
	RMB'000	*RMB'000*
Neither past due nor impaired	**–**	–
Less than 30 days past due	**1,457**	1,610
Over 30 days and less than 180 days past due	**4,762**	8,033
Over 180 days past due	**733**	5,461
	6,952	15,104
	6,952	15,104

Movements in provision for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**5,575**	5,691
Charged/(credited) to profit or loss during the year	**8,962**	(116)
At the end of the reporting period	**14,537**	5,575

(b) The balances represented monies advanced to the local government for land development works at land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development irrespective of whether or not the Group will obtain the land use rights of the land in the future. Impairment loss had been provided on the entire balance in prior years.

(c) The balances mainly represented various deposits paid to local government authorities directly attributable to the construction of property projects which would be refundable upon completion of the development projects. Impairment loss had been provided on the entire balance in prior years.

(d) Movement in provision for impairment of other receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**70,934**	64,279
Charged to profit or loss during the year	**–**	6,655
At the end of the reporting period	**70,934**	70,934

13. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Cash and bank balances		**76,274**	100,747
Less: Restricted bank deposits under pre-sale of properties	*(a)*	**(6,335)**	(7,596)
Cash and cash equivalents		**69,939**	93,151

(a) In accordance with relevant policies issued by the PRC local State-owned Land and Resource Bureau applicable to all property developers, the Group is required to place certain of the proceeds received from the pre-sale of properties as guarantee deposits for the construction of the properties. The restriction will be released when the construction is completed. The restricted cash earns interest at floating daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB20,201,174 (2022: RMB34,968,410). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

14. TRADE AND OTHER PAYABLES

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Trade payables	*(a)*	**48,099**	57,850
Accrued construction costs		**303,906**	284,075
Interest payable		**4,854**	60,996
Other creditors and accruals		**65,447**	53,277
Other deposits received		**25,843**	25,678
		448,149	481,876

(a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 **RMB'000**	2022 *RMB'000*
Within 30 days	**4,617**	2,252
31 days – 180 days	**5,553**	24,742
Over 180 days	**37,929**	30,856
	48,099	57,850

15. CONTRACT LIABILITIES

	2023 **RMB'000**	2022 *RMB'000*
Deposits from sale of properties	**87,667**	371,944
Receipt in advance from management services	**14,760**	12,025
	102,427	383,969

16. LOANS FROM A CONTROLLING SHAREHOLDER

Loans from a controlling shareholder are unsecured, including:

	2023	2022
	RMB'000	*RMB'000*
Interest-free*	**324,658**	234,819
Interest-bearing**	**29,832**	–
	354,490	234,819

* repayable on demand

** interest rate at 5% per annum and repayable within one year

17. BANK AND OTHER BORROWINGS

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Current			
Bank loans – secured	*(i), (iii)*	**135,696**	130,697
Entrusted loans	*(ii), (iii)*	**310,000**	290,000
		445,696	420,697
Non-current			
Bank loans – secured	*(i)*	**229,000**	290,897
		229,000	290,897
		674,696	711,594

	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and entrusted loans repayable:		
Within one year or on demand	**445,696**	420,697
In the second year	**1,000**	61,897
In the third to fifth years, inclusive	**228,000**	229,000
	674,696	711,594

Notes:

(i) Included in the secured bank loans as at 31 March 2023 are loan balances of RMB70,000,000 (31 March 2022: RMB70,000,000), RMB56,896,000 (31 March 2022: RMB113,794,000), RMB231,000,000 (31 March 2022: RMB231,000,000) and RMB6,800,000 (31 March 2022: RMB6,800,000) bearing interests at a fixed rate of 7.83% per annum, a fixed interest rate of 5.39% per annum, a fixed rate of 7.3%-7.35% per annum and a fixed rate of 7.6% per annum respectively.

As at 31 March 2023, the bank loan of RMB70,000,000 is secured by the 70% equity interests of a connected party. The bank loans of RMB56,896,000 and RMB231,000,000 are secured by pledges of the properties under development with carrying values of RMB868,000,000 and investment properties with fair value of RMB389,900,000 respectively. The bank loan of RMB6,800,000 is secured by the pledges of the completed properties held for sale with carrying amount of RMB8,069,000 and investment properties with fair value of RMB3,719,000.

As at 31 March 2022, the bank loan of RMB70,000,000 was secured by the 70% equity interests of a connected party. The bank loans of RMB113,794,000 and RMB231,000,000 were secured by pledges of the properties under development with carrying values of RMB477,000,000 and investment properties with fair value of RMB438,900,000 respectively. The bank loan of RMB6,800,000 was secured by the pledges of the completed properties held for sale with carrying amount of RMB8,069,000 and investment properties with fair value of RMB4,031,000.

(ii) Included in entrusted loans as at 31 March 2023 are loan balances of RMB20,000,000 (31 March 2022: RMB100,000,000) and RMB290,000,000 (31 March 2022: RMB190,000,000) bearing interests at a basic fixed rate of 8% per annum and 10% per annum respectively.

At the end of the reporting period, the entrusted loan of RMB20,000,000 (31 March 2022: RMB100,000,000) was secured by properties under development held by the Group with carrying amount of RMB342,000,000 as at 31 March 2023 (31 March 2022: RMB188,600,000).

The entrusted loan of RMB290,000,000 (31 March 2022: RMB190,000,000) was secured by a second charge of properties under development with carrying amounts of RMB1,210,000,000 as at 31 March 2023 (31 March 2022: RMB665,600,000) and 100% of equity interests of a wholly-owned subsidiary, was guaranteed by corporate guarantees of certain group companies of the Group.

(iii) As at 31 March 2023, the lenders have agreed to renew the entrusted loans of RMB20,000,000 and bank loans of RMB6,800,000.

18. DERIVATIVE FINANCIAL INSTRUMENTS AND CONVERTIBLE BONDS

Convertible Bonds ("CBs")

On 14 December 2021, the Company completed the issue of an aggregate principal amount of HK$103,076,730 (equivalent to approximately RMB84,143,583 on the issue date) convertible bonds to Ka Yik Investments Limited ("Ka Yik"), the controlling shareholder, which are due on 13 June 2023 and may, subject to the controlling shareholder's written consent that shall not be unreasonably withheld, be extended for another eighteen months by notice issued by the Company at any time during the three months prior to the maturity date by serving at least thirty days prior written notice to Ka Yik in the event that the Company's directors are of the reasonable opinion that the redemption of the CBs on the maturity date will result in the Group not having sufficient working capital for the operation for the next twelve months. The CBs are convertible into the Company's ordinary shares of HK$0.05 each at an initial conversion price of HK$0.39 per share subject to adjustments. The interest rate is 2% per annum payable semi-annually in arrears each year before the maturity date.

The conversion rights are exercisable at any time from the date of issue of the CBs up to the maturity date, provided that any conversion does not result in the public float of the Company's shares being less than 25% (or any given percentage as required by the Listing Rules).

The CBs are not transferrable without the prior written consent of the Company.

The Company may at any time before the maturity date redeem the CBs (in whole or in part) at 100% of its principal amount.

The Company has not early redeemed any portion of the CBs during the year.

Accounting treatment

The Company's early redemption right attaching to the respective CBs are considered not closely related to the liability component of the respective CBs; and therefore, these embedded features have been accounted for separately and classified as derivative financial instruments according to HKFRS 9 Financial Instruments.

On the basis that the conversion options of the CBs will be settled by the exchange of a fixed amount for a fixed number of equity instruments, the respective CBs are accounted for as compound instruments according to HKAS 32 Financial Instruments: Presentation. The deemed proceeds, after the fair value of the early redemption right features are bifurcated, have been split into between a liability component and an equity component. The residual amount, representing the value of the equity component, is credited to "Equity component of the CBs" in the Group's equity attributable to the Company's shareholders.

After initial recognition, the Company's early redemption right features classified as derivative financial instruments are remeasured to their fair value at each period end using the binomial pricing model. The liability component of the respective CBs are subsequently carried at amortised cost.

At the date of conversion, the carrying values of the liability component of the respective CBs and of the early redemption right features are transferred to equity.

Up to the date of maturity of the CBs, if the bond holder had not exercised the conversion option of the CBs. The equity component of the CBs are fully transferred to retained earnings. The early redemption right features classified as derivative financial instruments would be derecognised on the same date.

Early redemption right features of the CBs

The movements in the Company's early redemption right features classified as derivative financial instruments measured at fair value are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**9,709**	22
Additions upon issue	**–**	54,721
Derecognition at maturity date	**–**	(21)
Fair value change	**(8,208)**	(44,879)
Exchange realignment	**809**	(134)
At the end of the reporting period	**2,310**	9,709

Liability component of the CBs

The movements of the liability component of the Convertible Bonds in the consolidated statement of financial position are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**79,267**	72,879
Accrued effective interest	**6,130**	3,427
Additions upon issue	**–**	78,728
Settlement through the loans from a controlling shareholder at maturity date	**–**	(72,921)
Transfer to interest payable	**(1,812)**	–
Exchange realignment	**6,467**	(2,846)
At the end of the reporting period	**90,052**	79,267

The imputed finance cost on the liability component of the CBs is calculated using the effective interest method by applying effective interest rates per annum. The effective interest rates of the CBs is 7.21%.

Equity component of the CBs

The movements of the equity component of the CBs in the consolidated statement of financial position are as follows:

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the reporting period	**60,276**	40,368
Transfer to retained profits at maturity date	**–**	(40,368)
Additions upon issue	**–**	60,276
At the end of the reporting period	**60,276**	60,276

As at 31 March 2023, the remaining principal amount of the CBs was approximately HK$103,076,730 (equivalent to RMB90,441,985) (2022: HK$103,076,730 (equivalent to RMB83,611,720)). Should the conversion rights attaching to the CBs be exercised in full, additional 264,299,307 ordinary shares would have been allotted and issued, which represent approximately 3.7% of the issued share capital of the Company at 31 March 2023.

19. SHARE CAPITAL

	Number of ordinary shares	Nominal value	
	'000	*HK$'000*	*RMB'000*
Authorised:			
Ordinary shares of HK$0.05 each	15,600,000	780,000	684,000
Issued:			
Ordinary shares of HK$0.05 each			
At 31 March 2023	**7,203,639**	**360,182**	**311,453**
At 31 March 2022	6,764,286	338,214	292,554

A summary of movements in the Company's issued share capital is as follows:

	Note	Number of shares in issue	Issued Capital
		'000	*RMB'000*
At 1 April 2022		6,764,286	292,554
The conversion of convertible preference shares	*(a)*	439,353	18,899
At 31 March 2023		7,203,639	311,453

(a) During the year, an aggregate of 439,352,941 ordinary shares of the Company were allotted and issued upon the conversion of 439,352,941 non-redeemable convertible preference shares.

20. CONVERTIBLE PREFERENCE SHARES

On 27 July 2016, the Company allotted and issued 4,539,352,941 Convertible Preference Shares ("CPS") at an issue price of HK$0.85 per share to Ka Yik, a company beneficially owned by Ms. Cui Xintong ("Ms. Cui"), for satisfaction of part of the consideration in respect of the Ka Yun Acquisition, being an aggregate amount of HK$3,858,450,000 (RMB3,320,582,000).

Key terms of the CPS are as follows:

(1) The CPS shall not confer on the holders thereof the right to receive notices of, or to attend and vote, at the general meetings of the Company, unless a resolution is to be proposed at the general meeting which if passed would vary or abrogate the rights or privileges of holders of the CPS.

(2) Holders of the CPS have the right to convert each CPS, during the conversion period, into ordinary share(s) of the Company at the CPS conversion price. The holders may exercise the conversion right, provided that any conversion of the CPS does not result in (i) the CPS conversion shares being issued at a price below their nominal value as at the conversion date; or (ii) if immediately after such conversion, the public float of the shares being less than 25% (or any given percentage as required by the Listing Rules). The ordinary shares of the Company when allotted and issued upon the exercise of the conversion right of the CPS shall rank equally among themselves and pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment and issuance.

(3) The CPS cannot be redeemed by the Company or the holder of CPS.

(4) The CPS is transferable subject to the conditions stated in the terms of the CPS and in accordance with the provision as set out in the Company's bye-laws.

(5) CPS shall confer on the CPS holders the right to be paid, in priority to any return of assets in respect of the ordinary shares of the Company, pari passu as between themselves an amount equal to the aggregate notional value of the CPS plus all dividends accrued and unpaid with respect thereto, whereupon if the assets of the Company available for distribution shall be insufficient to provide for full payment to holders of the CPS, the Company shall make payment on the CPS on a pro rata basis on return of capital on liquidation, winding up or dissolution of the Company. The CPS do not confer on the holders of CPS any further or other right to participate in the assets of the Company upon liquidation, winding up or dissolution of the Company.

Subject to compliance with all applicable laws and the bye-laws of the Company, each CPS shall confer on its holder the right to receive an accrued and cumulative fixed dividend commencing from the date of the issue of the CPS on a yearly basis at a rate of 0.2% of the nominal value of HK$0.05 of each CPS outstanding in priority to any dividend in respect of any other class of shares in the capital of the Company, payable annually in arrears. However, the CPS holder(s) has unconditionally and irrevocably waived the receipt of such preferred dividend.

The CPS is classified as equity instruments in the Group's consolidated financial statements with the following considerations:

(a) The CPS holder(s) has unconditionally and irrevocably waived its right to receive the preferred distribution; and as such, the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPS. Therefore, there is no liability component of the CPS.

(b) The conversion options of the CPS will be settled by the exchange of a fixed amount for a fixed number of equity instruments.

During the year, the remaining outstanding 439,352,941 CPS were converted into 439,352,941 ordinary shares of the Company. Accordingly, as at 31 March 2023, no CPSs (2022: 439,352,941 CPSs) remained outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2023, the Group's overall revenue was approximately RMB394.1 million (year ended 31 March 2022: approximately RMB112.1 million), representing an increase of 251.6%. The Group recorded a gross profit of approximately RMB56.1 million, (year ended 31 March 2022: approximately RMB31.8 million). Net profit for the year was approximately RMB366.0 million (year ended 31 March 2022: net loss for the year of approximately RMB57.0 million).

Outlook

Looking forward, the Group will emphasise its development in (i) unique cultural tourism property development; and (ii) exploration of resources within Jilin Province, such as ginseng and mineral water. The Group's management has carried out feasibility studies on potential new opportunities and has obtained the Board's approval to develop an execution plan. This enables the Group to (i) enrich the Group's business portfolio; (ii) create a sustainable business development model; (iii) diversify the Group's business risk from its property development business; and (iv) most important of all, bring value to its shareholders, employees and other stakeholders.

Property Development

During the year ended 31 March 2023, the Group's project in Jiutai District, Changchun City, namely Guangze Jiuxi Red House – Phase I, was completed and delivered. The Phase II of the project is currently under construction.

In addition, the Group's project in Baishan City, namely Guangze China House continued its development for the year. After completion and delivery of its Phase IA, the project is carrying out its Phase II development, with its pre-sale commenced in fourth quarter of 2022.

In the coming years, the Group will continue to replenish its land reserve on a prudent approach given the property market in the PRC remains with uncertainties. The Group's management will focus the land replenishment within the Northeastern area of the PRC where the Group has vast local experience. Up to the date of this announcement, the Group has an intention to auction a land parcel in Dunhua City to increase the Group's land reserve.

Properties completed, delivered and sale of properties recognised during the year ended 31 March 2023

The Group recorded an increase in sale of properties by approximately RMB284.1 million or 436.8% from the sales of approximately RMB65.0 million for the year ended 31 March 2022 to the sales of approximately RMB349.2 million for the year ended 31 March 2023.

For the year ended 31 March 2023, the sales of properties (excluding car park units) mainly related to two newly completed projects; Guangze Jiuxi Red House - Phase I and Guangze China House - Phase IA. Together with the sales of the remaining residential and commercial units of the property projects that were completed in the previous years, the total sales of properties (excluding car park units) amounted to an aggregate of approximately RMB335.3 million and an aggregate GFA of 72,593 sq.m.

For the year ended 31 March 2022, the sale of properties (excluding car park units) related to the remaining units of the completed property projects in prior years, mainly from residential units of Guangze Tudors Palace and Guangze Red House – Phase II; and commercial units of Guangze Amethyst City and Guangze Red House – Phase II and III with an aggregate GFA of 10,056 sq.m.

For car park units, the Group recognised sale of car park units of approximately RMB13.9 million from the sale of 87 car park units for the year ended 31 March 2023 as compared to approximately RMB7.8 million from 144 car park units for the year ended 31 March 2022.

Projects under development and held for development

As at 31 March 2023, the Group had two residential projects under development, namely Guangze Jiuxi Red House - Phase II in Jiutai District, Changchun City and Guangze China House – Phase II in Baishan City. The expected time for completion and delivery is 2023/2024 financial year.

The Group also has a cultural tourism property projects located in Changbaishan, Baishan City, namely Ground Pine Township International Resort ("Fusong Property Project"). In prior years, the Company had planned to divest the Fusong Property Project or to offer for the government's re-purchase. The management has obtained approval from the Board to re-activate the development of the Fusong Property Project during the year. As such, the work on Phase I of the project is still ongoing and the remaining phases are under re-planning.

Property Investment

As at 31 March 2023, the Group's self-owned investment properties and leased investment properties are the retailing shopping units at Guangze International Shopping Centre with respective GFA of 65,477 sq.m. and 20,306 sq.m. (At 31 March 2022: 65,477 sq.m. and 19,644 sq.m.). During the year ended 31 March 2023, the investment properties had an average occupancy rate of 76% (year ended 31 March 2022: 77%).

FINANCIAL REVIEW

Key changes to profit or loss

Revenue

	Year ended 31 March 2023		Year ended 31 March 2022	
	RMB'000	***%***	*RMB'000*	*%*
Sale of properties	**349,158**	**88.6**	65,040	58.0
Rental income	**12,103**	**3.1**	14,052	12.5
Property management service income	**32,846**	**8.3**	33,011	29.5
	394,107	**100.0**	112,103	100.0

The Group's revenue increased from RMB112.1 million for the year ended 31 March 2022 to RMB394.1 million for the year ended 31 March 2023 or an increase by 251.6%, mainly due to the increase in sale of properties by 436.8% or RMB284.1 million as compared with the corresponding year. The increase in sales of properties during the year ended 31 March 2023 was attributable to the completion and delivery of the two newly completed property projects, namely Guangze Jiuxi Red House - Phase I and Guangze China House - Phase IA with an aggregate GFA of 76,332 sq.m.. In last financial year, the sales of properties were mainly contributed from the sales of remaining properly units completed in prior years; and no project was newly competed and delivered

Rental income decreased by 13.9% for the year ended 31 March 2023 as compared to last financial year mainly attributable to the rent free period offered to tenants over the COVID-19 pandemic period during the year ended 31 March 2023 and the decrease in average occupancy rate during the year ended 31 March 2023 in respect of the shopping mall units in Baishan City, the PRC.

Property management service income remained stable at RMB32.8 million for the year ended 31 March 2023 (year ended 31 March 2022: RMB33.0 million) mainly attributable to the offsetting effect of (i) increasing number of managed units from newly completed property projects of Guangze Jiuxi Red House – Phase I and Guangze China House — Phase IA; and (ii) the reduction of monthly management fee during the year ended 31 March 2023 in respect of the shopping mall units in Baishan City, the PRC.

Gross profit and gross margin

	Year ended 31 March 2023		Year ended 31 March 2022	
	Gross profit	**Gross margin**	Gross profit	Gross margin
	RMB'000	***%***	*RMB'000*	*%*
Sale of properties	**40,682**	**11.7**	17,170	26.4
Rental income	**8,615**	**71.2**	8,040	57.2
Property management service income	**6,804**	**20.7**	6,613	20.0
Total	**56,101**	**14.2**	31,823	28.4

For the year ended 31 March 2023, the Group had a gross profit of approximately RMB56.1 million (year ended 31 March 2022: approximately RMB31.8 million) and a gross margin of approximately 14.2% (year ended 31 March 2022: 28.4%). The increase in gross profit but the decrease in gross margin for the year was contributed by the sale of properties which was attributable to the fact that, for the year ended 31 March 2023, the Group sold units at Guangze Jiuxi Red House – Phase I and Guangze China House - Phase IA at a lower gross margin.

Other income and gains

The Group's other income increased from RMB134.6 million for the year ended 31 March 2022 to RMB550.5 million for the year ended 31 March 2023 which was mainly attributable to the reversal of write-down of properties under development of RMB545.4 million, namely Ground Pine Township International Resort in Changbaishan, Fusong County ("Fusong Property Project") during the year ended 31 March 2023 (year ended 31 March 2022: RMB20.7 million); and an exchange gain of RMB3.6 million arising from a bank deposit of approximately USD8.4 million held by a wholly-owned subsidiary in the PRC as a result of the recent strong US Dollars; and partially offset by the gain of disposal of subsidiaries of RMB64.3 million upon completion of the disposal of Ground Real Estate Group Company Limited and its project companies in Jilin City in the corresponding period in last year.

Selling and distribution costs

The decrease in selling and distribution costs by approximately RMB5.0 million from approximately RMB11.4 million for the year ended 31 March 2022 to approximately RMB6.4 million for the year ended 31 March 2023 was primarily attributable to the decrease in promotion and advertising expenses incurred as no promotion activities held in respect of Guangze Jiuxi Red House in Jiutai District during the year.

Administrative expenses

The decrease in administrative expenses by approximately RMB3.2 million from approximately RMB38.6 million for the year ended 31 March 2022 to approximately RMB35.4 million for the year ended 31 March 2023 was primarily attributable to the fact that the offsetting effect of (i) the opening of the Group's office in Dunhua City; (ii) re-allocation of personnel between offices within the Group; and (iii) continual cost control measures implemented.

Other expenses

The Group's other expenses increased by approximately RMB4.7 million from approximately RMB6.6 million for the year ended 31 March 2022 to approximately RMB11.3 million for the year ended 31 March 2023 as there was an increase in impairment made on trade and other receivables for the year ended 31 March 2023.

Finance costs

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**19,861**	66,333
Interest on Convertible Bonds	**6,130**	3,427
Interest on lease liabilities	**1,715**	4,230
Interest on loans from a controlling shareholder	**475**	–
	28,181	73,990
Less: interest capitalised into properties under development	**(11,485)**	(11,532)
	16,696	62,458

The finance costs for the year ended 31 March 2023 decreased by RMB45.8 million from approximately RMB62.5 million for the year ended 31 March 2022 to approximately RMB16.7 million for the year ended 31 March 2023, which was mainly attributable to a decrease in interest on bank and entrusted loans as a result of (a) the repayment of certain bank loans and entrusted loans during the year; and (b) a reversal of interest of RMB43.9 million (year ended 31 March 2022: RMB36.0 million) due to the finalisation of the re-financing arrangement with the lenders during the year.

Change in fair value of investment properties

For the year ended 31 March 2023, the Group's investment properties stated at fair value had a further decrease in the fair value of RMB66.3 million mainly attributable to the deterioration of the market rent for shopping mall units in Baishan City.

Change in fair value of derivative financial instruments

In December 2021, the Group issued CBs to the controlling shareholder with an aggregate principal amount of HK$103,076,730. The derivative financial instruments represented the Company's early redemption right feature of the CBs. A loss in fair value of approximately RMB8.2 million was recorded for the year ended 31 March 2023 as a result of the volatility of the Company's share price and deterioration of its time value.

Income tax

	Year ended 31 March	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**5,376**	974
PRC CIT over-provided in previous years	–	(7,094)
PRC Land Appreciation Tax	**4,389**	14,190
PRC LAT over-provided in previous years	**(234)**	(19,203)
	9,531	(11,133)
Deferred tax		
Origination and reversal of temporary differences	**86,695**	(11,081)
Total charge (credit)	**96,226**	(22,214)

Current tax

The Group's current income tax represents Land Appreciation Tax (LAT) and Corporate Income Tax (CIT). For the year ended 31 March 2023, the Group's current income tax related to LAT provision of RMB4.4 million (year ended 31 March 2022: RMB14.2 million) and CIT provision of RMB5.4 million (year ended 31 March 2022: RMB1.0 million) were made. The decrease in LAT for the year ended 31 March 2023 was mainly due to fewer commercial properties units with higher profit margin delivered and recognised during the period. The increase in CIT provision for the year ended 31 March 2023 was mainly due to the assessable profits arising from Guangze Jiuxi Red House – Phase I during the year.

In addition, there was certain reversal of LAT and CIT provision relating to prior years in last year upon the finalisation of tax returns with the local tax bureau.

Deferred tax

During the year, the Group recorded a taxable temporary difference of approximately RMB86.7 million which was primarily attributable to the prior years' write-down of Fusong Property Project that was reversed for the year.

Investment properties

As at 31 March 2023, the Group's investment properties are certain shopping mall units in Baishan City, Jilin Province, namely Guangze International Shopping Centre, which include self-owned portion and leased portion. These investment properties were stated at fair value and were valued by Colliers Appraisal and Advisory Service Company Limited (independent professional qualified valuers) at RMB550.4 million (as at 31 March 2022: RMB615.8 million).

Properties under development and completed properties held for sale

As at 31 March 2023, the Group's properties under development included mainly Fusong Property Project, Guangze China House – Phase II and Guangze Jiuxi Red House – Phase II; and the completed properties held for sale were mainly unsold units of Guangze Jiuxi Red House – Phase I and the remaining residential and commercial units and car parking spaces at projects completed in prior years.

The increase in the Group's properties under development and completed properties held for sale to approximately RMB1,597.8 million as at 31 March 2023 (As at 31 March 2022: approximately RMB1,262.8 million) was primarily attributable to the reversal of write-downs of the Fusong Property Project of approximately RMB545.4 million; and partially offset by the transfer of the construction costs relating to Guangze Jiuxi Red House – Phase I and Guangze China House – Phase IA during the year.

According to the Group's accounting policy, the carrying values of the Fusong Property Project was stated at the lower of cost and net realisable value as 31 March 2023 and 31 March 2022. The net realizable value of the Fusong Property Project was estimated based on the valuation of the project carried out by an independent valuer.

As at 31 March 2022, the valuation of the Fusong Property Project was carried out by an independent valuer. Given the management's intention to divest the project in a short period of time, the valuation was carried out on a bare land basis and based on a direct comparison approach by making reference to comparable land transactions available in the market, followed by applying a discount factor on the appraised value for the intended short term sale.

During the year ended 31 March 2023, the Board decided to re-activate the development of the project after a detailed assessment on the feasibility study. Accordingly, the valuation as at 31 March 2023 has been carried out by an independent valuer, (i) for the land parcels under development, on the basis of capitalisation of net income based on the project plan by making reference to comparable market transactions taking into account of the construction costs to be expended; and (ii) for the land parcels for future development, on the bare land basis and based on a direct comparison approach, by making reference to comparable land transactions available in the market; and the discount factor was no longer applied on the appraised value to reflect the change of the development plan of the Fusong Property Project. As a result, a reversal of write-down of RMB545.4 million relating to the project was made in the current year.

Trade and other receivables

	Notes	As at 31 March **2023** **RMB'000**	2022 RMB'000
Trade receivables, gross	*(i)*	**21,489**	20,679
Less: Provision for impairment		**(14,537)**	(5,575)
Trade receivables, net		**6,952**	15,104
Other receivables			
– Deposits for land development expenditure	*(ii)*	**22,095**	22,095
– Deposits for construction and pre-sale of property projects	*(iii)*	**6,741**	6,741
– Prepaid business tax and other taxes		**18,190**	36,352
– Other receivables, prepayments and deposits		**53,010**	46,323
Less: Provision for impairment		**(70,934)**	(70,934)
		29,102	40,577
		36,054	55,681

(i) Trade receivables were mainly related to rental receivable from tenants and property management fee receivables from property unit owners. At 31 March 2023, the trade receivable gross balance increased by 3.9% as compared to that at 31 March 2022 primarily attributable to the increase in the number of units managed under the property management service business; and the increase in provision for impairment as at 31 March 2023 was primarily attributable to increased expected credit loss from historical payment record and certain trade receivables were considered as credit impaired.

(ii) Land development expenditure made by certain subsidiaries of the Group represented monies advanced to the local government for land development works at various land sites. The Group will be reimbursed for the amount advanced to the local government in carrying out the land development respective of whether or not the Group will obtain the land use rights of the land in the future.

(iii) The balances represented various deposits paid directly attributable to construction and pre-sale of property projects which would be refundable upon completion of the property projects.

Trade and other payables

	Notes	As at 31 March **2023** *RMB'000*	2022 *RMB'000*
Trade payables	*(i)*	**48,099**	57,870
Accrued construction costs	*(i)*	**303,906**	284,075
Interest payable	*(ii)*	**4,854**	60,996
Other creditors and accruals		**65,447**	53,277
Other deposits received		**25,843**	25,678
		448,149	481,876

(i) The changes in trade payables and accrued construction costs from RMB57.9 million and RMB284.1 million as at 31 March 2022 to RMB48.1 million and RMB303.9 million as at 31 March 2023 respectively were mainly attributable to the construction costs incurred relating to the property projects; and partially offset by the gradual settlement of construction cost payable balances arising from the completed properties projects.

(ii) The decrease in interest payable from approximately RMB61.0 million as at 31 March 2022 to approximately RMB4.9 million as at 31 March 2023 was primarily attributable to the reversal of interest accrual of RMB43.9 million made in prior years and the settlement of interest payment during the year.

Contract liabilities

	Notes	As at 31 March **2023** *RMB'000*	2022 *RMB'000*
Deposits from sale of properties	*(i)*	**87,667**	371,944
Receipt in advance from management services	*(ii)*	**14,760**	12,025
		102,427	383,969

(i) Deposits from sales of properties represent contractual payments received from customers in connection with the Group's pre-sale of properties. The deposit will be transferred to profit or loss upon the Group's revenue recognition criteria are met. The decrease in balance was mainly attributable to the revenue recognition of pre-sale of Guangze Jiuxi Red House and Guangze China House – Phase IA reached during the year.

(ii) Receipt in advance from management services represent the property fee received in advance for property management. The receipts will be transferred to profit or loss upon the Group's revenue recognition criteria are met.

Liquidity and financial resources

Cash position

As at 31 March 2023, the carrying amount of cash and bank deposits of the Group was approximately RMB69.9 million (as at 31 March 2022: approximately RMB93.2 million), representing a decrease of approximately 24.9% as compared with that as at 31 March 2022 which was mainly attributable to the settlement of construction costs, interests, operating expenditure partially offset by the cash receipt from pre-sale.

Debt and gearing

The Group's bank and other borrowings as at 31 March 2023 decreased by RMB36.9 million to RMB674.7 million which were payable as follows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Current	**445,696**	420,697
Non-current	**229,000**	290,897
	674,696	711,594
Analysed into:		
Bank loans and entrusted loan payable:		
Within one year or on demand	**445,696**	420,697
In the second year	**1,000**	61,897
In the third to fifth year, inclusive	**228,000**	229,000
	674,696	711,594

Bank and other borrowings decreased from RMB711.6 million as at 31 March 2022 to RMB674.7 million as at 31 March 2023 as repayment was made during the year.

In addition, bank and other borrowings of approximately RMB360.0 million were either renewed or extended during the year.

The Group's gearing ratio as at 31 March 2023 was as follows:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Loans from a controlling shareholder	**354,490**	234,819
Bank and other borrowings	**674,696**	711,594
Trade and other payables	**448,149**	481,876
Less: Cash and cash equivalents	**(69,939)**	(93,151)
Pledged and restricted deposits	**(6,335)**	(7,596)
Net debt	**1,401,061**	1,327,542
Liability component of Convertible Bonds	**90,052**	79,267
Equity	**397,612**	44,541
Adjusted Capital	**487,664**	123,808
Capital and net debt	**1,888,725**	1,451,350
Gearing ratio	**74%**	92%

The gearing ratio of the Group as at 31 March 2023 decreased as compared with that as at 31 March 2022 was mainly attributable to the increase in the Group's equity as a result of the reduction in accumulated losses.

Cash flows for the Group's operating activities

For the year ended 31 March 2023, the Group recorded net operating cash outflow of RMB65.3 million (year ended 31 March 2022: outflow of RMB94.7 million). The outflow was mainly attributable to the gradual settlement of construction cost payable balances arising from the completed properties projects and the interest paid.

COMMITMENTS FOR DEVELOPMENT EXPENDITURE

As at 31 March 2023, the Group had contracted but not provided for commitments in respect of properties under development of RMB196.8 million (as at 31 March 2022: RMB7.3 million). The development expenditure was prepaid and funded by the Group's internal resources and/or project loans.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below.

Risks pertaining to the property development and management business

The Group's property projects are located in Jilin Province, the PRC and the related assets accounted for 97.3% of the Group's total assets as at 31 March 2023 (as at 31 March 2022: 65.1%). The Group is therefore subject to the risks associated with the PRC property market both nationally and regionally. The Group's property development and management business in the PRC may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial conditions or results of operations. Given the current condition and uncertainties in the PRC property market, the Group is monitoring closely on the associated risks and focused on the property market in the northeastern region of the PRC in the short term where the Group has vast local experience and knowledge.

Risks pertaining to the property investment business

The rental rates and the occupancy rates depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group will be able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates. The Group has other exit options to realise the property as and when considered necessary.

Financial risks

As a matter of policy, the Group continues to manage the market risks directly relating to its operations and financing activities and does not undertake any speculative derivative trading activities. All treasury risk management activities are carried out in accordance with the Group's policies and guidelines, which are reviewed as and when needed.

Currency risk

As at 31 March 2023, the Group was exposed to currency risk on financial assets and liabilities that were denominated in Hong Kong Dollars (HK$) and United States Dollars (US$)). At 31 March 2023, approximately 0.6% and 72.9% of the Group's total cash and bank balance (including pledged bank deposit) were denominated in HK$ and US$ respectively (as at 31 March 2022: 4.4% and 60.9%) and 100% of the Group's total borrowings were denominated in RMB (as at 31 March 2022: 100% denominated in RMB). The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises. The Group will continue to monitor the change in the trend of interest rates and the potential causes that trigger large fluctuation in the exchange rates of RMB against HK$ and US$, and will consider hedging significant foreign currency exposure if necessary so as to mitigate the foreign currency exposure arising from the Group's business operation and to minimise the Group's financial risks.

Interest rate risk

As at 31 March 2023, the Group's total bank and other borrowings and interest-bearing loan from a controlling shareholder bore interest at fixed rates ranging from 5% to 10% per annum. Therefore, the Group is not exposed to significant interest rate risk.

Credit risk

As at 31 March 2023, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to pledged bank deposits, bank balances and cash and trade and other receivables. Substantially all of the Group's pledged bank deposits and bank balances and cash were deposited in creditworthy global banks and stated-controlled financial institutions in the PRC, which management considers they are without significant credit risks. At the end of the reporting period, the Group has minimal concentration of credit risk as the trade receivables from the largest single customer represented less than 5% (as at 31 March 2022: 5%) of the total trade receivables.

In order to minimise this credit risk relating to trade and other receivables, the management has established credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

In addition, the Group is working closely with various existing and potential financial institutions in order to manage the tenor, interest rate, security pledge and other loan terms.

SIGNIFICANT INVESTMENTS HELD

Other than disclosed elsewhere, the Group did not have any other significant investments held as at 31 March 2023.

CONTINGENT LIABILITIES

The Group has arranged bank financing for certain purchasers of property units developed by subsidiaries of the Group that provided guarantees to secure obligation of such purchasers for repayments. As at 31 March 2023, guarantees amounting to RMB341.1 million were given to banks with respect to mortgage loans procured by purchasers of property units (as at 31 March 2022: RMB378.0 million). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers and (ii) the satisfaction of mortgage loans by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. During the year, the Group did not incur any material losses in respect of any of these guarantees. The Directors consider that the likelihood of default in payments by the purchasers is minimal and therefore the financial guarantee measured at fair value initially is immaterial. Also, in case of default in payments, the net realisable value of the related property units would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

CHARGE ON ASSETS

As at 31 March 2023, the Group had the following assets pledged against bank and other loans granted:

	As at 31 March	
	2023	2022
	RMB'000	*RMB'000*
Investment properties	**393,619**	442,931
Properties under development	**1,210,000**	665,600
Completed properties held for sale	**8,069**	8,069

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group had 202 (as at 31 March 2022: 235) full-time employees. Total staff costs (including directors' emoluments) incurred for the year ended 31 March 2023 amounted to approximately RMB23.4 million (year ended 31 March 2022: RMB27.1 million); the decrease in staff costs was mainly attributable to the decrease in staff number from natural staff turnover with no immediate replacement. The Group's remuneration policy is in line with prevailing market practice and performance of individual staff. In addition to salaries, the Group also offers other benefits to its staff, including share options, discretionary bonus, training allowance and provident fund.

EVENTS AFTER THE REPORTING PERIOD

(i) On 31 May 2023, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to issue and the placing agent conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for convertible bonds in an aggregate principal amount of up to HK$150.0 million ("Placing"). On 23 June 2023, the convertible bonds with an aggregate principal amount of HK$60.0 million was successfully placed by the Company to no less than six placees upon completion of the Placing. Details of the Placing are set out in the Company's announcements dated 31 May 2023 and 23 June 2023.

(ii) On 9 June 2023, the Company received a written confirmation from the holder of the Convertible Bonds for its consent that the initial maturity date of the Convertible Bonds (i.e. 14 June 2023) shall be extended (the "Extension") for another eighteen months to the third anniversary of the date of issue of the Convertible Bonds (i.e. 14 December 2024). Details of the Extension are set out in the Company's announcement dated 9 June 2023.

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

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 March 2023.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. All Directors have confirmed, following specific enquiry by the Company, that throughout the year ended 31 March 2023, they complied with the required standard set out in the Model Code.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND CHANGE IN CHAIRPERSON OF REMUNERATION COMMITTEE

During the year ended 31 March 2023, the Company endeavours to comply with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company considers that it has complied with the CG Code during the year, except for a deviation specified below:

Under Rule 3.25 of the Listing Rule, an issuer must establish a remuneration committee (the "Remuneration Committee") chaired by an independent non-executive director ("INED") and comprising a majority of independent non-executive directors. The Company had Ms. Cui Xintong, the co-chairperson of the Board, as the chairperson of the Remuneration Committee which is deviated from the Listing Rules.

On 29 June 2022, Ms. Cui Xintong resigned as the chairperson of the Remuneration Committee and remained to be a member of the Remuneration Committee; and Mr. Tsang Hung Kei, an INED, has been appointed as the chairperson of the Remuneration Committee in place of Ms. Cui Xintong with effect from 29 June 2022. Following the appointment of Mr. Tsang Hung Kei, the Company has complied with Rule 3.25 of the Listing Rules.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 March 2023. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made.

SCOPE OF WORKS OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Company's auditors, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Company's auditors on the preliminary results announcement.

EXTRACT FROM DRAFT INDEPENDENT AUDITOR'S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Relating to Going Concern

We draw attention to the "Going concern basis" section in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, which states that the Group's current portion of bank and other borrowings amounted to RMB445,696,000, while its unrestricted cash and cash equivalents amounted to RMB69,939,000. The Group may take longer time than expected to realise cash from the sales of its properties and/or have cash from external financing to meet its loan repayment obligations. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors, having considered the measures to be taken by the Group as disclosed in note 2.1 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

By order of the Board
Hua Yin International Holdings Limited
Cui Xintong
Co-chairperson and Executive Director

Hong Kong, 27 June 2023

As at the date of this announcement, the executive Directors are Ms. Cui Xintong, Mr. Li Junjie, Mr. Cong Peifeng and Mr. Xu Yingchuan; the non-executive Directors are Mr. Sui Guangyi and Mr. Cui Mindong; and the independent non-executive Directors are Mr. Tsang Hung Kei, Mr. Wang Xueguang and Mr. Wang Xiaochu.