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## **CHINA HONGBAO HOLDINGS LIMITED**

### **中國紅包控股有限公司**

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

**(Stock Code: 8316)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Director(s)**”) of China Hongbao Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board (the “**Board**”) of Directors hereby announces the consolidated results of the Group for the year ended 31 March 2024 together with comparative figures for the year ended 31 March 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Revenue	4	<b>97,557</b>	101,386
Cost of sales		<u>(76,559)</u>	<u>(86,536)</u>
Gross profit		<b>20,998</b>	14,850
Other income and gains	5	<b>17,153</b>	2,018
Impairment loss recognised on			
— trade receivables, net		<b>(3,506)</b>	(1,138)
— other receivables, net		<b>(4)</b>	(1,184)
— contract assets, net		<b>(5,107)</b>	(5,521)
— property, plant and equipment		<b>(2,782)</b>	–
Administrative expenses		<b>(32,227)</b>	(26,031)
Finance costs	6	<u>(2,002)</u>	<u>(2,002)</u>
Loss before income tax	7	<b>(7,477)</b>	(19,008)
Income tax expense	8	<u>(1)</u>	<u>(33)</u>
Loss for the year		<b>(7,478)</b>	(19,041)
Other comprehensive income/(expenses)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u><b>742</b></u>	<u>(1,274)</u>
Loss and total comprehensive expenses for the year attributable to owners of the Company		<u><b>(6,736)</b></u>	<u>(20,315)</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
— Basic and diluted	10	<u><b>(0.86)</b></u>	<u>(2.36)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		<u>6,183</u>	<u>12,259</u>
<b>Current Assets</b>			
Trade and other receivables	11	15,432	65,347
Contract assets		529	7,537
Cash and cash equivalents		<u>1,230</u>	<u>20,574</u>
		<u>17,191</u>	<u>93,458</u>
<b>Total Assets</b>		<u>23,374</u>	<u>105,717</u>
<b>Current Liabilities</b>			
Trade and other payables	12	11,145	28,224
Contract liabilities		4,680	38,806
Lease liabilities		2,875	2,785
Amount due to a shareholder		3,156	21,168
Loan from a related party		14,375	14,375
Other borrowings	13	<u>16,446</u>	<u>21,014</u>
		<u>52,677</u>	<u>126,372</u>
<b>Net Current Liabilities</b>		<u>(35,486)</u>	<u>(32,914)</u>
<b>Total Assets less Current Liabilities</b>		<u>(29,303)</u>	<u>(20,655)</u>

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current Liabilities</b>		
Lease liabilities	<u>1,847</u>	<u>3,759</u>
	<u>1,847</u>	<u>3,759</u>
<b>NET LIABILITIES</b>	<u><u>(31,150)</u></u>	<u><u>(24,414)</u></u>
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>8,664</b>	8,664
Reserves	<u>(39,814)</u>	<u>(33,078)</u>
<b>TOTAL DEFICITS</b>	<u><u>(31,150)</u></u>	<u><u>(24,414)</u></u>

## NOTES

### 1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the Company's head office and principal place of business is located at Unit Nos. 1–3 on Level 9 of Tower A of Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in foundation and other constructions business and internet services (including O2O commerce and supply chain management) in Hong Kong and Mainland China of the People's Republic of China (the "PRC").

In the opinion of the Directors, the parent company and ultimate holding company of the Company is Quantong Group Holdings Limited, a company incorporated in the British Virgin Islands.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### (a) New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standards ("HKAS") 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

*Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of abolition of the Mandatory Provident Fund (“MPF”) — Long Service Payment (“LSP”) offsetting mechanism in Hong Kong*

The Company and its subsidiary are operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Based on management’s assessment, the change has had no material impact on the Group’s financial positions and performance.

**(b) New and Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Non-Current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

*Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

*Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)*

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 March 2024, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

*Amendments to HKAS 21 Lack of Exchangeability*

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.



### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### Basis of preparation and going concern assumption

The Group incurred a net loss of approximately HK\$7,478,000 for the year ended 31 March 2024 and the Group had net current liabilities and net liabilities of approximately HK\$35,486,000 and HK\$31,150,000, respectively, as at 31 March 2024 while the Group only had cash and cash equivalents of approximately HK\$1,230,000 on that date. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis as the directors of the Company, based on a cash flow forecast that is prepared by them covering a period from 1 April 2024 to 30 September 2025 (the "**Cash Flow Forecast**"), and assuming that Mr. Xing and Mr. Fu (as defined below) would fulfill their undertakings, are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. In preparing the Cash Flow Forecast, the directors of the Company have taken account of the following:

- (i) Subsequent to the end of the reporting period, Mr. Xing Yuan ("**Mr. Xing**"), a former executive Director and the beneficial owner of the ultimate holding company of the Company, has undertaken not to demand repayment of the amount due from the Company of HK\$3,156,000 as at 31 March 2024 within eighteen months from 31 March 2024.
- (ii) In June 2024, Mr. Cheng Jun, the chairman of the Board and an executive director of the Company, entered into a loan facility agreement with a financial institution in Hong Kong for the amount of HK\$20,000,000 available for withdrawal in the coming eighteen months since the agreement date (the "**Loan Facility**"), Mr. Cheng Jun will make the Loan Facility available to the Company and pursuant to the terms of the Loan Facility, funds are exclusively for the Company and made available upon its request.
- (iii) Subsequent to the end of the reporting period, Mr. Fu Yik Lung ("**Mr. Fu**"), a former director of the ultimate holding company of the Company, has undertaken not to demand repayment of the amount due from the Company of HK\$14,375,000 as at 31 March 2024, within eighteen months from 31 March 2024.

Should the adoption of the going concern basis in the preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to re-classify non-current assets and non-current liabilities to current assets and current liabilities respectively. The effect of these adjustments have not been reflected in these consolidated financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

##### Operating segments

The Group was principally engaged in the provision of foundation and other construction works and internet services (including O2O commerce and supply chain management) in Hong Kong and Mainland China for the year ended 31 March 2024. The executive directors have been identified as the chief operating decision-maker (“**CODM**”), responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

In the current year, the Group commenced the business in the internet services providing integrated online-and-offline sales of food, daily necessities and other commodities in Mainland China (“**O2O commerce**”) and the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments.

The reportable operating segments and their results are as below:

- provision of foundation and other construction works;
- provision of internet services (including O2O commerce and supply chain management); and
- provision of services in supply and installation of new energy charging piles.

During the prior year ended 31 March 2023, the Group has not commenced its business operations of O2O commerce, accordingly the internet service segment was named “Supply chain management” for segment reporting in respect of the year ended 31 March 2023.

##### Year ended 31 March 2024

	<b>Foundation and other construction works HK\$'000</b>	<b>Internet services HK\$'000</b>	<b>Supply and installation of new energy charging piles HK\$'000</b>	<b>Total HK\$'000</b>
<b>Revenue</b>	<b>59,550</b>	<b>38,007</b>	–	<b>97,557</b>
Cost of sales	(54,600)	(21,959)	–	(76,559)
Impairment loss on financial assets and contract assets	(8,286)	68	(399)	(8,617)
Impairment loss on property, plant and equipment	(2,782)	–	–	(2,782)
Segment (loss)/profit	(6,118)	16,116	(399)	9,599
Unallocated income				17,153
Unallocated corporate expenses				(32,227)
Finance costs				(2,002)
Loss before income tax				(7,477)
Income tax expense				(1)
Loss for the year				<u>(7,478)</u>

Year ended 31 March 2023

	Foundation and other construction works <i>HK\$'000</i>	Supply chain management <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>	60,692	40,694	–	101,386
Cost of sales	(50,450)	(36,086)	–	(86,536)
Impairment loss on financial assets and contract assets	(6,843)	(73)	(927)	(7,843)
Segment profit/(loss)	3,399	4,535	(927)	7,007
Unallocated income				2,018
Unallocated corporate expenses				(26,031)
Finance costs				(2,002)
Loss before income tax				(19,008)
Income tax expense				(33)
Loss for the year				(19,041)

Revenue reported above represents revenue generated from external customers. These were no inter-segment sales for both of the years ended 31 March 2024 and 31 March 2023.

### Other segment information

The following other segment information is included in the measure of segment profit or loss:

Year ended 31 March 2024

	Foundation and other construction works <i>HK\$'000</i>	Internet services <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	2,498	2,265	–	4,763
Gain on early termination of lease contract	–	(12)	–	(12)
Impairment loss recognised/ (reversed) on:				
Trade receivables, net	3,574	(68)	–	3,506
Other receivables, net	4	–	–	4
Contract assets, net	4,708	–	399	5,107
Property, plant and equipment	2,782	–	–	2,782

Year ended 31 March 2023

	Foundation and other construction works <i>HK\$'000</i>	Supply chain management <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	1,888	–	–	1,888
Gain on disposal of property, plant and equipment	(400)	–	–	(400)
Impairment loss recognised on:				
Trade receivables, net	138	73	927	1,138
Other receivables, net	1,184	–	–	1,184
Contract assets, net	5,521	–	–	5,521
Property, plant and equipment	–	–	–	–

**Segment assets and liabilities**

**Year ended 31 March 2024**

	Foundation and other construction works <i>HK\$'000</i>	Internet services <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>				
Segment assets	<u>10,535</u>	<u>1,405</u>	<u>–</u>	<u>11,940</u>
Property, plant and equipment				2,759
Other receivables				7,445
Cash and cash equivalents				<u>1,230</u>
Consolidated total assets				<u><u>23,374</u></u>
<b>Liabilities</b>				
Segment liabilities	<u>7,630</u>	<u>1,008</u>	<u>2,527</u>	<u>11,165</u>
Other payables				4,660
Other borrowings				16,446
Amount due to a shareholder				3,156
Loan from a related party				14,375
Lease liabilities				<u>4,722</u>
Consolidated total liabilities				<u><u>54,524</u></u>
<b>Other segment information:</b>				
Additions to non-current asset	<u>1,006</u>	<u>952</u>	<u>–</u>	<u>1,958</u>

Year ended 31 March 2023

	Foundation and other construction works <i>HK\$'000</i>	Supply chain management <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>				
Segment assets	<u>70,712</u>	<u>10,058</u>	<u>–</u>	<u>80,770</u>
Property, plant and equipment				4,319
Other receivables				54
Cash and cash equivalents				<u>20,574</u>
Consolidated total assets				<u><u>105,717</u></u>
<b>Liabilities</b>				
Segment liabilities	<u>52,047</u>	<u>3,143</u>	<u>–</u>	<u>55,190</u>
Other payables				11,840
Other borrowings				21,014
Amount due to a shareholder				21,168
Loan from a related party				14,375
Lease liabilities				<u>6,544</u>
Consolidated total liabilities				<u><u>130,131</u></u>
<b>Other segment information:</b>				
Additions to non-current assets	<u>7,827</u>	<u>2,001</u>	<u>–</u>	<u>9,828</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain unallocated other receivables and cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments, other than certain unallocated other payables, other borrowings, amount due to a shareholder, loan from a related party and lease liabilities.

*Disaggregation of revenue from contract with customers*

The following analysis of revenue under HKFRS 15 is disaggregated by timing of revenue recognition.

**Year ended 31 March 2024**

	<b>Foundation and other construction works</b>	<b>Internet services</b>	<b>Supply and installation of new energy charging piles</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue recognised</b>				
At a point in time	–	38,007	–	38,007
Over time	59,550	–	–	59,550
	<u>59,550</u>	<u>38,007</u>	<u>–</u>	<u>97,557</u>

Year ended 31 March 2023

	Foundation and other construction works	Supply chain management	Supply and installation of new energy charging piles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue recognised</b>				
At a point in time	–	40,694	–	40,694
Over time	60,692	–	–	60,692
	<u>60,692</u>	<u>40,694</u>	<u>–</u>	<u>101,386</u>

*Geographical information*

The Group's revenue was principally derived from Hong Kong and Mainland China, based on the location of the customers.

	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	59,550	60,692
Mainland China	38,007	40,694
	<u>97,557</u>	<u>101,386</u>

*Information about major customers*

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A	<b>30,976</b>	N/A
Customer B	<b>21,858</b>	N/A
Customer C	<b>18,236</b>	N/A
Customer D	<b>N/A</b>	41,120

The revenue from customer D for the year ended 31 March 2024 did not exceed 10% of the Group's revenue for the year.

The revenue from each of the customers A, B and C for the year ended 31 March 2023 did not exceed 10% of the Group's revenue for that year.

The Group has applied the practical expedient to its contracts for foundation and other construction services and therefore, the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for construction production that had an original expected duration of one year or less.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses. During the years ended 31 March 2024 and 2023, the Group did not have any contracts with completion bonuses.

## 5. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	5	–
Government grants ( <i>Note</i> )	–	72
Gain on disposal of subsidiaries	17,059	–
Gain on disposal property, plant and equipment, net	–	400
Gain on disposal of scrapped materials	–	1,546
Gain on early termination of lease contract	12	–
Others	77	–
	<u>17,153</u>	<u>2,018</u>

*Note:* During the year ended 31 March 2023, the Group received government grants from the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) under a One-off Subsidy Scheme as financial support for its businesses. There are no unfilled conditions or other contingencies attaching to these grants.

## 6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loan from other borrowings	607	629
Interest on lease liabilities	361	113
Imputed interest for shareholder loans	1,034	1,260
	<u>2,002</u>	<u>2,002</u>

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation charge of property, plant and equipment:		
— Owned property, plant and equipment	1,298	428
— Right-of-use assets	3,465	1,460
	<u>4,763</u>	<u>1,888</u>
Auditor’s remuneration	900	855
Employee benefit expenses	27,844	18,419



## 8. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	–	–
PRC Enterprise Income Tax	–	33
Underprovision in prior years		
PRC Enterprise Income Tax	<u>1</u>	<u>–</u>
	1	33
Deferred tax	<u>–</u>	<u>–</u>
Income tax expense	<u><u>1</u></u>	<u><u>33</u></u>

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

No provision for Hong Kong profits tax was made for the year ended 31 March 2024 (2023: nil) as the group entities which are subject to Hong Kong profits tax either incurred losses for the year or had tax losses brought forward to set off with the assessable profits for the year.

The basic tax rate of the Group's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law. For the years ended 31 March 2024 and 2023, certain subsidiaries of the Group qualified as small and micro enterprises and enjoy the reduction of the applicable tax rate to 10%.

## 9. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

## 10. LOSS PER SHARE

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

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of calculating basic loss per share	<u>(7,478)</u>	<u>(19,041)</u>
	<b>Number of shares '000</b>	Number of shares '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>866,400</u>	<u>807,760</u>

There were no potential ordinary shares in issue for the years ended 31 March 2024 and 2023. Accordingly, the diluted loss per share presented is the same as the basic loss per share.

## 11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables ( <i>Note (a)</i> )	13,766	60,764
Other receivables	124	7,048
Prepayments	6,856	4,227
Deposits	469	2,799
	<u>21,215</u>	<u>74,838</u>
Less: provision of impairment loss	(5,783)	(9,491)
	<u>15,432</u>	<u>65,347</u>

*Note:*

### (a) Trade receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross ( <i>Note</i> )	13,766	60,764
Less: provision of impairment loss	(5,779)	(2,495)
	<u>7,987</u>	<u>58,269</u>

*Note:* Trade receivables were derived from the provision of foundation works and internet services. The Group does not hold any collateral or other credit enhancements over these balances. The Group grants an average credit period of 30 days to its customers. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, net of loss allowance, presented based on the invoice dates:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current or less than one month	1,837	10,097
One to three months	1,963	32,763
More than three months but less than one year	4,187	15,409
	<u>7,987</u>	<u>58,269</u>

## 12. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables ( <i>Note (a)</i> )	6,485	23,695
Accrued charges	2,797	4,529
Deposit received	1,084	–
Receipts in advance	684	–
Other payables	95	–
	<u>11,145</u>	<u>28,224</u>

*Note:*

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current or less than one month	1,008	11,522
One to three months	–	483
More than three months but less than one year	2,950	7,299
More than one year	2,527	4,391
	<u>6,485</u>	<u>23,695</u>

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 45 days.

## 13. OTHER BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Amounts due to:</b>		
Mr. Zhang Weijie	11,446	11,446
Mr. Wong Chin To	–	4,760
Mr. Tse Chun Kit	–	4,808
Ms. Zhang Xiaoping	5,000	–
	<u>16,446</u>	<u>21,014</u>

At the end of the reporting date, total current and non-current other borrowings were scheduled to repay as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year and on demand	<u>16,446</u>	<u>21,014</u>

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the consolidated financial statement of the Group for the year ended 31 March 2024.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated 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 (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) to the consolidated financial statements, that the Group incurred a net loss of approximately HK\$7,478,000 for the year ended 31 March 2024 and the Group had net current liabilities and net liabilities of approximately HK\$35,486,000 and HK\$31,150,000, respectively, as at 31 March 2024 while the Group only had cash and cash equivalents of approximately HK\$1,230,000 as at that date. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. In light of all the measures and arrangements detailed in Note 3(b) to the consolidated financial statements, the directors are of the opinion that the Group will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group has been engaging in foundation works business as a subcontractor and other construction works in Hong Kong for over 10 years. During the year ended 31 March 2024, the overall construction industry in Hong Kong was still facing various challenges. Furthermore, the construction industry in Hong Kong is fragmented with an increasing number of market players, resulting in keen competitions in the market and unstable and uncertain gross margin of construction projects. Despite the uncertain economic and political environment of Hong Kong and around the world and the unfavourable conditions in the construction industry such as keen competition due to the growing number of market players, continuously increasing construction costs due to labour shortage, increasingly stringent regulatory controls and rising construction material and operation costs, the Directors are of the view that the market conditions of the construction industry will improve and consider that with the Group's business presence and good reputation in the market, the Group is well-positioned to compete with its competitors under the above-mentioned challenges that are commonly faced by all industry players. During the year ended 31 March 2024, the Group recorded revenue of approximately HK\$59.6 million (2023: approximately HK\$60.7 million) from this business segment of foundation and other construction works.

In addition to continuing the existing foundation works and other construction works business, the Group has been exploring other suitable business opportunities with a view to diversifying its business. Having considered the stable economic growth in the PRC and good prospects in the PRC supply chain market, the Group commenced the supply chain management business through the establishment of Hainan Hongbao Linkage Technology Co. Ltd.\* (海南紅包聯動科技有限公司) (“**Hainan Hongbao**”) and launched a one-stop e-commerce platform (the “**Platform**”) during the year ended 31 March 2023 as an initiative of the Group to tap into a new market of O2O commerce (as detailed below) in furtherance of its supply chain management business, to offer wide range of services to suit the day-to-day needs of the general public. In late 2023, Hainan Hongbao has carried out technological innovations and upgrades for the Platform in respect of the merchant-end of “on-demand delivery”. Through the new “skill settings” feature, which is available to all merchants, they can define exclusive tags with just one click, enabling intelligent matching and connecting with customers for free. The integration and upgrade of the merchant-end and skill settings attract more new merchants to the Platform, and at the same time, provide users with more accurate door-to-door services, improve their quality of life, and significantly increase the recharge rate of on-demand delivery user memberships, thereby generating revenue to the Group. Internet services of the Group include O2O commerce (involving the Group's provision of integrated online-and-offline sales of food, daily necessities and other commodities) and supply chain management. During the year ended 31 March 2024, the Group recorded revenue of approximately HK\$38.0 million (2023: approximately HK\$40.7 million) from this business segment of Internet services (O2O commerce and supply chain management).

Meanwhile, the e-commerce market in the PRC has been growing rapidly in recent years. Having considered the growth potential of the e-commerce market in the PRC, the Board believes that the Group's new business presence in the e-commerce market will enable the Group to capture the opportunities from the continuing expanding e-commerce market in the PRC, diversify its existing business portfolio and broaden its revenue stream.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the year ended 31 March 2024 was approximately HK\$97.6 million, representing a slight decrease of approximately HK\$3.8 million or 3.8% as compared to approximately HK\$101.4 million for the year ended 31 March 2023. The slight decrease in revenue was attributable to decrease in revenue from both foundation and other construction works business and Internet services business (O2O commerce and supply chain management). Such decrease is caused by the unfavorable business environment.

### **Cost of Sales**

The Group's cost of sales decreased from approximately HK\$86.5 million for the year ended 31 March 2023 to approximately HK\$76.6 million for the year ended 31 March 2024, representing a decrease of approximately HK\$10.0 million or 11.5%. Such decrease was driven by the decrease in revenue for the year ended 31 March 2024 and was also resulted from the enhancement of cost control measures adopted by the Group.

### **Gross Profit and Gross Profit Margin**

For the year ended 31 March 2024, the Group recorded gross profit of approximately HK\$21.0 million (2023: approximately HK\$14.9 million) and gross profit margin of approximately 21.5% (2023: approximately 14.7%). The increase in gross profit was due to the gross profit generated from the new line of business in the Internet services segment which has higher gross profit margin during the year ended 31 March 2024.

### **Other income and gains**

Other income and gains of the Group increased significantly by approximately HK\$15.1 million from approximately HK\$2.0 million for the year ended 31 March 2023 to approximately HK\$17.2 million for the year ended 31 March 2024. The increase was substantially attributable to the recognition of gain on disposal of certain subsidiaries by the Group of approximately HK\$17.1 million during the year ended 31 March 2024.

## **Administrative Expenses**

Administrative expenses of the Group increased by approximately HK\$6.2 million or 23.8% from approximately HK\$26.0 million for the year ended 31 March 2023 to approximately HK\$32.2 million for the year ended 31 March 2024. The higher administrative expenses was primarily attributable to an increase in depreciation of property, plant and equipment and due to the increase in staff costs from Hainan Hongbao.

## **Finance Costs**

Finance costs of the Group remained stable at approximately HK\$2.0 million for the years ended 31 March 2023 and 31 March 2024. Finance costs consist of interest on loans from other borrowings, imputed interest for shareholder loans and interest on lease liabilities.

## **Impairment Loss on Financial Assets, Contract Assets and Property, Plant and Equipment**

The Group's impairment loss on financial assets, contract assets and property, plant and equipment increased by approximately HK\$3.6 million or 45.3% from approximately HK\$7.8 million for the year ended 31 March 2023 to approximately HK\$11.4 million for the year ended 31 March 2024. The increase was primarily attributable to (i) the impairment loss recognised on property, plant and equipment of approximately HK\$2.8 million arising from the poor performance in the foundation and other construction works business during the year ended 31 March 2024 (2023: nil); and (ii) the increase in impairment loss recognised in trade receivables by approximately HK\$2.4 million during the year ended 31 March 2024.

## **Loss for the Year Attributable to Owners of the Company**

Net loss for the year ended 31 March 2024 was approximately HK\$7.5 million (2023: approximately HK\$19.0 million). The reduction in net loss was mainly attributable to the recognition of gain on disposal of certain subsidiaries of approximately HK\$17.0 million and the improvement of operation in Internet services segment for the year ended 31 March 2024 leading to a higher gross profit, which is partially offset by the increase in impairment loss mainly on trade receivables and property, plant and equipment of approximately HK\$5.2 million for the year ended 31 March 2024.



## Liquidity, Financial Resources and Capital Structure

The Company's shares were successfully listed on GEM on 10 August 2015 (the "Listing"). Save as disclosed in the section headed "Management Discussion and Analysis — Capital Structure" below, there has been no change in the capital structure of the Group since the date of the Listing and up to the date of this announcement.

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current assets	<b>17,191</b>	93,458
Current liabilities	<b>52,677</b>	126,372
Current ratio (times)	<b>0.33</b>	0.74

The current ratio of the Group as at 31 March 2024 was approximately 0.33 times as compared to that of approximately 0.74 times as at 31 March 2023.

As at 31 March 2024, the Group had total cash and cash equivalents of approximately HK\$1.2 million (2023: approximately HK\$20.6 million).

As at 31 March 2024 and 31 March 2023, the Group had other borrowings, amount due to a shareholder, loan from a related party and lease liabilities of approximately HK\$38.7 million and HK\$63.1 million in aggregate, respectively. The scheduled repayment date of the Group were as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within one year	<b>36,852</b>	59,342
Between one and two years	<b>1,847</b>	3,759
	<b>38,699</b>	63,101

## Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by total deficit. Net debts are calculated as the total of lease liabilities, amount due to a shareholder, loan from a related party and other borrowings less cash and cash equivalents.

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total debts	<b>38,699</b>	63,101
Less: Cash and cash equivalents	<b>(1,230)</b>	(20,574)
Net debts	<b>37,469</b>	42,527
Total deficits	<b>(31,150)</b>	(24,414)
Gearing ratio	<b>(120.3%)</b>	(174.2%)

## Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group's credit risk is primarily attributable to contract assets, trade receivables and deposits with banks. The credit risk of the Group's contract assets and trade receivables is concentrated since approximately 91.7% of which was derived from the five largest customers as at 31 March 2024 (2023: approximately 99.5%). As the customers of the Group are reputable corporations, the credit risk is considered to be low. The Group's major bank balances are deposited with banks with good reputation and hence the management does not expect any losses from non-performance by these banks. In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

## Capital Structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 10 August 2015. The share capital of the Group only comprises ordinary shares.

On 16 January 2023, the number of issued share capital of the Company increased from 800,000,000 ordinary shares of the Company (the “**Shares**”) to 828,050,000 Shares as a result of the completion of the subscription of new shares under general mandate (the “**Subscription of New Shares A**”). For details of the Subscription of New Shares A, please refer to the announcement of the Company dated 5 January 2023 (the “**Subscription Announcement A**”).

On 13 March 2023, the number of issued share capital of the Company further increased from 828,050,000 Shares to 866,400,000 Shares as a result of the completion of the subscription of new shares under general mandate (the “**Subscription of New Shares B**”, together with Subscription of New Shares A, collectively as “**Subscriptions of New Shares**”). For details of the Subscription of New Shares B, please refer to the announcement of the Company dated 27 February 2023 (the “**Subscription Announcement B**”).

With effect from 17 July 2023, the board lot size of the Shares for trading on GEM of the Stock Exchange has been changed from 10,000 Shares to 2,000 Shares. For further details, please refer to the announcements of the Company dated 26 June 2023 and 19 July 2023.

As at 1 April 2023 and 31 March 2024, the Company’s issued share capital was approximately HK\$8.7 million, representing 866,400,000 issued ordinary shares of HK\$0.01 each.

### **Subscription of New Shares and Use of Net Proceeds**

#### *Subscription of New Shares A*

On 5 January 2023 (after trading hours), the Company (as issuer) entered into the subscription agreement with Hong Kong HaoXingShun Trading Co., Limited (香港豪興順貿易有限公司) (“**Subscriber A**”) (an independent third party) (as subscriber), pursuant to which, the Company has conditionally agreed to allot and issue, and Subscriber A has conditionally agreed to subscribe for, a total of 28,050,000 subscription Shares at the subscription price of HK\$0.713 per subscription Share. Based on the closing price of the Shares of HK\$0.890 per Share on 5 January 2023, being the date of the subscription agreement, the subscription Shares have a market value of approximately HK\$25.0 million. The aggregate nominal value of such subscription Shares is HK\$280,500. The gross proceeds of the Subscription of New Shares A were approximately HK\$20.0 million. After taking into account the expenses related to the Subscription of New Shares A, the net proceeds of the Subscription of New Shares A were approximately HK\$19.8 million, representing the net price of approximately HK\$0.706 per subscription Share. The Company intended to use the net proceeds of the Subscription of New Shares A of approximately HK\$19.8 million as the general working capital of the Group. Completion of the Subscription of New Shares A took place on 16 January 2023.

### *Subscription of New Shares B*

On 27 February 2023 (after trading hours), the Company (as issuer) entered into another subscription agreement with Ms. Chen Chunyu (陳春宇) (“**Subscriber B**”) (an independent third party) (as subscriber), pursuant to which, the Company has conditionally agreed to allot and issue, and Subscriber B has conditionally agreed to subscribe for, a total of 38,350,000 subscription Shares at the subscription price of HK\$0.730 per subscription Share. Based on the closing price of the Shares of HK\$0.900 per Share on 27 February 2023, being the date of the subscription agreement, the subscription Shares have a market value of approximately HK\$34.5 million. The aggregate nominal value of such subscription Shares is HK\$383,500. The gross proceeds of the Subscription of New Shares B were approximately HK\$28.0 million. After taking into account the expenses related to the Subscription of New Shares B, the net proceeds of the Subscription of New Shares B were approximately HK\$27.9 million, representing the net price of approximately HK\$0.728 per subscription Share. The Company intended to use the net proceeds of the Subscription of New Shares B of approximately HK\$27.9 million as the general working capital of the Group (including for the repayment of indebtedness). Completion of the Subscription of New Shares B took place on 13 March 2023.

### *Use of Net Proceeds*

The Directors considered that the Subscriptions represented an opportunity to raise capital for the business operations of the Group while broadening the shareholder base of the Company.

From the completion of the Subscriptions of New Shares and up to 31 March 2024, the net proceeds from the Subscriptions of New Shares had been applied as follows:

Planned and actual usage of the net proceeds	Planned use of proceeds as stated in the Subscription		Actual use of proceeds during the year ended		Expected timeline for utilisation of the unutilised proceeds as at 31 March 2024
	Announcement A/ Subscription Announcement B <i>HK\$ million</i>	Unutilised proceeds as at 31 March 2023 <i>HK\$ million</i>	31 March 2024 <i>HK\$ million</i>	Unutilised proceeds as at 31 March 2024 <i>HK\$ million</i>	
<b>Subscription of New Shares A:</b> General working capital of the Group (including for the repayment of indebtedness)	19.8	Nil	N/A	Nil	N/A
<b>Subscription of New Shares B:</b> General working capital of the Group (including for the repayment of indebtedness)	27.9	14.1	14.1	Nil	N/A

During the year ended 31 March 2024, the unutilised net proceeds from the Subscription of New Shares B have been fully applied in the manner as set out in the disclosure in the Subscription Announcement B. The Group has utilised approximately HK\$14.1 million as general working capital of the Group (including approximately HK\$10.3 million used for repayment of indebtedness).

### **Segment Information**

Segmental information is presented for the Group as disclosed in Note 4 to the consolidated financial statements.

### **Dividend**

The Board does not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

### **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 31 March 2024.

### **Charge on Group Assets**

As at 31 March 2024, the Group had no assets charged for bank borrowings or for other purpose.

### **Capital Commitments**

As at 31 March 2024, the Group did not have other significant capital commitments.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

On 28 March 2024, the Company disposed of the entire issued share capital in Pak Wing Group Limited, a wholly-owned subsidiary of the Company which had ceased business operation at the time of disposal, to an independent third party at a consideration of USD100 (equivalent to approximately HK\$780). On the same date, the Company also disposed of the entire issued share capital in Unicorn World Holdings Limited, a wholly-owned subsidiary of the Company which had ceased business operation at the time of disposal, to an independent third party at a consideration of USD100 (equivalent to approximately HK\$780). The Company recognised a gain on disposal of subsidiaries of approximately HK\$17 million during the year ended 31 March 2024.

Except as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2024.

## **Significant Investments Held by the Group**

During the year ended 31 March 2024, there was no significant investment held by the Group.

## **Future Plan for Material Investments and Capital Assets**

The Group did not have any concrete plan for material investments or capital assets as at 31 March 2024.

## **Foreign Currency Exposure**

For the Group's operation in Hong Kong, the major revenue and expenses are denominated in Hong Kong dollars. For the Group's operation in the PRC, the major revenue and expenses are denominated in Renminbi, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

## **Employees and Remuneration Policy**

As at 31 March 2024, the Group employed a total of 76 staff (2023: 74 staff). The total employees remuneration, including remuneration of the Directors, for the year ended 31 March 2024 amounted to approximately HK\$27.8 million (2023: approximately HK\$18.4 million).

The Group entered into separate labour contracts with each of the employees in accordance with the applicable labour laws in Hong Kong and the PRC. The Group provides its staff with various benefits including discretionary bonus, contributory provident fund and medical insurance. The Group also provides and sponsors various types of training to employees and offer options that may be granted to employees under the share option scheme of the Company.

## EVENTS AFTER THE REPORTING PERIOD

On 24 April 2024 (after the trading hours of the Stock Exchange), the Company (as issuer) and Ms. Zhang Xiaoping (as subscriber) (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 41,666,000 Shares (the “**Subscription Shares**”) at the subscription price of HK\$0.12 per Share (the “**Subscription**”). As at the date of the subscription agreement, the Company was indebted to the Subscriber the debt of HK\$5.0 million (the “**Debt**”), which is interest-free and repayable on demand by the Subscriber. The Subscription represented an opportunity to allow the Company to settle a substantial part of the Debt without utilising existing financial resources of the Group while broadening the capital base and shareholder base of the Company without any interest burden. The total Subscription amount payable by the Subscriber of HK\$4,999,920 under the subscription agreement shall be satisfied by way of capitalisation of part of the Debt already due by the Company to the Subscriber. The allotment and issue of the Subscription Shares to the Subscriber shall be full and final settlement of such portion of the Debt. The outstanding balance of the Debt shall be settled by the Company by cash within three months after completion. There will be no proceeds arising from the Subscription as all the proceeds from the Subscription will be set-off against the Debt on a dollar-to-dollar basis. Based on the closing price of HK\$0.115 per Share on 24 April 2024 (being the date of the subscription agreement), the Subscription Shares have a market value of HK\$4,791,590. The net issue price, after deduction of relevant expenses, is estimated to be approximately HK\$0.113 per Subscription Share. The aggregate nominal value of the 41,666,000 Subscription Shares is HK\$416,660. For details, please refer to the announcement of the Company dated 24 April 2024.

Excepted as disclosed in this announcement, there is no other material subsequent event undertaken by the Company or by the Group after 31 March 2024 and up to the date of this announcement.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors' transactions in securities of the Company. Having made specific enquiry of all Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance throughout the year ended 31 March 2024.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and code provisions in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules as its corporate governance practices. During the year ended 31 March 2024, to the best knowledge of the Board, the Company has complied with the applicable code provisions set out in Part 2 of the CG Code except for the deviation from code provision D.2.5 of the CG Code which is explain below.

Pursuant to code provision D.2.5 of the CG Code, the company should have an internal audit function. For the year ended 31 March 2024, the Group has yet to establish its internal audit function. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The audit committee of the Board (the "**Audit Committee**") and the Board have considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Company considers that sufficient risk management and internal control of the Group can be maintained with the above-mentioned arrangements. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

Please refer to the section headed "Events After the Reporting Period" above for details of the subscription agreement in respect of the Subscription entered into by the Company subsequent to 31 March 2024.



## **AUDIT COMMITTEE**

The Audit Committee was established on 6 July 2015. The chairman of the Audit Committee is Mr. Chow Chun To, an independent non-executive Director, and other members comprise Ms. Wong Chi Yan and Dr. Cheung Ka Yue, independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, oversee the financial controls, internal control procedures and risk management system, audit plan and relationship with external auditors and review arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules regarding the Audit Committee with three members comprising independent non-executive Directors only and at least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Group's consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **SCOPE OF WORK OF CCTH CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by CCTH CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company for the year ended 31 March 2024 containing all the information required under the GEM Listing Rules will be made available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.quantongkonggu.com](http://www.quantongkonggu.com) and be despatched to the shareholders of the Company upon request, in due course.

## **APPRECIATION**

The Company would like to thank the Group's customers, suppliers and business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By Order of the Board  
**China Hongbao Holdings Limited**  
**Cheng Jun**  
*Chairman and Executive Director*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Board comprises Mr. Cheng Jun and Mr. Yu Hua as executive Directors; and Mr. Chow Chun To, Dr. Cheung Ka Yue and Ms. Wong Chi Yan as independent non-executive Directors.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and will be published on the Company's website at [www.quantongkonggu.com](http://www.quantongkonggu.com).*