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## **Huasheng International Holding Limited**

**華盛國際控股有限公司**

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

**(Stock Code: 1323)**

### **PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue from continuing operations decreased by approximately 6.0% to HK\$864.5 million.
- Gross profit from continuing operations decreased by approximately 1.8% to HK\$194.5 million.
- Gross profit margin from continuing operations increased from 21.5% to 22.5%.
- Profit for the year attributable to owners of the Company amounted to approximately HK\$31.3 million.
- Basic and diluted earnings per share from continuing and discontinued operations amounted to approximately HK0.89 cents.

## ANNUAL RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2022 with the comparative figures for the corresponding period in 2021 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>			
Other revenue		<b>830,442</b>	886,157
Interest revenue		<b>34,066</b>	33,175
Total revenue	3	<b>864,508</b>	919,332
Cost of sales		<b>(670,026)</b>	(721,318)
Gross profit		<b>194,482</b>	198,014
Other income	4	<b>10,200</b>	6,627
Other gains and losses, net	5	<b>(3,832)</b>	(10,457)
Selling and distribution expenses		<b>(75,576)</b>	(81,495)
Administrative expenses		<b>(65,678)</b>	(67,289)
Finance costs	6	<b>(27,263)</b>	(25,472)
Share of loss of associates		<b>(194)</b>	–
Profit before income tax from continuing operations		<b>32,139</b>	19,928
Income tax expense	7	<b>(846)</b>	(21,080)
Profit (loss) for the year from continuing operations	8	<b>31,293</b>	(1,152)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	9	<b>–</b>	45,039
Profit for the year		<b>31,293</b>	43,887

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other comprehensive income (loss):			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		<u>16,229</u>	<u>6,223</u>
Item that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		<u>(719)</u>	<u>81</u>
Other comprehensive income (loss) for the year, net of income tax		<u>15,510</u>	<u>6,304</u>
Total comprehensive income (loss) for the year, net of income tax		<u><b>46,803</b></u>	<u>50,191</u>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>31,293</b>	43,891
Non-controlling interests		<u>–</u>	<u>(4)</u>
		<u><b>31,293</b></u>	<u>43,887</u>
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		<b>46,803</b>	50,195
Non-controlling interests		<u>–</u>	<u>(4)</u>
		<u><b>46,803</b></u>	<u>50,191</u>
<b>Earnings (loss) per share attributable to owners of the Company</b>	<i>10</i>		
From continuing and discontinued operations			
Basic and diluted (HK cents)		<u>0.89</u>	<u>1.30</u>
From continuing operations			
Basic and diluted (HK cents)		<b>0.89</b>	(0.03)
From discontinued operations			
Basic and dilutes (HK cents)		<u>NA</u>	<u>1.33</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		4,792	4,987
Property, plant and equipment	12	59,188	68,561
Right-of-use assets		12,985	10,336
Other intangible assets	13	58,213	71,192
Goodwill	14	186,074	186,074
Interest in associates		10,900	–
Investments at fair value through profit or loss		–	21,496
Retention receivables	17	80,073	73,864
Deferred tax assets		3,049	2,442
		<u>415,274</u>	<u>438,952</u>
<b>CURRENT ASSETS</b>			
Inventories		17,664	15,157
Loan receivables	16	221,904	250,221
Trade, retention and other receivables and prepayments	17	1,157,182	854,680
Promissory note receivable		29,500	36,000
Convertible bonds receivables		15,897	16,032
Investments at fair value through profit or loss		29,287	11,408
Tax recoverable		–	1,894
Bank balances and cash		138,545	110,123
		<u>1,609,979</u>	<u>1,295,515</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accruals	<i>18</i>	<b>718,541</b>	448,491
Lease liabilities		<b>10,246</b>	6,528
Borrowings	<i>19</i>	–	52,289
Promissory notes	<i>20</i>	<b>49,254</b>	–
Bonds payable	<i>21</i>	<b>25,734</b>	–
Tax payable		<b>2,263</b>	530
		<u><b>806,038</b></u>	<u>507,838</u>
<b>NET CURRENT ASSETS</b>		<u><b>803,941</b></u>	<u>787,677</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,219,215</b></u>	<u>1,226,629</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>6,468</b>	7,474
Borrowings	<i>19</i>	<b>94,217</b>	90,408
Promissory notes	<i>20</i>	–	44,750
Bonds payable	<i>21</i>	<b>155,795</b>	155,872
Deferred tax liabilities		<b>7,260</b>	8,956
		<u><b>263,740</b></u>	<u>307,460</u>
<b>NET ASSETS</b>		<u><b>955,475</b></u>	<u>919,169</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>34,991</b>	34,991
Reserves		<b>920,484</b>	884,178
<b>TOTAL EQUITY</b>		<u><b>955,475</b></u>	<u>919,169</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000 (Note (i))	Convertible bonds equity reserve HK\$'000	Special reserve HK\$'000 (Note (ii))	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note (iii))	Accumulated losses HK\$'000			Total HK\$'000
At 1 April 2020	32,748	1,559,721	49	24	678	(11,254)	(6,000)	(837,695)	738,271	(3,717)	734,554
Profit (loss) for the year	-	-	-	-	-	-	-	43,891	43,891	(4)	43,887
Other comprehensive income (loss), net of income tax:											
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	6,223	-	-	6,223	-	6,223
- Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	81	-	-	81	-	81
Total comprehensive income (loss) for the year	-	-	-	-	-	6,304	-	43,891	50,195	(4)	50,191
Issue of shares pursuant to placing agreement	1,300	81,900	-	-	-	-	-	-	83,200	-	83,200
Transaction cost attributable to issue of placing shares	-	(2,497)	-	-	-	-	-	-	(2,497)	-	(2,497)
Issue of shares upon conversion of convertible bonds	943	49,057	-	-	-	-	-	-	50,000	-	50,000
Extinguishment of convertible bonds	-	-	-	(24)	-	-	-	24	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	3,721	3,721
Transactions with owners	2,243	128,460	-	(24)	-	-	-	24	130,703	3,721	134,424
At 31 March 2021	<u>34,991</u>	<u>1,688,181</u>	<u>49</u>	<u>-</u>	<u>678</u>	<u>(4,950)</u>	<u>(6,000)</u>	<u>(793,780)</u>	<u>919,169</u>	<u>-</u>	<u>919,169</u>
Profit for the year	-	-	-	-	-	-	-	31,293	31,293	-	31,293
Other comprehensive income (loss), net of income tax:											
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	16,229	-	-	16,229	-	16,229
- Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	(719)	-	-	(719)	-	(719)
Total comprehensive income for the year	-	-	-	-	-	15,510	-	31,293	46,803	-	46,803
Dividends approved in respect of previous year (Note 11)	-	(10,497)	-	-	-	-	-	-	(10,497)	-	(10,497)
Disposal of subsidiaries	-	-	(49)	-	-	-	-	49	-	-	-
Transactions with owners	-	(10,497)	(49)	-	-	-	-	49	(10,497)	-	(10,497)
At 31 March 2022	<u>34,991</u>	<u>1,677,684</u>	<u>-</u>	<u>-</u>	<u>678</u>	<u>10,560</u>	<u>(6,000)</u>	<u>(762,438)</u>	<u>955,475</u>	<u>-</u>	<u>955,475</u>

## Notes:

- (i) In accordance with the provisions of Macao Commercial Code, Two-Two-Free Limited-Macao Commercial Offshore (“Two-Two-Free”), a subsidiary of the Company, is required to transfer a minimum of 25% of annual net profit to legal reserve until the legal reserve equals half of the quota capital. This reserve is not distributable to shareholders. Two-Two-Free was disposed of during the year ended 31 March 2022 under the Greenstar Disposal. Details of which are set out in Note 22(a).
- (ii) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.
- (iii) The other reserves represent the difference between the fair value of interest-free advance to Mr. Chum Tung Hang, an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2022*

## 1. GENERAL INFORMATION

Huasheng International Holding Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The principal activities of the Group are (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); (ii) wholesale and retail of household consumables (“Household Consumables Business”); and (iii) provision of money lending services (“Money Lending Business”). The Group was also engaged in (i) design and development of three-dimensional animations, augmented reality technology application and e-learning web application (“Digital Technology Business”) and (ii) provision of educational technology solutions through online education programs and provision of English language proficiency tests (“Education Business”), which were disposed and classified as discontinued operations during the year ended 31 March 2021. Besides, the Group has suspended the operations of its coal trading business due to the uncertainty in the recovery of the trade receivables due from its sole customer. It has also been disposed of and classified as discontinued operations during the year ended 31 March 2021. Further details of which are set out in notes 9 and 22.

### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, investments at fair value through profit or loss (“FVTPL”) and convertible bonds receivables which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

## 2. ADOPTION OF AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### 2.1 Amendments to HKFRSs that is effective for annual period beginning on or after 1 April 2021

In the current year, the Group has applied for the first time the following new and amended HKFRSs (which included all HKFRSs, HKASs and Interpretations) issued by the HKICPA, which are relevant to the Group’s operation and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of these amendments to HKFRSs do not have any material impact on the Group’s consolidated financial positions and performance for the current and prior years and/or on the disclosures set out these consolidated financial statements.

### 2.2 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 HKFRSs	Annual improvements to HKFRS 2018–2020 <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contract — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current and Non-current and related amendments to Hong Kong interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
HKFRS 17	Insurance Contracts and related Amendments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of all the new and amendments to HKFRSs unlikely to have any material impact on the consolidated financial statements in the foreseeable future.



### 3. REVENUE AND SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- Concrete Business – Production and sales of ready-mixed commercial concrete
- Household Consumables Business – Wholesale and retail of household consumables
- Money Lending Business – Provision of money lending services
- Digital Technology Business – Design and development of three-dimensional animations, augmented reality technology application and e-learning web application<sup>1</sup> (discontinued operation)
- Education Business – Provision of educational technology solutions through online education programs and provision of English language proficiency tests<sup>2</sup> (discontinued operation)

1. The Group completed the disposal of the entire equity interest of Sino Digital Media (Overseas) Limited, together with its subsidiaries, which carried out the whole Group's Digital Technology Business, on 27 July 2020. Accordingly, the Digital Technology Business segment was classified as a discontinued operation during the year ended 31 March 2021. Details of which are set out in Note 9(a).
2. The Group completed the disposal of the entire equity interest of DigiSmart (Group) Limited, together with its subsidiaries, which carried out the whole Group's Education Business, on 31 March 2021. Accordingly, the Education Business segment was classified as a discontinued operation during the year ended 31 March 2021. Details of which are set out in Note 9(c).

The segment information reported as below does not include any results for the discontinued operations.

#### Revenue

Disaggregation of revenue from contracts with customers from continuing operations:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	<b>769,845</b>	838,506
Sales of goods from Household Consumables Business	<b>60,597</b>	47,651
	<b>830,442</b>	886,157

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from other source:		
Interest income from Money Lending Business	<u>34,066</u>	<u>33,175</u>
	<u><b>864,508</b></u>	<u>919,332</u>
Timing of revenue recognition:		
At a point in time	<u>830,442</u>	<u>886,157</u>
Revenue from contracts with customers	<u><b>830,442</b></u>	<u>886,157</u>
Geographical market:		
The People's Republic of China (the "PRC")	<u>769,845</u>	838,506
United Kingdom (the "UK")	<u>60,597</u>	<u>47,651</u>
Revenue from contracts with customers	<u><b>830,442</b></u>	<u>886,157</u>

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Segment revenues and results

The following is an analysis of the Group's revenues and results from reportable and operating segments from continuing operations:

	Continuing operations			Total HK\$'000
	Concrete Business HK\$'000	Household Consumables Business HK\$'000	Money Lending Business HK\$'000	
<b>For the year ended 31 March 2022</b>				
Revenue from external customers	<u>769,845</u>	<u>60,597</u>	<u>34,066</u>	<u>864,508</u>
Segment profit	<u>58,383</u>	<u>6,314</u>	<u>28,753</u>	<u>93,450</u>
Bank interest income				349
Exchange differences				(532)
Fair value loss on investments at FVTPL				(4,110)
Fair value loss on convertible bonds receivables				(755)
Amortisation of other intangible assets				(12,973)
Share of loss of associates				(194)
Central administration costs				<u>(43,096)</u>
Profit before income tax from continuing operations				<u><u>32,139</u></u>
	Continuing operations			
	Concrete Business HK\$'000	Household Consumables Business HK\$'000	Money Lending Business HK\$'000	Total HK\$'000
<b>For the year ended 31 March 2021</b>				
Revenue from external customers	<u>838,506</u>	<u>47,651</u>	<u>33,175</u>	<u>919,332</u>
Segment profit	<u>71,654</u>	<u>3,521</u>	<u>13,283</u>	88,458
Bank interest income				994
Exchange differences				(396)
Fair value loss on investments at FVTPL				(1,589)
Loss on early redemption of promissory notes				(2,827)
Amortisation of other intangible assets				(13,083)
Central administration costs				<u>(51,629)</u>
Profit before income tax from continuing operations				<u><u>19,928</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of bank interest income, exchange differences, change in fair value of investments at FVTPL and convertible bonds receivables, loss on early redemption of promissory notes, amortisation of other intangible assets, share of loss of associates, central administration costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

#### *Segment assets*

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Concrete Business	<b>1,101,757</b>	876,864
Household Consumables Business	<b>21,910</b>	20,486
Money Lending Business	<b>225,214</b>	254,022
	<hr/>	<hr/>
Total segment assets	<b>1,348,881</b>	1,151,372
Other intangible assets	<b>58,213</b>	71,192
Goodwill	<b>186,074</b>	186,074
Convertible bonds receivables	<b>15,897</b>	16,032
Promissory note receivable	<b>29,500</b>	36,000
Interest in associates	<b>10,900</b>	–
Investments at FVTPL	<b>29,287</b>	32,904
Tax recoverable	–	1,894
Deferred tax assets	<b>3,049</b>	2,442
Bank balances and cash	<b>138,545</b>	110,123
Unallocated corporate assets	<b>204,907</b>	126,434
	<hr/>	<hr/>
Consolidated total assets	<b><u>2,025,253</u></b>	<b><u>1,734,467</u></b>

*Segment liabilities*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Concrete Business	710,891	435,695
Household Consumables Business	5,826	4,379
Money Lending Business	2,382	2,865
	<hr/>	<hr/>
Total segment liabilities	719,099	442,939
Tax payable	2,263	530
Borrowings	94,217	142,697
Promissory notes	49,254	44,750
Bonds payable	181,529	155,872
Deferred tax liabilities	7,260	8,956
Unallocated corporate liabilities	16,156	19,554
	<hr/>	<hr/>
Consolidated total liabilities	<u><b>1,069,778</b></u>	<u><b>815,298</b></u>

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

- All assets are allocated to operating segments other than other intangible assets, goodwill, convertible bonds receivables, promissory note receivable, interest in associates, investments at FVTPL, tax recoverable, deferred tax assets, bank balances and cash and unallocated corporate assets.
- All liabilities are allocated to operating segments other than tax payable, borrowings, promissory notes, bonds payable, deferred tax liabilities and unallocated corporate liabilities.

## Other segment information

The following is an analysis of other segment information from continuing operations:

	Continuing operations				Total HK\$'000
	Concrete Business HK\$'000	Household Consumables Business HK\$'000	Money Lending Business HK\$'000	Unallocated Corporate Office HK\$'000	
<b>For the year ended 31 March 2022</b>					
Capital additions	6,790	208	-	-	6,998
Depreciation of property, plant and equipment	9,104	348	525	455	10,432
Impairment loss on trade, retention and other receivables	1,649	111	-	-	1,760
Depreciation of right-of-use assets	<u>2,943</u>	<u>868</u>	<u>812</u>	<u>2,501</u>	<u>7,124</u>

	Continuing operations				Total HK\$'000
	Concrete Business HK\$'000	Household Consumables Business HK\$'000	Money Lending Business HK\$'000	Unallocated Corporate Office HK\$'000	
<b>For the year ended 31 March 2021</b>					
Capital additions	1,986	1,038	2,452	2,099	7,575
Depreciation of property, plant and equipment	10,642	215	130	129	11,116
(Reversal of impairment loss) impairment loss on trade, retention and other receivables	(3,761)	19	-	(1,000)	(4,742)
Depreciation of right-of-use assets	903	1,059	642	9,238	11,842
Impairment loss on loan receivables, net	<u>-</u>	<u>-</u>	<u>14,139</u>	<u>-</u>	<u>14,139</u>

These segment information has been included in the measures of segment results or assets.

## Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services from continuing operations:

	2022 HK\$'000	2021 HK\$'000
<b>Continuing operations</b>		
Sales of goods from Concrete Business	769,845	838,506
Sales of goods from Household Consumables Business	60,597	47,651
Interest income from Money Lending Business	<u>34,066</u>	<u>33,175</u>
	<u>864,508</u>	<u>919,332</u>

## Information about geographical areas

In determining the Group's information about geographical areas, revenue from continuing operations is analysed based on the locations of the customers.

The following table provides an analysis of the Group's revenue from continuing operations generated from external customers by geographical market, irrespective of the origin of the goods.

	Revenue by geographical market	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
The PRC	<b>769,845</b>	838,506
UK	<b>60,597</b>	47,651
Hong Kong	<b>34,066</b>	33,175
	<b><u>864,508</u></b>	<b><u>919,332</u></b>

As at 31 March 2022, approximately HK\$283,995,000, HK\$16,062,000 and HK\$32,095,000 of the non-financial assets classified as non-current assets are located in the PRC, the UK and Hong Kong, respectively.

As at 31 March 2021, approximately HK\$292,127,000, HK\$18,096,000, HK\$30,636,000 and HK\$291,000 of the non-financial assets classified as non-current assets are located in the PRC, the UK, Hong Kong and Macau, respectively.

## Information about major customers

There is no revenue from customers for the both years ended 31 March 2022 and 2021 contributing over 10% of the total revenue of the Group from continuing operations.

#### 4. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	349	994
Rental income	2,154	129
Interest income from convertible bonds receivables	1,244	813
Litigation income ( <i>Note 1</i> )	1,053	1,347
Government grants/subsidies ( <i>Note 2</i> )	155	2,466
Commission income	2,115	89
Sundry income	3,130	789
	<u>10,200</u>	<u>6,627</u>

*Notes:*

1. There were litigation claims initiated by the Group against certain trade debtors to demand for immediate repayment of the unsettled trade and retention receivables. Pursuant to the respective judgements of the courts, approximately HK\$1,053,000 (2021: HK\$1,347,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2022.
2. During the year ended 31 March 2022, the Group recognised government grants of HK\$nil (2021: approximately HK\$1,125,000) from the Employment Support Scheme under the Anti-Epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to the grants/subsidies.



## 5. OTHER GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Exchange differences	(532)	(396)
Loss on disposals of property, plant and equipment	(6,378)	(378)
Fair value loss on investments at FVTPL	(4,110)	(1,589)
Fair value (loss) gain on convertible bonds receivables	(755)	72
Loss on early redemption of promissory notes	–	(2,827)
Loss on early redemption of borrowings	–	(2,005)
(Impairment loss) reversal of impairment loss on trade, retention and other receivables	(1,760)	4,742
Impairment loss on loan receivables	–	(14,139)
Written-off of trade receivables	–	(19)
Net loss on sales of loan receivables	–	(1,500)
Gain on disposal of subsidiaries	9,703	–
Gain on modification of borrowings	–	7,592
Others	–	(10)
	<u>(3,832)</u>	<u>(10,457)</u>

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Effective interest expenses on convertible bonds	–	7,863
Effective interest expenses on bonds payable	7,225	386
Interest expenses on borrowings	14,860	11,415
Interest expenses on promissory notes	4,504	4,913
Interest expenses on lease liabilities	674	895
	<u>27,263</u>	<u>25,472</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax:		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax (“PRC EIT”)	5,059	10,381
– UK Corporate Tax	1,267	382
	<u>6,326</u>	<u>10,763</u>
(Over) under-provision in respect of prior years:		
– PRC EIT	(3,244)	9,424
	<u>(3,244)</u>	<u>9,424</u>
Deferred taxation:		
– Current year	(2,236)	893
	<u>(2,236)</u>	<u>893</u>
Income tax expense	<u><u>846</u></u>	<u><u>21,080</u></u>

### (i) Hong Kong

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

No provision for Hong Kong Profits tax has been made as the individual companies comprising the Group either incurred a loss or had tax losses to offset the assessable profit for both years.

### (ii) PRC

PRC EIT is calculated at 25% (2021: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for subsidiaries of the Company which were recognised as a high and new technology enterprise (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiaries are entitled to the preferential tax rate of 15% (2021: 15%) corporate income tax rate for HNTE during the year.

**(iii) United Kingdom**

UK Corporate Tax is calculated at 19% (2021: 19%) of the estimated assessable profits of subsidiaries operating in the UK.

**(iv) Other jurisdictions**

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax.

**8. PROFIT (LOSS) FOR THE YEAR**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
The Group's profit (loss) for the year has been arrived at after charging:		
Directors' remuneration	<b>8,451</b>	13,617
Other staff costs	<b>40,418</b>	36,130
Retirement benefit scheme contributions ( <i>Note a</i> )	<b>3,754</b>	2,847
	<hr/>	<hr/>
Total staff costs	<b>52,623</b>	52,594
	<hr/>	<hr/>
Auditor's remuneration		
– Audit services	<b>1,530</b>	1,450
– Non-audit services	<b>15</b>	15
Cost of inventories sold	<b>628,222</b>	689,599
Depreciation of property, plant and equipment	<b>10,432</b>	11,116
Depreciation of right-of-use assets	<b>7,124</b>	11,842
Amortisation of other intangible assets	<b>12,973</b>	13,083
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

- (a) No forfeited contributions available for offset against existing contributions during the year (2021: Nil).

## **9. DISCONTINUED OPERATIONS**

### **(a) Digital Technology Business**

On 15 June 2020, the Group through its indirectly wholly-owned subsidiary, DigiSmart (Group) Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Sino Digital Media (Overseas) Limited, (“Sino Digital”, together with its subsidiaries are referred to as the “Sino Digital Group”) at a total consideration of HK\$30,000,000 (the “Sino Digital Disposal”). The Sino Digital Group, represents the whole Digital Technology Business of the Group and upon completion of the Sino Digital Disposal, the Group’s Digital Technology Business would be discontinued.

The Sino Digital Disposal was completed on 27 July 2020. Details of assets and liabilities disposed of, and the calculation of the gain on disposal are disclosed in Note 22(b).

The disposal of Sino Digital Group enable the Group to free up resources and eliminate from the Group uncertainty of future performance of the Digital Technology Business and redirect its resources to other business segments which may have higher growth potential to maximize returns for the shareholders of the Company. Details of the disposal are set out in the announcement of the Company dated 27 July 2020.

### **(b) Coal Business**

On 1 September 2020, the Group through its indirectly wholly-owned subsidiary, China Indonesia Alliances Coal Investment Company Limited (“China Coal”), entered into a sale and purchase agreement with the minority shareholder in relation to the disposal of 90% of the issued share capital and sale loan in China Coal Alliances Trading Company Limited (“CCAT”) at a nominal consideration of HK\$100 (the “CCAT Disposal”). CCAT represents the whole Coal Business of the Group and its performance was classified as discontinued operation.

The CCAT Disposal was completed on 1 September 2020. Details of assets and liabilities disposed of, and the calculation of gain on disposal are disclosed in Note 22(c).

In view of the uncertainty in the recovery of the long outstanding trade receivables from CCAT’s sole customer, the Directors had considered that the CCAT Disposal is expected to allow the Group to realise its investment in CCAT and improve the Group’s gearing level.

(c) **Education Business**

On 10 March 2021, the Group through its direct wholly-owned subsidiary, Virtual Garden Investments Limited, entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire equity interest in DigiSmart (Group) Limited, (“DigiSmart”, together with its subsidiaries are referred to as the “DigiSmart Group”) at a total consideration of HK\$40,000,000 (the “DigiSmart Disposal”). The DigiSmart Group, represents the whole Education Business segment of the Group upon completion of the DigiSmart Disposal, the Group’s Education Business would be discontinued.

The DigiSmart Disposal was completed on 31 March 2021. Details of assets and liabilities disposed of, and the calculation of gain on disposal are disclosed in Note 22(d).

In view of the unsatisfactory financial performance of DigiSmart Group, the Directors had considered that the DigiSmart Disposal is expected to allow the Group focusing on other profit making segments and to reallocate resources to other business segments of the Group. Details of the disposal are set out in the announcements of the Company dated 10 March 2021 and 31 March 2021 respectively.

The financial performance and cash flows of Digital Technology Business, Coal Business and Education Business for the period from 1 April 2020 to their respective dates of disposal are classified and included as part of discontinued operations for the year ended 31 March 2021 have been presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, details of which are as follows:

	2021			
	Digital Technology Business <i>HK\$'000</i>	Coal Business <i>HK\$'000</i>	Education Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	428	–	8,931	9,359
Cost of sales	(179)	–	(3,484)	(3,663)
Gross profit	249	–	5,447	5,696
Other income	108	–	712	820
Other gains and losses, net	(3)	–	(129)	(132)
Administrative expenses	(563)	(41)	(6,263)	(6,867)
Loss before income tax from discontinued operations	(209)	(41)	(233)	(483)
Income tax credit	–	–	–	–

	2021			
	Digital Technology Business <i>HK\$'000</i>	Coal Business <i>HK\$'000</i>	Education Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Loss after income tax from discontinued operations	(209)	(41)	(233)	(483)
Gain on disposal of subsidiaries (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	114	14,052	31,356	45,522
Profit (loss) for the year from discontinued operations	<u>(95)</u>	<u>14,011</u>	<u>31,123</u>	<u>45,039</u>
Profit (loss) for the year from discontinued operations attributable to:				
– Owners of the Company	(95)	14,015	31,123	45,043
– Non-controlling interests	–	(4)	–	(4)
	<u>(95)</u>	<u>14,011</u>	<u>31,123</u>	<u>45,039</u>
<b>Cash flows from discontinued operations</b>				
Net cash (used in) generated from operating activities	(817)	–	369	(448)
Net (decrease) increase in bank balances and cash	<u>(817)</u>	<u>–</u>	<u>369</u>	<u>(448)</u>

## 10. EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the profit (loss) for the year attributable to the owners of the Company and the weighted average number of respective ordinary shares in issue during the year.

The calculations of diluted earnings (loss) per share from (i) continuing and discontinued operations; (ii) continuing operations; and (iii) discontinued operations are based on the respective adjusted profit (loss) for the year attributable to the owners of the Company and the adjusted weighted average number of ordinary shares outstanding to conversion of all dilutive potential ordinary shares.

As at 31 March 2022, the basic and diluted earnings (loss) per share are the same as there is no outstanding to conversion of potential ordinary shares during the year; while as at 31 March 2021, the basic and diluted earnings (loss) per share are the same as the Company's outstanding convertible bonds had an anti-dilutive effect and therefore are not included in the calculation of the diluted earnings (loss) per share.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit (loss) for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	<b>31,293</b>	43,891
(ii) Continuing operations	<b>31,293</b>	(1,152)
(iii) Discontinued operations	<b>N/A</b>	45,043
	<u><u>3,499,098,293</u></u>	<u><u>3,375,022,822</u></u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	<b>3,499,098,293</b>	3,375,022,822

## 11. DIVIDENDS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proposed final dividend of HK\$nil (2021: HK0.3 cents) per ordinary share	<b>–</b>	10,497

The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2022 (2021: HK0.3 cents per share).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>							
At 1 April 2020	381	11,534	43,101	659	2,874	13,701	72,250
Additions	-	897	-	3,957	1,634	1,087	7,575
Disposals	-	(855)	(6,954)	(701)	(1,263)	-	(9,773)
Disposal of subsidiaries (Note 22(d))	-	-	-	-	(503)	-	(503)
Transfer	-	14,077	137	-	16	(14,230)	-
Exchange realignment	-	1,861	4,866	42	135	732	7,636
At 31 March 2021	<b>381</b>	<b>27,514</b>	<b>41,150</b>	<b>3,957</b>	<b>2,893</b>	<b>1,290</b>	<b>77,185</b>
Additions	-	2,076	134	-	650	4,138	6,998
Disposals	-	(514)	(13,109)	-	(15)	-	(13,638)
Disposal of subsidiaries (Note 22(a))	(381)	-	-	-	(282)	-	(663)
Transfer	-	273	182	-	-	(455)	-
Exchange realignment	-	1,282	2,282	-	42	(323)	3,283
At 31 March 2022	<b>-</b>	<b>30,631</b>	<b>30,639</b>	<b>3,957</b>	<b>3,288</b>	<b>4,650</b>	<b>73,165</b>
<b>ACCUMULATED DEPRECIATION</b>							
At 1 April 2020	122	682	1,679	538	1,974	-	4,995
Charge for the year	7	3,036	7,518	341	292	-	11,194
Elimination on disposals	-	(800)	(6,598)	(701)	(1,065)	-	(9,164)
Elimination on disposal of subsidiaries (Note 22(d))	-	-	-	-	(444)	-	(444)
Exchange realignment	-	512	1,457	34	40	-	2,043
At 31 March 2021	<b>129</b>	<b>3,430</b>	<b>4,056</b>	<b>212</b>	<b>797</b>	<b>-</b>	<b>8,624</b>
Charge for the year	4	2,491	6,504	848	585	-	10,432
Elimination on disposals	-	(415)	(5,460)	-	(10)	-	(5,885)
Elimination on disposal of subsidiaries (Note 22(a))	(133)	-	-	-	(244)	-	(377)
Exchange realignment	-	319	850	-	14	-	1,183
At 31 March 2022	<b>-</b>	<b>5,825</b>	<b>5,950</b>	<b>1,060</b>	<b>1,142</b>	<b>-</b>	<b>13,977</b>
<b>NET CARRYING VALUE</b>							
At 31 March 2022	<b>-</b>	<b>24,806</b>	<b>24,689</b>	<b>2,897</b>	<b>2,146</b>	<b>4,650</b>	<b>59,188</b>
At 31 March 2021	<b>252</b>	<b>24,084</b>	<b>37,094</b>	<b>3,745</b>	<b>2,096</b>	<b>1,290</b>	<b>68,561</b>



### 13. OTHER INTANGIBLE ASSETS

	Coal Sales Contract HK\$'000	Customer Network HK\$'000	License Agreements HK\$'000	Total HK\$'000
<b>COST</b>				
At 1 April 2020	57,346	93,576	55,006	205,928
Disposal of subsidiaries ( <i>Note 22</i> )	(57,346)	–	(55,006)	(112,352)
Exchange realignment	–	901	–	901
	<u>–</u>	<u>901</u>	<u>–</u>	<u>901</u>
At 31 March 2021	–	<b>94,477</b>	–	<b>94,477</b>
Exchange realignment	–	<b>(340)</b>	–	<b>(340)</b>
	<u>–</u>	<u><b>(340)</b></u>	<u>–</u>	<u><b>(340)</b></u>
At 31 March 2022	<u><b>–</b></u>	<u><b>94,137</b></u>	<u><b>–</b></u>	<u><b>94,137</b></u>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>				
At 1 April 2020	57,346	9,425	22,165	88,936
Charge for the year	–	13,083	–	13,083
Disposal of subsidiaries ( <i>Note 22</i> )	(57,346)	–	(22,165)	(79,511)
Exchange realignment	–	777	–	777
	<u>–</u>	<u>777</u>	<u>–</u>	<u>777</u>
At 31 March 2021	–	<b>23,285</b>	–	<b>23,285</b>
Charge for the year	–	<b>12,973</b>	–	<b>12,973</b>
Exchange realignment	–	<b>(334)</b>	–	<b>(334)</b>
	<u>–</u>	<u><b>(334)</b></u>	<u>–</u>	<u><b>(334)</b></u>
At 31 March 2022	<u><b>–</b></u>	<u><b>35,924</b></u>	<u><b>–</b></u>	<u><b>35,924</b></u>
<b>NET CARRYING VALUE</b>				
At 31 March 2022	<u><b>–</b></u>	<u><b>58,213</b></u>	<u><b>–</b></u>	<u><b>58,213</b></u>
At 31 March 2021	<u><b>–</b></u>	<u><b>71,192</b></u>	<u><b>–</b></u>	<u><b>71,192</b></u>

The Coal Sales Contract represented a legally binding sales contract of coal products entered into between the Group and a customer, which was acquired as part of the Group's acquisition of China Coal and its 90%-owned subsidiary (collectively the "China Coal Group") in prior year. The Coal Sales Contract was fully impaired in prior years and was disposed through CCAT Disposal which was completed during the year ended 31 March 2021.

Customer Network represents a long and close business relationship with customers of S&J Distribution Limited ("S&J") and Alpha Youth Limited (together with its subsidiaries, the "Alpha Youth Group"), which was acquired as part of the Group's acquisitions of S&J and Alpha Youth Group in prior years; and has been allocated to the Household Consumables Business cash generating unit ("CGU") and Concrete Business CGU respectively. The Customer Network of S&J and Alpha Youth Group are amortised on straight-line basis over 10 years and 7 years respectively.

License Agreements represent the authorisation to be an official representative of (i) TOEIC (the Test of English for International Communication) in Hong Kong and Macau; (ii) TOEFL Junior tests (a general assessment of middle school-level English-language proficiency of the Test of English as a Foreign Language) in Hong Kong and Macau; (iii) TOEFL ITP (the Institutional Testing Program of the Test of English as a Foreign Language) in Hong Kong, Macau and the Southern China; and (iv) TOEIC (the Test of English for International Communication) (the tests of listening and reading only) in 8 provinces of the PRC. The License Agreements were acquired as part of the Group's acquisition of DigiSmart (Group) Limited and its subsidiaries (collectively the "DigiSmart Group") in prior years and has been allocated to the Education Business CGU.

The Group assessed the useful lives of the License Agreements as indefinite because the Group considered the License Agreements are renewable at no additional cost and that the business relationship with the license owner becomes probable to continue indefinitely in the foreseeable future. Based on historical records, the Group is able to renew the License Agreements with the license owner without any additional cost.

The License Agreements were disposed of through the DigiSmart Group Disposal during the year ended 31 March 2021.

Particulars regarding impairment testing on other intangible assets are set out in Note 15.

#### 14. GOODWILL

	Concrete Business CGU HK\$'000	Household Consumables Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Digital Technology Business CGU HK\$'000	Education Business CGU HK\$'000	Total HK\$'000
<b>COST</b>						
At 1 April 2020	154,505	9,774	21,795	113,633	61,319	361,026
Disposal of subsidiaries (Note 22)	–	–	–	(113,633)	(61,319)	(174,952)
At 31 March 2021 and 2022	<u>154,505</u>	<u>9,774</u>	<u>21,795</u>	<u>–</u>	<u>–</u>	<u>186,074</u>
<b>ACCUMULATED IMPAIRMENT LOSSES</b>						
At 1 April 2020	–	–	–	80,991	61,319	142,310
Disposal of subsidiaries (Note 22)	–	–	–	(80,991)	(61,319)	(142,310)
At 31 March 2021 and 2022	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>NET CARRYING VALUE</b>						
At 31 March 2022	<u>154,505</u>	<u>9,774</u>	<u>21,795</u>	<u>–</u>	<u>–</u>	<u>186,074</u>
At 31 March 2021	<u>154,505</u>	<u>9,774</u>	<u>21,795</u>	<u>–</u>	<u>–</u>	<u>186,074</u>

Goodwill arising in prior years related to (i) the acquisition of S&J and has been allocated to the Household Consumables Business CGU; (ii) the acquisition of DigiSmart Group and has been allocated to the Digital Technology Business CGU and Education Business CGU in proportion to the estimated fair value of the respective CGUs as at the date of completion of the acquisition; (iii) the acquisition of Chengxin Finance Limited (“Chengxin Finance”) and has been allocated to the Money Lending Business CGU; and (iv) the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

Goodwill allocated to the Digital Technology Business and Education Business were disposed of on 27 July 2020 and 31 March 2021 respectively. Further details are set out in Notes 22(b) and 22(d).

None of the goodwill of the CGUs recognised is expected to be deductible for income tax purposes.

Particulars regarding impairment testing on goodwill are set out in Note 15.

## 15. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing as at 31 March 2022 and 2021, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to three individual CGUs, comprising a subsidiary in Household Consumables Business, a subsidiary in Money Lending Business and subsidiaries in Concrete Business. The carrying amounts of other intangible assets and goodwill as at 31 March 2022 and 2021 allocated to these units are as follows:

	Customer Network with finite useful life		Goodwill	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Household Consumables Business CGU (Unit A)	–	724	9,774	9,774
Money Lending Business CGU (Unit B)	–	–	21,795	21,795
Concrete Business CGU (Unit C)	58,213	70,468	154,505	154,505
	<u>58,213</u>	<u>71,192</u>	<u>186,074</u>	<u>186,074</u>

During the year ended 31 March 2022, the Group determines that there is no impairment of other intangible assets in respect of the Concrete Business CGU. There is no impairment of goodwill in respect of the Household Consumables Business CGU, Money Lending Business CGU and Concrete Business CGU as at 31 March 2022. The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

## **Unit A**

The recoverable amounts of this unit have been determined based on a value-in-use calculation with reference to a professional valuation performed by Asset Appraisal Limited (“AAL”), an independent firm of professionally qualified valuers for the years ended 31 March 2022 and 2021. That calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2021: five-year period). Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (2021: 2%). The pre-tax rate used to discount the forecast cash flows is 18.97% (2021: 15.64%).

## **Unit B**

The recoverable amounts of this unit as at 31 March 2022 and 2021 have been determined based on a value-in-use calculation with reference to a professional valuation performed by AAL. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2021: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2021: 0%). The pre-tax rate used to discount the forecast cash flows is 18.79% (2021: 19.55%).

## **Unit C**

The recoverable amount of this unit as at 31 March 2022 and 2021 have been determined based on a value-in-use calculation with reference to a professional valuation performed by Kroll (HK) Limited (2021: AAL), an independent firm of professionally qualified valuers. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2021: five-year period). Cash flows beyond the projection period are extrapolated using estimated growth rate of 3% (2021: 3%). The pre-tax rate used to discount the forecast cash flows is 17.30% (2021: 17.10%).

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management’s expectation of market development and future performance of the respective CGUs. The discount rate used reflects specific risks relating to industries in relation to the respective CGUs.

For Unit A, Unit B and Unit C, for which no impairment loss was recognised during the year, reasonably possible changes in key assumptions on which the management had based its determination of the units’ recoverable amounts would not cause the units’ carrying amounts to exceed their respective recoverable amounts.

## 16. LOAN RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables		
– Collateralised	68,000	74,070
– Non-collateralised	173,670	182,000
	<u>241,670</u>	<u>256,070</u>
Accrued interest receivables	35,448	49,365
	<u>277,118</u>	<u>305,435</u>
Less: impairment loss recognised	(55,214)	(55,214)
	<u><u>221,904</u></u>	<u><u>250,221</u></u>

The loan receivables of the Group's Money Lending Business are all denominated in Hong Kong dollar ("HK\$"). The initial loan periods granted to customers are mainly within two years. Certain loan receivables are collateral-backed by properties in Hong Kong and the PRC.

The loans provided to customers bore fixed monthly interest rate ranging from 12% to 30% (2021: 12% to 32%) per annum. The effective interest rates of the above loan receivables ranging from 13% to 35% (2021: 13% to 36%) per annum.

The ageing analysis of loan receivables (net of allowance of doubtful debt) prepared based on initial loan commencement date as set out in the relevant contracts is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	–	20,000
91–180 days	–	–
181–365 days	21,800	8,000
Over 365 days	170,800	179,000
	<u><u>192,600</u></u>	<u><u>207,000</u></u>

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. As at 31 March 2022, no impairment loss was provided (2021: approximately HK\$14,139,000) on loan receivables and accrued interest on an individual assessment basis. Certain loan receivables amounting to HK\$12,641,000 (2021: HK\$12,641,000) are guaranteed by a related party.

Loan receivables that were past due but not impaired related to customers that have made regular payments to the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

## 17. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, gross	402,536	350,982
<i>Less: impairment loss recognised</i>	<u>(16,715)</u>	<u>(15,096)</u>
Trade receivables, net	385,821	335,886
Retention receivables, gross	438,501	362,948
<i>Less: impairment loss recognised</i>	<u>(11,721)</u>	<u>(11,180)</u>
Retention receivables, net	426,780	351,768
Bills receivables	33,021	53,343
Prepayments and deposits	301,461	149,457
Other receivables	<u>90,172</u>	<u>38,090</u>
Trade, retention and other receivables and prepayments	<u><b>1,237,255</b></u>	<u><b>928,544</b></u>
Analysed for reporting purposes as:		
Current	1,157,182	854,680
Non-current		
– Retention receivables	<u>80,073</u>	<u>73,864</u>
	<u><b>1,237,255</b></u>	<u><b>928,544</b></u>

*Note:*

- (i) The trade and other receivables are denominated in the functional currencies of the relevant group entities.

### **Trade receivables**

The Group generally allows an average credit period of 30 to 90 days (2021: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers.

The ageing analysis of the Group's trade receivables (net of retention portion and impairment losses) based on the invoice date at the end of the reporting period is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>62,494</b>	40,692
31 – 60 days	<b>51,701</b>	52,527
61 – 90 days	<b>45,780</b>	55,332
Over 90 days	<b>225,846</b>	187,335
	<b>385,821</b>	335,886

All bills receivables were aged within 180 days as at the years ended 31 March 2022 and 2021.

### **Retention receivables**

The Group's retention receivables represent certified contract payments in respect of goods delivered, for which 20% to 30% of the contract value are withheld by customers for retention purposes, and the amount retained is withheld on each payment up to a maximum amount calculated as a prescribed percentage of the contract sum. The retention receivables should be released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects, which the Group's goods satisfactorily passing inspection and is consistent with market practice. In the opinion of the management, the retention receivables to be received after 1 year are classified as non-current assets in the consolidated statements of financial position since it is not expected to realise the retention receivables in the Group's normal operating cycle.

As at 31 March 2022, retention receivables amounting to approximately HK\$426,780,000 (2021: HK\$351,768,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

The ageing analysis of the Group's retention receivables (net of impairment losses) based on the revenue recognition date at the end of the reporting period is as follows:–

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>278,370</b>	280,632
31 – 60 days	<b>10,678</b>	5,792
61 – 90 days	<b>18,200</b>	525
Over 90 days	<b>119,532</b>	64,819
	<b>426,780</b>	351,768

## 18. TRADE AND OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables ( <i>Note a</i> )	345,748	344,155
Bills payable	246,606	44,369
Contract liabilities ( <i>Note b</i> )	16,554	16,395
Other payables and accruals	108,224	42,163
Amount due to controlling shareholder ( <i>Note c</i> )	1,409	1,409
	<u>718,541</u>	<u>448,491</u>

*Notes:*

- (a) The ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	61,358	83,299
31 – 60 days	75,101	23
61 – 90 days	61,115	76,591
Over 90 days	148,174	184,242
	<u>345,748</u>	<u>344,155</u>

The above trade and other payables of the Group are denominated in the functional currencies of the relevant group entities.

- (b) At 31 March 2022 and 2021, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments. Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives a deposit from customers when they sign the concrete supply agreement. The deposit is negotiated on a case by case basis with customers. These deposits are recognised as a contract liability until the revenue recognised exceeds the amount of the deposit.



Movements in contract liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the year	16,395	9,990
Disposal of subsidiaries	–	(792)
Increase in contract liabilities as a result of receipt of customer deposits during the year	3,780	16,435
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(4,006)	(9,972)
Exchange realignment	385	734
	<u>16,554</u>	<u>16,395</u>
At the end of the year	<u>16,554</u>	<u>16,395</u>

(c) The amount was unsecured, interest free and repayable on demand.

**19. BORROWINGS**

	2022 Maturity	2021 Maturity
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current</b>		
Unsecured		
– Current portion of Loans ( <i>Note (ii)</i> )	–	2022 2,289
	<u>–</u>	<u>2,289</u>
Secured		
– Term loan ( <i>Note (i)</i> )	–	2022 50,000
	<u>–</u>	<u>52,289</u>
<b>Non-current</b>		
Unsecured – Loans ( <i>Note (ii)</i> )	2024–2029 94,217	2024–2029 90,408
	<u>94,217</u>	<u>90,408</u>
<b>Total borrowings</b>	<u>94,217</u>	<u>142,697</u>

The current and non-current borrowings were scheduled to repay as follows:–

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed into:		
On demand or within one year	–	52,289
In the second year	<b>35,329</b>	–
In the third to fifth year, inclusive	<b>20,940</b>	56,622
After five years	<b>37,948</b>	33,786
	<u>          </u>	<u>          </u>
	<b>94,217</b>	142,697
	<u>          </u>	<u>          </u>

The amounts due are based on the scheduled repayment dates set out in the borrowing agreements with no repayment on demand clause contained.

*Notes:*

- (i) During the year ended 31 March 2021, the Company entered into a loan facility with an independent third party for a term loan facility amounting to HK\$50,000,000. The loan denominated in HK\$ and bears interest at 12% per annum with term of one year from the date of drawdown. The loan was secured by pledging the entire shares of an indirectly wholly-owned subsidiary, Chengxin Finance as collateral. During the year ended 31 March 2022, the loan has been fully repaid by the Company.
- (ii) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured long term loans (the “Loans”).

The Loans are denominated in Renminbi (“RMB”) and are unsecured and mature between 2 to 10 years from the date of the loan agreements. The Loans bear fixed rate interest of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum. During the year ended 31 March 2021, the interest rate was revised from 1% per annum to nil and several early redemption on part of the outstanding Loans by the Company which resulted in a gain on modification of Loans and a loss on early redemption of approximately HK\$7,592,000 and HK\$2,005,000 recognised in the profit and loss account respectively.

## 20. PROMISSORY NOTES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the year	44,750	68,365
Redemption during the year	–	(30,943)
Loss on early redemption	–	2,827
Effective interest expenses	4,504	4,913
Transfer to accruals	–	(412)
	<u>49,254</u>	<u>44,750</u>
At the end of the year	<u>49,254</u>	<u>44,750</u>
Analysed for reporting purposes as:		
Current liabilities	49,254	–
Non-current liabilities	–	44,750
	<u>49,254</u>	<u>44,750</u>

On 6 January 2020, the Group completed the acquisition of remaining 80% equity interest in Alpha Youth Group, for a nominal consideration of HK\$431,309,000. Part of the consideration was satisfied by the Company's issue of promissory notes in respective principal amounts of HK\$36,000,000 (the "Promissory Note A"), HK\$36,000,000 (the "Promissory Note B") and HK\$60,942,624 (the "Promissory Note C") to the vendor. The Promissory Note A, B and C are unsecured and bear interest at 2% per annum. Promissory Note A, Promissory Note B and Promissory Note C have a maturity period of one year, two years and three years from the date of issuance respectively. The promissory notes can be early redeemed by the Company at all or part of the outstanding principal amount of the promissory notes.

Promissory Note A and B was redeemed in full in previous years while Promissory Note C was partially early redeemed by the Company during the year ended 31 March 2021. The early redemption by the Company resulted in a total loss of approximately HK\$2,827,000 during the year ended 31 March 2021.

During the year ended 31 March 2022, there is no early redemption by the Company.

The fair value of the promissory notes at date of issuance are determined with reference to a professional valuation performed by Grant Sherman Appraisal Limited. The effective interest rate of the promissory notes on initial recognition and the subsequent measurement of interest expense on the promissory notes are calculated using effective interest rate ranged from 7.38% to 9.85% per annum.

## 21. BONDS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the year	155,872	–
Issuance of bonds	25,000	154,752
Interest expenses incurred	7,225	386
Interest paid	(6,568)	–
Exchange realignment	–	734
	<u>181,529</u>	<u>155,872</u>
At the end of the year	<u>181,529</u>	<u>155,872</u>
Analysed for reporting purposes as:		
Current liabilities	25,734	–
Non-current liabilities	155,795	155,872
	<u>181,529</u>	<u>155,872</u>

### *7-year Bond 2028*

On 10 March 2021, the Company issued seven-year corporate bonds with a principal amount of US\$20,000,000 (equivalent to approximately HK\$154,752,000) to an independent third party at an issue price equal to the face value of the bonds (the “7-year Bond 2028”). The 7-year Bond 2028 is unsecured and is denominated in United States Dollars (“US\$”). The principal of the 7-year Bond 2028 bears interest at rate of 4.2% per annum and interest is payable semi-annually in arrears.

The Company may at any time after the fifth anniversary of the issue date of the 7-year Bond 2028 and before the maturity date to early redeem the 7-year Bond 2028 payable, with the prior written consent from the bond holder provided that not less than 30 days advance notice of such redemption intention shall have been given to the bond holders. The redemption should be in integral multiples of US\$5,000,000 and where the outstanding principal amount of the 7-year Bond 2028 to be redeemed is less than US\$10,000,000, any early redemption shall be made in whole, at 100% of the principal amount and the interest accrued up to the day of such early redemption.

At the end of the reporting period, the carrying amount of the 7-year Bond 2028 comprised of principal amount and accrued interest amounted to US\$20,000,000 and US\$52,700 respectively.

On 6 May 2022, the Group entered into share charge agreements with the 7-year Bond 2028 holder in which the entire share capital of Alpha Youth Limited and Grace Wisdom Holdings Limited were secured against the 7-year Bond 2028 until its maturity.

### *3-year Bond 2024*

On 15 November 2021, the direct wholly-owned subsidiary of the Company issued a three-year unlisted bond with a principal amount of HK\$25,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “3-year Bond 2024”). The 3-year Bond 2024 is unsecured and is denominated in HK\$. The principal of the 3-year Bond 2024 bears interest and interest is payable semi-annually in arrears. Interest rate are set out as below:

— 8% per annum for the first anniversary of the issue date;

- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

The Company may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the bond holder provided that not less than one-month advance notice of such redemption intention shall have been given to the bond holders.

The bond holder may at any time after the first anniversary of the issue date of the 3-year Bond 2024 and before the maturity date to early redeem the 3-year Bond 2024 payable, with the prior written consent from the Company provided that not less than three-month advance notice of such redemption intention shall have been given to the Company.

## 22. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of Greenstar Group on 29 September 2021

On 29 September 2021, the Company entered into a sale and purchase agreement with an independent third party in relation to the disposal of entire equity interest and sale loan in Greenstar Enviro-Tech Investments Company Limited (the “Greenstar”) (together with its subsidiary are referred to as the “Greenstar Group”) at a total consideration of HK\$5,000,000 (the “Greenstar Disposal”). The Greenstar Group held a property located in Macau.

In view of the inactive operation of Greenstar Group, the Directors had considered that the Greenstar Disposal allow the Group to realise its investment in Greenstar Group and improve the Group’s gearing ratio.

The Greenstar Disposal was completed on 29 September 2021. Upon completion, Greenstar Group ceased to be a subsidiary of the Company and results, assets and liabilities of Greenstar Group were ceased to be consolidated with those of the Group.

The following table summarises the consideration received for the disposal of Greenstar Group and the net liabilities of Greenstar Group as at the date of disposal.

	<i>HK\$’000</i>
Consideration satisfied by:	
Cash	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px; margin: 0 auto;">5,000</div>

The net liabilities of Greenstar Group as at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	286
Bank balances and cash	25
Trade and other payables and accruals	(4,295)
Shareholders' loan	(21,048)
	<hr/>
Net liabilities disposal of	(25,032)
Assignment of Greenstar Group shareholder's loan	21,048
Reclassification adjustment of exchange reserve on disposal of Greenstar Group	(719)
Gain on disposal of subsidiaries	9,703
	<hr/>
Total cash consideration received	<u>5,000</u>
Net cash inflow arising on the date of disposal:	
Cash consideration	5,000
Bank balances and cash disposed of	(25)
	<hr/>
	<u>4,975</u>

The gain on the disposal of Greenstar Group was included in the other gains and losses, net in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022.

**(b) Disposal of Sino Digital Group on 27 July 2020**

The disposal of Sino Digital Group was completed on 27 July 2020 at consideration of HK\$30 million. Upon completion, Sino Digital Group ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of Sino Digital Group were ceased to be consolidated with those of the Group.

Details of the disposal of Sino Digital Group were set out in the announcement of the Company dated 27 July 2020.

The following table summarises the consideration received for the disposal of Sino Digital Group and the net assets of Sino Digital Group as at the date of disposal:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	5,000
Promissory note receivable	25,000
	<u>30,000</u>
	<u><u>30,000</u></u>
Analysis of assets and liabilities disposed of as at the date of disposal:	
Goodwill ( <i>Note 14</i> )	32,642
Trade and other receivables, prepayments and deposits	1,160
Bank balances and cash	1,195
Accruals and other payable	(4,169)
Tax payable	(1,040)
	<u>29,788</u>
Net assets disposed of	29,788
Reclassification adjustment of exchange reserve on disposal of Sino Digital Group	(2)
Direct cost incurred for disposal	100
Gain on disposal of subsidiaries	114
	<u>30,000</u>
	<u><u>30,000</u></u>
Net cash inflow arising on the date of disposal:	
Cash consideration	5,000
Bank balances and cash disposed of	(1,195)
Cost directly attributable to the disposal	(100)
	<u>3,705</u>
	<u><u>3,705</u></u>

The gain on disposal of Sino Digital Group was included in the profit from discontinued operations (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021.

(c) **Disposal of China Coal Alliances Trading Company Limited (“CCAT”) on 1 September 2020**

The disposal of CCAT was completed on 1 September 2020 at consideration of HK\$100. Upon completion, CCAT ceased to be a subsidiary of the Company and results, assets and liabilities of CCAT were ceased to be consolidated with those of the Group.

The net liabilities of CCAT as at the date of disposal were as follows:

	<i>HK\$'000</i>
Other intangible assets ( <i>Note 13</i> )	–
Trade and other payables and accruals	(17,935)
Shareholders’ loan	(19,279)
	<hr/>
Net liabilities disposal of	(37,214)
Non-controlling interest	3,721
Assignment of CCAT Shareholder’s Loan	19,279
Reclassification adjustment of exchange reserve on disposal of CCAT	162
Gain on disposal of subsidiary	14,052
	<hr/>
Total cash consideration received	<u><u>–*</u></u>

\* Cash consideration at HK\$100

The gain on the disposal of CCAT was included in the profit from discontinued operations (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021.



**(d) Disposal of DigiSmart Group on 31 March 2021**

The disposal of DigiSmart Group was completed on 31 March 2021 at consideration of HK\$40 million. Upon completion, DigiSmart Group ceased to be a subsidiary of the Company and consolidated results, assets and liabilities of DigiSmart Group were ceased to be consolidated with those of the Group.

Details of the disposal of DigiSmart Group were set out in the announcements of the Company dated 10 March 2021 and 31 March 2021.

The following table summarises the consideration received for the disposal of DigiSmart Group and the net assets of DigiSmart Group as at the date of disposal:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	4,000
Promissory note receivable	36,000
	<u>40,000</u>
Analysis of assets and liabilities disposed of as at the date of disposal:	
Other intangible assets ( <i>Note 13</i> )	32,841
Property, plant and equipment	59
Trade and other receivables, prepayments and deposits	9,106
Inventory	30
Tax recoverable	633
Bank balances and cash	756
Accruals and other payable	(29,379)
Deferred tax liabilities	(5,423)
	<u>8,623</u>
Net assets disposed of	8,623
Reclassification adjustment of exchange reserve on disposal of DigiSmart Group	(79)
Direct cost incurred for the disposal	100
Gain on disposal of subsidiaries	31,356
	<u>40,000</u>
Total consideration received	<u>40,000</u>
Net cash inflow arising on the date of disposal:	
Cash consideration	4,000
Bank balances and cash disposed of	(756)
Cost directly attributable to the disposal	(100)
	<u>3,144</u>

The gain on disposal of DigiSmart Group was included in the profit from discontinued operations (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

During the year, the Group has been engaged in (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); (ii) wholesale and retail of household consumables (“Household Consumables Business”) and (iii) provision of money lending services (“Money Lending Business”). During the year, no business segment was disposed. Details of the businesses disposed of during the year ended 31 March 2021 are disclosed in note 9 to the consolidated financial statements.

The Group recorded a net profit attributable to owners of the Company of approximately HK\$31.3 million as compared with a net profit of approximately HK\$43.9 million for the year ended 31 March 2021.

#### **Revenue**

The Group’s revenue from continuing operations decreased by approximately HK\$54.8 million or 6% from approximately HK\$919.3 million for the year ended 31 March 2021 to approximately HK\$864.5 million for the corresponding period in 2022.

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the year ended 31 March 2022, with comparative figures for the corresponding period in 2021:

	Year ended 31 March			
	2022 <i>HK\$'000</i>	2022 %	2021 <i>HK\$'000</i>	2021 %
By segment:				
Concrete Business	<b>769,845</b>	<b>89.1</b>	838,506	91.2
Household Consumables Business	<b>60,597</b>	<b>7.0</b>	47,651	5.2
Money Lending Business	<b>34,066</b>	<b>3.9</b>	33,175	3.6
Total	<b><u>864,508</u></b>	<b><u>100.0</u></b>	<u>919,332</u>	<u>100.0</u>

	Year ended 31 March			
	2022 <i>HK\$'000</i>	2022 %	2021 <i>HK\$'000</i>	2021 %
By geographical location:				
The People's Republic of China (the "PRC")	<b>769,845</b>	<b>89.1</b>	838,506	91.2
United Kingdom (the "UK")	<b>60,597</b>	<b>7.0</b>	47,651	5.2
Hong Kong	<b>34,066</b>	<b>3.9</b>	33,175	3.6
Total	<b><u>864,508</u></b>	<b><u>100.0</u></b>	<u>919,332</u>	<u>100.0</u>

During the year, revenue from Concrete Business accounts for approximately 89.1% of the Group's total revenue from continuing operations, taking the lead in all businesses of the Group. The Group's revenue from Concrete Business decreased by approximately HK\$68.7 million or 8.2% from approximately HK\$838.5 million for the year ended 31 March 2021 to approximately HK\$769.8 million for the corresponding period in 2022 was due to the decrease in sales volume as affected by the minor setback of real estate development in Hainan Province during the year ended 31 March 2022.

The Group's revenue from Household Consumables Business increased by approximately HK\$12.9 million or 27.2% from approximately HK\$47.7 million for the year ended 31 March 2021 to approximately HK\$60.6 million for the corresponding period in 2022 was mainly due to increase in sales volume of household consumables products in the UK. The local epidemic was under controlled and the ease of lockdown restrictions in the UK favored the local retail business as compared with the stagnated economy due to lock down measures which were imposed by the government of the UK during the year ended 31 March 2021.

Revenue from Money Lending Business increased slightly by approximately HK\$0.9 million or 2.7% from approximately HK\$33.2 million for the year ended 31 March 2021 to approximately HK\$34.1 million during the corresponding period in 2022.

### Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the year ended 31 March 2022, with comparative figures for the corresponding period in 2021:

	Year ended 31 March			
	2022 HK\$'000	2022 GP%	2021 HK\$'000	2021 GP%
By segment:				
Concrete Business	147,471	19.1	155,332	18.5
Household Consumables Business	12,945	21.4	9,507	20.0
Money Lending Business	<u>34,066</u>	100.0	<u>33,175</u>	100.0
Overall	<u>194,482</u>	22.5	<u>198,014</u>	21.5

Gross profit from continuing operations decreased by approximately HK\$3.5 million or 1.8% from approximately HK\$198.0 million for the year ended 31 March 2021 to approximately HK\$194.5 million year-on-year. The decrease in gross profit was primarily driven by the decrease in sales volume from Concrete Business due to the delay of several on-going construction projects of the Group's customers and the number of available construction projects in the industry.

However, the Group's gross profit margin from Concrete Business increased from approximately 18.5% to approximately 19.1% as the Group continued to strengthen its basic management, enhance the operating efficiency and increase the average selling price of ready-mixed concrete during the year.

The Group's gross profit margin for Household Consumables Business slightly increased from approximately 20.0% for the year ended 31 March 2021 to approximately 21.4% for the corresponding period in 2022.

The gross profit margin for Money Lending Business was 100% for both years ended 31 March 2022 and 2021 and continue to contribute a positive impact to the Group's gross profit margin.

### **Other Income**

For the year, other income from continuing operations mainly consists of rental income, interest income from convertible bonds receivables, commission income and litigation income. Other income increased by approximately HK\$3.6 million from approximately HK\$6.6 million for the year ended 31 March 2021 to approximately HK\$10.2 million for the corresponding period in 2022 due to the combined effects of (i) increase in commission income by approximately HK\$2.0 million; (ii) increase in rental income by approximately HK\$2.0 million; and (iii) partly offset by the decrease in government grants/subsidies of approximately HK\$2.3 million.

### **Other Gains and Losses, Net**

Other gains and losses, net from continuing operations for the year ended 31 March 2022 mainly comprise of loss on disposals of property, plant and equipment of approximately HK\$6.4 million; fair value loss on investments at fair value through profit or loss of approximately HK\$4.1 million; impairment loss on trade, retention and other receivables of approximately HK\$1.8 million; and whereas offset by the gain on disposal of subsidiaries of approximately HK\$9.7 million.

Other gains and losses, net decreased by approximately HK\$6.6 million or 63.4% from a net loss of approximately HK\$10.5 million for the year ended 31 March 2021 to approximately HK\$3.8 million for the corresponding period in 2022. The decrease in other net losses mainly due to the absence of impairment loss on loan receivables of approximately HK\$14.1 million which incurred during the year ended 31 March 2021; whereas offset by the gain on modification of borrowings of approximately HK\$7.6 million recognised in the year ended 31 March 2021.

### **Selling and Distribution Expenses**

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Approximately HK\$75.6 million was recognised during the year ended 31 March 2022 which decreased by approximately HK\$5.9 million or 7.3% compared with the corresponding period in 2021. The primary reason for the decrease was due to the proactive effort by the Group in cost control resulted in improved operational efficiency.

## **Administrative Expenses**

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and depreciation charges for owned assets and right-of-use assets. Administrative expenses decreased slightly by approximately HK\$1.6 million or 2.4% from approximately HK\$67.3 million for the year ended 31 March 2021 to approximately HK\$65.7 million for the corresponding period in 2022.

## **Finance Costs**

Finance costs from continuing operations mainly represent interest expenses on bonds payable, promissory notes, borrowings and lease liabilities. The finance costs increased by approximately HK\$1.8 million or 7.0% from approximately HK\$25.5 million for the year ended 31 March 2021 to approximately HK\$27.3 million for the corresponding period in 2022 due to the increase in outstanding interest-bearing bonds payable as at 31 March 2022 as compared to 31 March 2021.

## **Profit before Income Tax**

The Group recorded a profit before income tax from continuing operations of approximately HK\$32.1 million for the year ended 31 March 2022 as compared to a profit before income tax of approximately HK\$19.9 million for the year ended 31 March 2021. The increase in profit before tax was mainly attributable to (i) the absence of impairment loss recognised in respect to the loan receivables; (ii) nil loss on early redemption of promissory notes and borrowings recognised during the year ended 31 March 2022; and (iii) decrease in selling and distribution expenses and administrative expenses of the Group.

## **Income Tax Expense**

As all of the Group's profit are derived from the PRC, the UK and Hong Kong, the Group is subject to income tax in the PRC, the UK and Hong Kong.

The Group's income tax expense from continuing operations decreased by approximately HK\$20.3 million or 96.0% from approximately HK\$21.1 million for the year ended 31 March 2021 to approximately HK\$0.8 million for the corresponding period in 2022 primarily due the recognition of under-provision of the PRC enterprise income tax of approximately HK\$9.4 million during the year ended 31 March 2021.

## **Total Comprehensive Income for the Year Attributable to Owners of the Company**

The total comprehensive income for the year attributable to owners of the Company was approximately HK\$46.8 million for the year ended 31 March 2022 as compared to approximately HK\$50.2 million for the year ended 31 March 2021.

## Liquidity and Financial Resources

As at 31 March 2022, the Group had indebtedness comprising promissory notes, bonds payable and borrowings amounted to approximately HK\$325.0 million (2021: approximately HK\$343.3 million).

As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$138.5 million (2021: approximately HK\$110.1 million) which were denominated in Hong Kong Dollar (“HK\$”), Renminbi (“RMB”), British Pound (“GBP”) and United States Dollar (“USD”).

As at 31 March 2022, the Group’s current ratio, calculated based on current assets over current liabilities, was approximately 2.0 (2021: approximately 2.6), reflecting the abundance of financial resources. The Group’s gearing ratio was approximately 34.0% (2021: approximately 37.4%), calculated based on the total debts of approximately HK\$325.0 million (2021: approximately HK\$343.3 million) over shareholders’ equity of approximately HK\$955.5 million (2021: approximately HK\$919.2 million).

## Capital Structure

The capital structure of the Group as at 31 March 2022 are summarised as follows:

### (A) *Share Capital*

As at 31 March 2022, the Company has 3,499,098,293 ordinary shares (2021: 3,499,098,293 ordinary shares) in issue with total shareholders’ equity of the Group amounted to approximately HK\$955.5 million (31 March 2021: approximately HK\$919.2 million).

### (B) *Promissory Notes*

Summary of the promissory notes movement during the year ended 31 March 2022 are as follows. Further details are set out in note 20 to the consolidated financial statements.

Date of issue	Maturity date	Interest rate per annum	Principal amount (HK\$)		
			As at 01.04.2021	Redeemed during the year	As at 31.03.2022
6 January 2020	6 January 2023	<u>2%</u>	<u>50,000,000</u>	<u>–</u>	<u>50,000,000</u>

### **(C) Bonds Payable**

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of USD20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bond. The corporate bond is unsecured and is denominated in USD. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears.

On 15 November 2021, a directly wholly-owned subsidiary of the Company issues a three-year unlisted bond with a principal amount of HK\$25 million to an independent third party at an issue price equal to the face value of the bond. The bond is unsecured and denominated in HK\$. The principal of the unlisted bond payable bears interest at rates ranged from 8% to 10% per annum and is payable semi-annually in arrears.

Further details of the above bonds payable are set out in note 21 to the consolidated financial statements.

Details of other borrowings of the Group are set out in note 19 to the consolidated financial statements.

### **Currency and Interest Rate Exposure**

Certain sales transactions of the Group are denominated in foreign currencies, which expose the Group to foreign currency risks. Currently, the Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2022. The exposure in exchange rate risks mainly arose from fluctuations of USD, GBP and RMB to HK\$. The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD is pegged with HK\$.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and the Group's exposure to interest rate risk on bank balances is expected to be minimal.

### **Lending Transaction**

In Money Lending Business, potential borrowers were sought from the social and business networks of the management and marketing team. Risk assessment committee formed in Money Lending Business, comprising of a team of experienced personnel who possess sound financial and business knowledge, is responsible for assessing and approving loans



within pre-determined credit limits. Various approval criteria are carefully considered during the credit assessment stage, including client's credit rating by reputable credit rating agencies, client's capital base and the existence and amount of guarantees, borrowing history, credit history and relevant investigative results from due diligence during the application procedure.

The loan officer is responsible to communicate with and monitor the recoverability of loans and conditions of the customers regularly. Any delayed payment or default in material terms in the loan agreement will be reported to the management. Different measures, including enforcement of the collateral and guarantee and/or commencement of legal proceedings against the customer to recover any late payment charges and penalty interest, will be taken having considered the normal market practice, the actual circumstances during the credit collection processes and negotiations with relevant customers in order to reduce any possible credit losses.

As at 31 March 2022, the aggregate outstanding balances of top five customers in Money Lender Business, who are project investors in PRC or Hong Kong, amounted to approximately 57% of the total loan receivables of the Group.

For further details of the major terms of loans granted including loan receivables, interest rate, loan period, maturity date, details of collaterals and discussion on movements in loan impairments, please refer to note 16 to the consolidated financial statements.

### **Charge on Assets**

As at 31 March 2022, no assets of the Group have been pledged as security for the borrowings of the Group (2021: Entire issued share capital of an indirectly wholly owned subsidiary of the Company was pledged for borrowings). The details are set out in notes 19 and 21 to the consolidated financial statements.

### **Contingent Liabilities**

As at 31 March 2022, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2021: Nil).

## Capital Commitment

As at 31 March 2022, the Group had the following commitments:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital commitment contracted but not provided for:		
— Limited partnership interest	42,889	46,163
— Capital contributions payable to an associate	24,661	—
	<u>67,550</u>	<u>46,163</u>

## Operating Lease Commitments

### *The Group as Lessor*

As at 31 March 2022, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	308	161
In the second to fifth years, inclusive	874	217
	<u>1,182</u>	<u>378</u>

## Employee Information and Remuneration Policy

As at 31 March 2022, the Group employed a total of 221 (31 March 2021: 267) employees. During the year ended 31 March 2022, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK\$52.6 million (2021: approximately HK\$52.6 million).

The Group firmly believes that staff is the most important resources and provides its staff with sound working conditions. The salaries and benefits of the Group's employees are maintained at a competitive level and the Group periodically review the performance of the employees for determining the level of salary adjustment and promotion of the employees. Discretionary year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefits.

The Company adopted the share option scheme on 26 February 2015, where options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group.

## **Events After The Reporting Period**

### **Placing of 699,000,000 ordinary shares under general mandate**

On 29 April 2022, the Company completed the placing of shares and a total of 699,000,000 ordinary shares were issued and allotted at placing price of HK\$0.105 per share to not less than six places.

The net proceeds from the placing were approximately HK\$71.2 million and were intended to be use for the Group's general working capital purpose and for the growth and expansion of the business of the Group. Up to the date of this announcement, about 30% of the net proceeds was utilised according to the intended purpose. Further details are set out in the Company's announcements dated 19 April 2022 and 29 April 2022.

## **Prospects**

The ongoing pandemic around the globe have shown a successive hit to the global economy and challenge its recovery. The Group will continue to develop its existing businesses especially Concrete Business to maintain the profitability of the Group for the forthcoming years.

### ***Concrete Business***

Concrete Business continues to contribute to a strong and stable revenue to the Group even during the economic downturn caused by the pandemic during the year ended 31 March 2022. The PRC government has deployed new strategies in highlighting the support in new infrastructure construction for high-quality development and the enhancement of building of basic-need housing and the better support of commercial housing market to meet the housing demand of home buyers. In Hainan Province, where Concrete Business operates, the local government continues to develop the free-trade zone which drives infrastructure construction. In line with the national and local government policies, the demand for concrete is expected to grow steadily in the future. To ensure a steady supply of raw materials, the Group is exploring the feasibility in acquiring and/or investing in businesses supplying sand and gravels. With the Group's strong customer and industry network, the Group is confident to grasp the business opportunities in the market to secure a steady growth in this segment.

### ***Household Consumables Business***

Household Consumables Business has a slight increase in performance compared with last year as the UK economy is gradually recovering from the pandemic. However, with the additional challenges from rising prices and supply bottlenecks, which may drag on the once robust recovery of the UK economy. The Group is still optimistic on the performance of Household Consumables Business and would continue assess the performance and potential growth in this segment.

### ***Money Lending Business***

Money Lending Business continues to contribute to a stable and favorable income stream to the Group. The Group's Money Lending Business is one of the third-tier licensed money lenders in Hong Kong. The Group continues to position as a small but resilient market player in the industry relying on our stringent and continuous risk assessment procedures. The Group is optimistic on the continual profitability in this segment and will continue to develop this business under prudent credit control procedures and strategies to balance between business growth and risk exposure.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company and the Board are devoted to achieve and promote a high standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing shareholder's value and safeguarding interests of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles with emphasis on effective internal control, stringent disclosure practices, transparency and accountability to all stakeholders.

Throughout the year ended 31 March 2022 and up to the date of this announcement, the Company has complied with all the code provisions contained in Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules"), with the exception of the following deviations:

### **Code provision A.2.1**

The code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Wai Sing ("Mr. Wong") held the role of chairman of the Board ("Chairman") and chief executive officer of the Company during the year ended 31 March 2022.

The Board is of the view that it is appropriate and in the best interests of the Company for Mr. Wong to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be undermined.

Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

The Board will continue to review and improve the corporate governance practices and standards of the Group to ensure its business activities and decision-making processes are regulated in a proper and prudent manner.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the year ended 31 March 2022.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the year ended 31 March 2022.

## **AUDIT COMMITTEE AND FINANCIAL INFORMATION**

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year, but represents an extract from the consolidated financial statements. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, and the final results of the Group for the year ended 31 March 2022.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by ZHONGHUI ANDA 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **PUBLICATION OF FURTHER FINANCIAL INFORMATION**

The annual results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.huashengih.com>). The annual report for the year ended 31 March 2022 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange's website and Company's website in due course.

By Order of the Board  
**Huasheng International Holding Limited**  
**Wong Jeffrey**  
*Executive Director*

Hong Kong, 24 June 2022

*As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chan Kin Lung and Mr. Wong Jeffrey; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Mr. Li Kwok Tai, James.*