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**STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED**  
**國能集團國際資產控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 918)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of State Energy Group International Assets Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

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

*For the year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Turnover	4	<b>207,226</b>	276,890
Cost of sales		<b>(172,081)</b>	(230,439)
Gross profit		<b>35,145</b>	46,451
Other gains	5	<b>189</b>	646
Other income	5	<b>2,139</b>	3,473
Selling and distribution expenses		<b>(4,604)</b>	(5,784)
Administrative expenses		<b>(12,059)</b>	(19,944)
Impairment losses under expected credit loss model, net of reversal		<b>(17,155)</b>	(2,886)
Impairment loss on property, plant and equipment		—	(409)
Impairment loss on right-of-use assets		—	(1,618)
Fair value loss on investment properties	11	<b>(13,420)</b>	(3,314)
Fair value gain (loss) on contingent consideration payable		<b>547</b>	(383)
Finance costs	6	<b>(298)</b>	(2,838)
(Loss) profit before taxation	7	<b>(9,516)</b>	13,394
Income tax expense	8	<b>(2,200)</b>	(3,144)
(Loss) profit for the year		<b>(11,716)</b>	10,250
<b>Other comprehensive (expense) income for the year</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>498</b>	591
<b>Item that will not be reclassified to profit or loss:</b>			
(Loss) gain on revaluation of land and building held for own use		<b>(3,013)</b>	1,303
Total comprehensive (expense) income for the year		<b>(14,231)</b>	12,144
<b>(Loss) profit for the year attributable to:</b>			
Owners of the Company		<b>(11,716)</b>	7,614
Non-controlling interests		—	2,636
		<b>(11,716)</b>	10,250

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Total comprehensive (expense) income attributable to:</b>			
Owners of the Company		<b>(14,231)</b>	9,234
Non-controlling interests		<u>—</u>	<u>2,910</u>
		<b><u>(14,231)</u></b>	<b><u>12,144</u></b>
<b>(Loss) earnings per share</b>			
			(restated)
– basic (HK cents)	<i>10</i>	<b><u>(2.13)</u></b>	<u>12.68</u>
			(restated)
– diluted (HK cents)	<i>10</i>	<b><u>(2.13)</u></b>	<u>12.68</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		32,291	36,887
Investment properties	11	104,979	118,471
Right-of-use assets		130	650
Rental deposit	12	—	680
		<u>137,400</u>	<u>156,688</u>
<b>Current assets</b>			
Inventories		39,045	27,328
Trade and other receivables	12	166,455	172,693
Bank balances and cash		66,145	7,609
		<u>271,645</u>	<u>207,630</u>
<b>Total assets</b>		<u><b>409,045</b></u>	<u><b>364,318</b></u>
<b>Current liabilities</b>			
Trade and other payables	13	89,300	73,934
Contract liabilities		5,241	4,825
Bank borrowings	15	5,000	—
Amount due to a shareholder	14	—	156,627
Lease liabilities		413	1,953
Tax payable		6,625	5,332
		<u>106,579</u>	<u>242,671</u>
<b>Net current assets (liabilities)</b>		<u><b>165,066</b></u>	<u><b>(35,041)</b></u>
<b>Total assets less current liabilities</b>		<u><b>302,466</b></u>	<u><b>121,647</b></u>

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities		—	413
Contingent consideration payable		—	547
Rental deposit received	<i>13</i>	<b>175</b>	771
Deferred tax liabilities		<b>2,025</b>	3,654
		<u><b>2,200</b></u>	<u>5,385</u>
<b>Net assets</b>		<u><b>300,266</b></u>	<u>116,262</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>7,737</b>	95,631
Reserves		<b>292,529</b>	20,631
		<u><b>300,266</b></u>	<u>116,262</u>
<b>Total equity</b>		<u><b>300,266</b></u>	<u>116,262</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2022*

## 1. GENERAL INFORMATION

State Energy Group International Assets Holdings Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares (the “**Share**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Always Profit Development Limited, a company incorporated in British Virgin Islands. Its ultimate controlling party is Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company. The address of its principal place of business is Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and provision of marketing services.

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

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

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform — Phase 2  
HKFRS 7, HKFRS 4 and HKFRS 16

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19 Related Rent Concessions for the first time for their annual reporting periods commencing 1 April 2020.

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

## 2.1 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:

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	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>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

***Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.



HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

#### ***Amendments to HKAS 8 “Definition of Accounting Estimates”***

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

### **3. BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

#### 4. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and provision of marketing services. Turnover mainly represents the consideration of goods sold, rental income received and receivable and marketing services provided. An analysis of turnover is as follows:

##### (i) Analysis of revenue

	2022	2021
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis</b>		
Export sales of garments and sportswear products	91,188	103,483
Local sales of garments and sportswear products	71,340	113,969
Marketing services income	40,674	55,370
	<u>203,202</u>	<u>272,822</u>
<b>Revenue from other sources</b>		
Rental income	4,024	4,068
	<u>207,226</u>	<u>276,890</u>

##### (ii) Performance obligations for contracts with customers

Revenue from export sales and local sales of garments and sportswear products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Marketing services income are recognised at the point in time when the related services are taken place.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for export and local sales of garments and sportswear products, and marketing services income such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts for export sales and local sales of garments and sportswear products, and marketing services income that had an original expected duration of one year or less.

The Group operates mainly in Hong Kong and the People's Republic of China ("PRC") and in the following business segments:

- i) Garment business - Sales of garments to both local and overseas customers

The Group satisfies its performance obligation upon delivery of the goods sold to the customers;

- ii) Property investment - Investing and letting of properties; and

- iii) Marketing services – Provision of marketing services.

The Group organises marketing and promotional events. The Group satisfies its performance obligations upon completion of the events. In addition, the Group also provides promotional services for the advertised products specified by the customers in a wide range of online channels. The Group satisfies its obligations upon releases of the promotional products to the online channels.

Segment profit or loss represents the profit or loss from each segment without allocation of corporate income, central administrative costs, finance costs, fair value gain (loss) on contingent consideration payable, gain on disposal of subsidiaries and professional expenses which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, inventories, bank balances and cash, trade receivables, deposits, prepayments and other receivables. They exclude assets used for corporate functions.

Segment liabilities consist primarily of trade and bills payables, other payables and accrued charges, contract liabilities, deposits received and lease liabilities. They exclude tax payable, deferred tax liabilities, contingent consideration payable and amount due to a shareholder and liabilities used for corporate functions.

**PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS**

	2022			
	Garment business HK\$'000	Property investment HK\$'000	Marketing services HK\$'000	Total HK\$'000
Turnover	<u>162,528</u>	<u>4,024</u>	<u>40,674</u>	<u>207,226</u>
Segment operating profit (loss)	<u>3,081</u>	<u>(10,005)</u>	<u>157</u>	(6,767)
Unallocated corporate income				2,139
Unallocated corporate expenses				(5,137)
Fair value gain on contingent consideration payable				<u>547</u>
Operating loss				(9,218)
Finance costs				<u>(298)</u>
Loss before taxation				(9,516)
Income tax expense				<u>(2,200)</u>
Loss for the year				<u>(11,716)</u>
Segment assets	231,575	107,531	50,549	389,655
Unallocated assets				<u>19,390</u>
Total assets				<u>409,045</u>
Segment liabilities	65,955	175	32,531	98,661
Unallocated liabilities				1,468
Tax payable				6,625
Deferred tax liabilities				<u>2,025</u>
Total liabilities				<u>108,779</u>

	<b>2022</b>				
	<b>Garment business</b>	<b>Property investment</b>	<b>Marketing services</b>	<b>Corporate</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	<b>1,564</b>	—	—	<b>19</b>	<b>1,583</b>
Depreciation of right-of-use assets	<b>520</b>	—	—	—	<b>520</b>
Fair value loss on investment properties	—	<b>13,420</b>	—	—	<b>13,420</b>
Fair value gain on contingent consideration payable	—	—	—	<b>(547)</b>	<b>(547)</b>
Impairment losses under expected credit loss model, net of reversal	<b>8,656</b>	<b>599</b>	<b>7,900</b>	—	<b>17,155</b>

	2021			
	Garment business HK\$'000	Property investment HK\$'000	Marketing services HK\$'000	Total HK\$'000
Turnover	<u>217,452</u>	<u>4,068</u>	<u>55,370</u>	<u>276,890</u>
Segment operating profit	<u>10,256</u>	<u>976</u>	<u>11,365</u>	22,597
Unallocated corporate income				2,130
Unallocated corporate expenses				(8,365)
Fair value loss on contingent consideration payable				(383)
Gain on disposal of subsidiaries				<u>253</u>
Operating profit				16,232
Finance costs				<u>(2,838)</u>
Profit before taxation				13,394
Income tax expense				<u>(3,144)</u>
Profit for the year				<u>10,250</u>
Segment assets	218,171	119,823	24,774	362,768
Unallocated assets				<u>1,550</u>
Total assets				<u>364,318</u>
Segment liabilities	71,806	771	7,696	80,273
Unallocated liabilities				1,623
Tax payable				5,332
Amount due to a shareholder				156,627
Contingent consideration payable				547
Deferred tax liabilities				<u>3,654</u>
Total liabilities				<u>248,056</u>

	2021				
	Garment business HK\$'000	Property investment HK\$'000	Marketing services HK\$'000	Corporate HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	1,734	—	—	28	1,762
Depreciation of right-of-use assets	1,815	—	—	—	1,815
Fair value loss on investment properties	—	3,314	—	—	3,314
Changes in fair value on contingent consideration payable	—	—	—	383	383
Gain on disposal of subsidiaries	—	—	—	(253)	(253)
Impairment loss on property, plant and equipment	409	—	—	—	409
Impairment loss on right-of-use assets	1,618	—	—	—	1,618
Impairment losses under expected credit loss model, net of reversal	2,532	—	354	—	2,886

## SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

	2022	
	Turnover HK\$'000	Non-current assets HK\$'000
Africa	91,188	—
Hong Kong	50,224	103,510
PRC	65,814	33,890
	<u>207,226</u>	<u>137,400</u>

	2021	
	Turnover	Non-current assets
	HK\$'000	HK\$'000
Africa	103,483	—
Hong Kong	75,291	117,637
PRC	98,116	38,371
	<u>276,890</u>	<u>156,008</u>

Revenue is allocated based on the country in which the customers are located. Non-current assets (excluded rental deposit) are allocated based on where the assets are located.

### INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers in the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	HK\$'000	HK\$'000
Customer A from the garment business	71,041	78,245
Customer B <sup>1</sup> from the garment business	<u>36,363</u>	<u>N/A</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2021.



## 5. OTHER GAINS/OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
<b>Other gains</b>		
Gain on disposal of subsidiaries	—	253
Net exchange gain	<u>189</u>	<u>393</u>
	<u><b>189</b></u>	<u>646</u>
<b>Other income</b>		
Interest income from a loan to a third party (Note (i))	2,101	—
Bank interest income	1	1
Commission income	—	1,285
Government grants (Note (ii))	—	1,605
Sundry income	<u>37</u>	<u>582</u>
	<u><b>2,139</b></u>	<u>3,473</u>

Notes:

- (i) During the year ended 31 March 2022, the Group recognised interest income from a loan to a third party of approximately HK\$2,101,000 (2021: nil) which carried interest at a fixed rate of 2% per month.
- (ii) During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$1,525,000 (2022: nil) in respect of COVID-19-related subsidies which were granted to the Group under the Employment Support Scheme provided by the Hong Kong government.

## 6. FINANCE COSTS

	2022	2021
	HK\$'000	HK\$'000
Interest on bank borrowings and overdrafts	211	1,008
Interest on lease liabilities	87	198
Interest on loans from a related company (Note)	—	1,632
	<u>298</u>	<u>2,838</u>

Note: On 6 November 2018, the amounts of approximately HK\$125,087,000 and its related interests payable due to the Company's former immediate holding company, State Energy HK Limited ("State Energy HK") was assigned to a related company of the Group by a court order.

The interest expense was accrued in accordance with the loan agreements carrying contracted interest rates at 4.25% signed with State Energy HK and the effective interest rates were ranged from 4.25% to 5.75% during the year ended 31 March 2021. The loans from a related company were fully repaid in 2021.

## 7. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation is stated after charging the following:

	2022	2021
	HK\$'000	HK\$'000
Cost of inventories sold	141,419	188,349
Auditor's remuneration	500	580
Depreciation of property, plant and equipment	1,583	1,762
Depreciation of right-of-use assets	520	1,815
Legal and professional fees	1,339	4,033
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	6,446	11,293
—Retirement benefits scheme contributions	248	396
Total staff costs	<u>6,694</u>	<u>11,689</u>

## 8. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2022 HK\$'000	2021 HK\$'000
Current tax – current year		
Hong Kong Profits Tax	772	508
PRC Enterprise Income tax (the “EIT”)	<u>2,024</u>	<u>2,943</u>
	2,796	3,451
Underprovision in respect of prior years:		
Hong Kong Profits Tax	1,033	—
Deferred tax		
Current year	<u>(1,629)</u>	<u>(307)</u>
	<u><u>2,200</u></u>	<u><u>3,144</u></u>

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

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

## 9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2022 and 2021.

## 10. (LOSS) EARNINGS PER SHARE

### Basic (loss) earnings per share

The calculation of basic (loss) earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK\$11,716,000 (2021: profit for the year attributable to owners of the Company of HK\$7,614,000) and the weighted average number of ordinary shares in issue during the year of 550,200,000 shares (2021 (restated): 60,058,000 shares).

The weighted average number of ordinary shares in issue for the year ended 31 March 2021 has been adjusted retrospectively to reflect the capital reorganisation completed on 26 July 2021 and the rights issue completed on 23 August 2021.

### Diluted (loss) earnings per share

There was no dilutive potential ordinary shares outstanding during both years as the Company did not have potential ordinary shares outstanding during the years ended 31 March 2022 and 2021. Accordingly, the diluted (loss) earnings per share is same as basic (loss) earnings per share for both years.

## 11. INVESTMENT PROPERTIES

	2022	2021
	HK\$'000	HK\$'000
At the beginning of the year	118,471	121,785
Changes in fair value included in profit or loss	(13,420)	(3,314)
Exchange adjustment	(72)	—
	<hr/>	<hr/>
At the end of the year	<u>104,979</u>	<u>118,471</u>

## 12. TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	154,619	158,369
Less: Allowance for credit losses	<u>(20,066)</u>	<u>(3,503)</u>
Trade receivables, net	<u>134,553</u>	<u>154,866</u>
Deposits paid to suppliers (note i)	29,066	15,953
Other receivables, net (note ii)	1,431	1,332
Prepayments	389	278
Rental, utility and sundry deposits	<u>1,016</u>	<u>944</u>
	<u>31,902</u>	<u>18,507</u>
Total trade and other receivables	<u>166,455</u>	<u>173,373</u>
Less: Current portion	<u>166,455</u>	<u>172,693</u>
Non-current portion	<u>—</u>	<u>680</u>

Notes:

- (i) As at 31 March 2022, included in deposits paid to suppliers of approximately HK\$28,372,000 (2021: HK\$14,093,000) is deposits paid to suppliers for marketing services.
- (ii) As at 31 March 2022, included in other receivables of approximately HK\$209,000 (2021: HK\$444,000) relating to the trading of electronic parts for which the Group is considered as an agent to arrange the trades.

At the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of allowance for credit losses, is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Within 1 month	<b>27,569</b>	15,823
1 to 3 months	<b>24,520</b>	34,160
3 to 6 months	<b>29,896</b>	68,053
Over 6 months	<b>52,568</b>	36,830
	<b>134,553</b>	154,866

The trade receivables were denominated in United States dollars (“US\$”), HK\$ and Renminbi (“RMB”).

The majority of the Group’s sales to overseas customers are generally on open account of 120 days (2021: 120 days) from the date of invoice. The credit period granted to local customers is 90 days (2021: 90 days). The credit period granted to marketing services customers is ranging from 0 to 5 days from the date of completion and due on date of invoice.

### 13. TRADE AND OTHER PAYABLES

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>72,961</b>	60,385
Bills payables	<b>3,393</b>	9,698
Trade and bills payables	<b>76,354</b>	70,083
Deposits received	<b>3,237</b>	771
Accrued expenses	<b>4,028</b>	3,145
Other tax payables	<b>1,273</b>	156
Other payables	<b>4,583</b>	550
	<b>13,121</b>	4,622
Total trade and other payables	<b>89,475</b>	74,705
Less: Current portion	<b>89,300</b>	73,934
Non-current portion	<b>175</b>	771

At the end of the reporting period, the ageing analysis of trade and bills payables based on the invoice date is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Within 1 month	7,623	9,342
1 to 3 months	16,829	30,422
3 to 6 months	10,347	16,780
Over 6 months	41,555	13,539
	<u>76,354</u>	<u>70,083</u>

All trade and bills payables were mainly denominated in HK\$, US\$ and RMB.

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2021: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2021: 30 days). For marketing services providers, the credit period was 0 day from the date of completion or date of invoice.

#### 14. AMOUNT DUE TO A SHAREHOLDER

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Due to a shareholder		
Always Profit Development Limited	<u>—</u>	<u>156,627</u>

As at 31 March 2021, the balance was unsecured, interest-free and repayable on demand. The balance had been fully settled during the year ended 31 March 2022.

#### 15. BANK BORROWINGS

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Variable rate and secured borrowings	<u>5,000</u>	<u>—</u>

At 31 March 2022, variable-rate HK\$ denominated bank borrowings carry interests at Hong Kong Interbank Offered Rate + 2% (2021: nil) per annum.

## **16. EVENTS AFTER THE REPORTING PERIOD**

On 24 May 2022, the Company entered into a sale and purchase agreement with independent third party (the “Vendor”), pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire the entire issued share capital of a target company, a company incorporated in the British Virgin Islands, at a total consideration of HK\$50,000,000 which had been satisfied by the Company in cash. Completion of the transaction contemplated under the said sale and purchase agreement took place on 14 June 2022. Details of the transaction are set out in the Company’s announcement dated 24 May 2022.



## **SCOPE OF WORK OF CL PARTNERS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by CL Partners 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 CL Partners CPA Limited on the preliminary announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

#### **Garment business**

The Group carries on the business of sourcing, subcontracting and trading of garments and sportswear products in the PRC which are then exported to overseas market. The Group has started the export of wax print clothes to Africa, which are fabric mostly used for traditional clothing in Africa, since December 2017 (the "**Africa Business**"). During the year ended 31 March 2022, the Africa Business had shown a decrease due to the unstable pandemic situation.

In December 2018, the Group has expanded the garment business to sourcing, subcontracting, designing, selling and distribution of outerwear garments and sportswear products in Hong Kong, especially licensed products under the brand of bearing the brand names "ACCAPI", an Italian brand and distribution of sportswear products under the brand name of "Super X", a Hong Kong brand respectively (the "**ACCAPI Business**"). During the year ended 31 March 2022, the ACCAPI Business had seen drop in view of the dampened consumer sentiment in general.

#### **Property investment**

As at 31 March 2022, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the "**Investment Properties**"). As at 31 March 2022, other than one car parking space, all the remaining investment properties were fully leased out.

The value of the Investment Properties amounted to approximately HK\$105.0 million based on the independent valuation of the Investment Properties as at 31 March 2022 (2021: approximately HK\$118.5 million).

## **Marketing and promotional services**

Since 2020, leveraging on the experience of the marketing division of the Garment Business of the Group in promoting its licensed brands ACCAPI and Super X, the Group has commenced to offer marketing and promotional services (the “**Marketing and Promotional Services**”) at online and offline platforms for external customers and related companies. The Company expanded its marketing division, targeting to provide services including market analysis, planning of marketing and promotional campaigns, new product launching, product development and market positioning, setting up and management of online shops, design of advertisements and promotional materials, product packaging designs, and displays of physical and online shops, etc. The marketing division is also engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers. During the year ended 31 March 2022, the Marketing and Promotional Services had seen a decrease due to the pandemic situation.

## **FINANCIAL REVIEW**

### **Turnover**

The Group recorded a turnover of approximately HK\$207.2 million for the year ended 31 March 2022, representing a significant decrease of approximately 25.2% as compared to that of approximately HK\$276.9 million for the year ended 31 March 2021.

Turnover derived from the Garment Business decreased by approximately 25.3% from approximately HK\$217.5 million for the year ended 31 March 2021 to approximately HK\$162.5 million for the year ended 31 March 2022. The decrease was due to the effect of decrease in the Africa Business by approximately 11.9% from approximately HK\$103.5 million for the year ended 31 March 2021 to approximately HK\$91.2 million for the year ended 31 March 2022 and drop in the ACCAPI Business by approximately 36.6% from approximately HK\$109.2 million for the year ended 31 March 2021 to approximately HK\$69.2 million for the year ended 31 March 2022.

Turnover derived from property investment slightly decreased by approximately 2.4% from approximately HK\$4.1 million for the year ended 31 March 2021 to approximately HK\$4.0 million for the year ended 31 March 2022.

Turnover derived from Marketing and Promotional Services was decreased by approximately 26.5% from HK\$55.4 million for the year ended 31 March 2021 to HK\$40.7 million for the year ended 31 March 2022.

## **Gross profit and gross profit margin**

The Group recorded a gross profit of approximately HK\$21.1 million in respect of the Garment Business for the year ended 31 March 2022, representing a decrease of approximately 27.5% as compared to approximately HK\$29.1 million for the year ended 31 March 2021. The decrease was in line with the decrease in revenue.

The gross profit margin of the Garment Business was approximately 13.0% for the year ended 31 March 2022 compared to approximately 13.4% for the year ended 31 March 2021.

The Group recorded a gross profit of approximately HK\$4.0 million in respect of the property investment business for the year ended 31 March 2022, representing a decrease of approximately 2.4% as compared to approximately HK\$4.1 million for the year ended 31 March 2021.

The Group recorded a gross profit of approximately HK\$10.0 million in respect of the Marketing and Promotional Services for the year ended 31 March 2022 when compared to approximately HK\$13.3 million for the year ended 31 March 2021.

## **Selling, distribution and marketing expenses**

Selling, distribution and marketing expenses decreased by approximately 20.7% from approximately HK\$5.8 million for the year ended 31 March 2021 to approximately HK\$4.6 million for the year ended 31 March 2022. The decrease was mainly due to the decrease in marketing related expenses of the Garment Business.

## **Administrative expenses**

Administrative expenses decreased by approximately 39.2% from approximately HK\$19.9 million for the year ended 31 March 2021 to approximately HK\$12.1 million for the year ended 31 March 2022. The decrease was mainly due to the decrease in staff costs and legal and professional fee.

## **Impairment losses under Expected Credit Loss (“ECL”) ECL model, net of reversal**

Impairment losses under ECL model, net of reversal represented the net impairment losses on trade and other receivables, which increased by 493.1% from approximately HK\$2.9 million for the year ended 31 March 2021 to approximately HK\$17.2 million for the year ended 31 March 2022. The increase was mainly due to the increased uncertainty on the recoverability of those receivables under the current pandemic situation assessed by the management.

## **CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES**

The net loss on fair value change of investment properties of approximately HK\$13.4 million (2021: net loss of approximately HK\$3.3 million) represented fair value adjustment of the Group's properties located in Hong Kong and the PRC as at 31 March 2022.

These properties were revalued based on their open market value as at 31 March 2022 by Valplus Consulting Limited, an independent qualified professional valuer.

## **FINANCE COSTS**

Finance costs decreased by approximately 89.3% from approximately HK\$2.8 million for the year ended 31 March 2021 to approximately HK\$0.3 million for the year ended 31 March 2022. This was mainly due to decrease in interest on loans from a related company and bank borrowings for general working capital.

## **PROSPECTS**

During the Year, the Group has recorded a net loss attributable to the shareholders. However, the global economy was still severely hindered by the continuous outbreak of COVID-19 epidemic. Business activities were put to a halt or significantly slowed down globally. The Garment Business was negatively affected by the dampened consumer sentiments due to lockdowns, travel restrictions and social distancing measures. Although measures including the introduction of vaccines are implemented to combat and control the recurrences, the extent of recovery of the economy and retail market is still uncertain. Therefore, the Group will take a prudent approach to the Garment Business under this situation that the Group will regularly review the product range in order to maintain existing profit margin and to retain the current customer base.

As regards the Group's property business, the Group intends to hold the properties for rental income purpose and to monitor the performance of the property markets in Hong Kong and the PRC and consider reorganising its property portfolio should suitable opportunities arise.

Since 2020, leveraging on the experience of the marketing division of the Company in promoting its licensed brands ACCAPI and Super X, the Group continued to develop the Marketing and Promotional Services, which is a natural expansion from the Garment Business. The Group has achieved satisfactory result in this business during the year that a gross profit of approximately HK\$10.0 million was recorded. The Group will continue to strengthen the manpower for the marketing division, to build up its expertise and credentials to serve a wider range of customers and enhance market presence.

The Group will take a prudent approach to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

## **LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO**

During the year ended 31 March 2022, the Group financed its operations and investments mainly by internally generated funds and debt financing.

### **Cash position**

The Group had total cash and bank balances of approximately HK\$66.1 million as of 31 March 2022 (2021: approximately HK\$7.6 million).

### **Bank and other borrowings**

As of 31 March 2022, bank and other borrowings of the Group amounted to approximately HK\$5.0 million, which represented a revolving loan of HK\$5.0 million. All bank and other borrowings of HK\$5.0 million are repayable within one year or on demand.

As of 31 March 2021, bank and other borrowings of the Group amounted to approximately HK\$156.6 million, including shareholder's loans of approximately HK\$156.6 million. All bank and other borrowings of approximately HK\$156.6 million are repayable within one year or on demand.

### **Equity Financing**

The Company had completed rights issue on the basis of three right shares for every one share (the "**Rights Issue**") during the financial year ended 31 March 2022, details of which are set out in the Company's announcements dated 8 April 2021, 13 July 2021 and 27 August 2021.

The net proceeds from the Rights Issue were approximately HK\$197.8 million, of which (i) approximately HK\$160.5 million had been used for repayment of the shareholder's loan due to Always Profit Development Limited; and (ii) the remaining amount of approximately HK\$37.3 million had been applied for repayment of bank borrowings (in the form of bills payable) and general working capital of the Group.

As at the date of this report, the net proceeds from the Rights Issue had been utilised as intended.

## **LEVERAGE**

The ratio of current assets to current liabilities of the Group was approximately 2.5 as at 31 March 2022 compared to approximately 0.86 as at 31 March 2021. The improvement in current ratio was mainly due to the decrease in amount due to a shareholder and increase in bank balances and cash. The Group's gearing ratio as at 31 March 2022 was approximately 1.7% (31 March 2021: approximately 134.7%), which is calculated based on the Group's bank and other borrowings of approximately HK\$5.0 million (31 March 2021: approximately HK\$156.6 million) and the Group's total equity approximately HK\$300.3 million (31 March 2021: approximately HK\$116.3 million). The decrease in gearing ratio was due to the increase in total equity.

The cash and bank balances and the available banking facilities can provide adequate liquidity and capital resources for the ongoing operation needs of the Group.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Our principal financial instruments include trade and other receivables, trade and other payables, amount due to a shareholder, bank borrowings and bank balances and cash. We also have various financial assets and financial liabilities arising from our business operations. Our financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. We aim to minimise these risks and hence maximise investment returns.

### **Foreign currency risk**

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars, Renminbi and United States dollars ("US\$"). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and mitigating the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2022 and 2021, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

## **Credit risk**

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Garment Business, the property investment business and the provision of marketing service business. As at 31 March 2022, trade receivables and trade and bills payables of the Group were approximately HK\$134.6 million and approximately HK\$76.4 million (2021: approximately HK\$154.9 million and approximately HK\$70.1 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

## **Liquidity risk**

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group's liquidity risk management are: (1) maintaining the stability of the Group's principal business, timely monitoring cash and bank balances position; (2) projecting cash flows; and (3) evaluating the level of current assets to maintain sufficient liquidity of the Group.

## **TREASURY POLICIES**

As at 31 March 2022, bank and other borrowings of approximately HK\$5.0 million (2021: approximately HK\$156.6 million) were denominated in Hong Kong dollars. The Group's bank borrowings are subject to floating interest rates. The loans from shareholder do not have any interest.

Cash and cash equivalents held by the Group were mainly denominated in US\$, Renminbi and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

## **CHARGE OF ASSETS**

As at 31 March 2022, the investment properties and leasehold land and building in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK\$103.3 million (2021: approximately HK\$116.7 million) were pledged as first legal charges for the Group's banking facilities.

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

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

## **SIGNIFICANT INVESTMENT**

The Group had no significant investment during the year ended 31 March 2022.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES**

The Group had no material acquisition and disposal of subsidiaries or associated companies during the year ended 31 March 2022.

## **OPERATING SEGMENT INFORMATION**

Details of the operating segment information of the Group in the year ended 31 March 2022 are set out in note 4 to the consolidated financial statements attached to this annual results announcement.

## **CAPITAL COMMITMENTS**

The Group did not have any material capital commitment as at 31 March 2022.

## **CONTINGENT LIABILITIES AND LITIGATION**

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 31 March 2022, the utilised facilities amounted to approximately HK\$8.4 million (2021: approximately HK\$9.7 million).

Except for the foregoing, as at 31 March 2022, the Group had no other significant contingent liabilities or pending litigation.



## **PERFORMANCE GUARANTEE IN RELATION TO THE ACQUISITION OF 40% OF THE ISSUED SHARE CAPITAL OF GBR (HK) LIMITED**

As disclosed in the announcement of the Company dated 18 January 2021 in relation to the acquisition of 40% of the issued share capital of GBR (HK) Limited, 8,608,923 Consideration Shares (the “**Second Batch Incentive Shares**”), being part of the Consideration in the sum of HK\$3.28 million shall be allotted and issued by the Company, to be credited as fully paid, to the Vendor (or its nominee(s)) within 14 days following the issue of the audited consolidated financial statements of the GBR (HK) Limited and its subsidiaries (the “**Target Group**”) for the year ending 31 March 2022 if the consolidated profit after tax of the Target Group (excluding the profit generated from the provision of services by the Target Group to other companies in the Group and the profit generated from activities not in its ordinary and usual course of business) (the “**PAT**”) for each of the two years ended 31 March 2021 and 2022 is not less than HK\$8.20 million and HK\$9.84 million respectively.

According to the audited financial statements of the Target Group, the loss after tax of the Target Group for the year ended 31 March 2022 is in the sum of HK\$2.0 million which falls below the PAT of HK\$9.84 million, the Second Batch Incentive Shares will not be allotted and issued to the Vendor (or its nominee(s)).

## **SUBSEQUENT EVENTS**

As at 31 March 2022, details of the subsequent events of the Group are set out in note 16 to the consolidated financial statements attached to this annual results announcement.

## **STAFF AND REMUNERATION POLICIES**

As of 31 March 2022, the Group had a total of 27 employees (2021: 44 employees). Total staff costs (including directors’ emoluments) for the year ended 31 March 2022 amounted to approximately HK\$6.7 million (31 March 2021: approximately HK\$11.7 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the “**Remuneration Committee**”) based on the Company’s operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2022, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

## **AUDIT COMMITTEE**

The principal responsibilities of the audit committee of the Company (the “**Audit Committee**”) include reviewing and supervising of the Group’s financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2022 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three INEDs, namely Ms. Choi Ka Ying, Mr. Chen Conghu and Ms. He Xiaodong.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The annual results announcement has been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders and other stakeholders.

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2022, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2022.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement has been published on the website of the Stock Exchange, [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Company, [www.seiah.com](http://www.seiah.com). The annual report for the year ended 31 March 2022 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board

**State Energy Group International Assets Holdings Limited**

**Zhang Jinbing**

*Chairman*

Hong Kong, 30 June 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing, Mr. Tian Wenxi and Mr. Wu Tingjun; and the independent non-executive Directors of the Company are Ms. Choi Ka Ying, Mr. Chen Conghu and Ms. He Xiaodong.*