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CENTRAL DEVELOPMENT HOLDINGS LIMITED

中發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 475)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of directors (the "**Directors**") of Central Development Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2023 together with the comparative audited figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	NOTES	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*3*	**247,893**	193,111
Cost of sales		**(243,248)**	(184,902)
Gross profit		**4,645**	8,209
Other income	*5*	**5,758**	6,260
Other gains and losses, net	*6*	**16,000**	7,613
Impairment losses under expected credit loss model, net of reversal		**(559)**	(2,455)
Selling and distribution costs		**(2,158)**	(3,067)
Administrative expenses		**(22,043)**	(21,369)
Equity-settled share-based payments		**(6,041)**	(2,095)
Finance costs	*7*	**(8,002)**	(6,597)
Share of results of an associate		**(218)**	–
Loss before taxation		**(12,618)**	(13,501)
Income tax	*8*	**(2,040)**	(2,523)
Loss for the year	*9*	**(14,658)**	(16,024)
Other comprehensive (expense) income for the year			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(3,692)**	2,544
Total comprehensive expense for the year		**(18,350)**	(13,480)
Loss for the year attributable to:			
Owners of the Company		**(11,906)**	(13,976)
Non-controlling interests		**(2,752)**	(2,048)
		(14,658)	(16,024)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(12,160)**	(13,674)
Non-controlling interests		**(6,190)**	194
		(18,350)	(13,480)
Loss per share	*10*		
Basic (HK cents)		**(3.07)**	(3.63)
Diluted (HK cents)		**(5.08)**	(3.63)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2023

	NOTES	**2023** **HK$'000**	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**18,418**	20,905
Right-of-use assets		**7,407**	9,352
Investment properties		**88,617**	89,886
Intangible assets		**50,132**	55,997
Interest in an associate		**54,002**	–
Rental deposits		**–**	246
		218,576	176,386
Current assets			
Inventories		**2,427**	4,701
Trade receivables	*12*	**2,181**	1,875
Other receivables, deposits and prepayments		**19,709**	38,983
Bank balances and cash		**13,122**	20,091
		37,439	65,650
Current liabilities			
Trade payables	*13*	**1,665**	587
Other payables and accruals		**25,019**	25,637
Contract liabilities		**–**	544
Loans from a shareholder		**–**	4,978
Bank borrowing		**2,724**	2,760
Lease liabilities		**195**	2,465
		29,603	36,971
Net current assets		**7,836**	28,679
Total assets less current liabilities		**226,412**	205,065

	NOTE	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Loans from a shareholder and a controlling shareholder		**99,700**	117,697
Deferred tax liabilities		**12,123**	10,896
Bank borrowing		**17,099**	21,406
Lease liabilities		**24**	149
Convertible bonds	*14*	**30,053**	–
Derivative financial instruments	*14*	**13,000**	–
		171,999	150,148
Net assets		**54,413**	54,917
Capital and reserves			
Share capital		**3,876**	3,876
Reserves		**25,984**	20,320
Equity attributable to owners of the Company		**29,860**	24,196
Non-controlling interests		**24,553**	30,721
Total equity		**54,413**	54,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its parent and ultimate holding company is Resources Rich Capital Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is Room 2202, 22/F., Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in jewelry business in the People's Republic of China ("**PRC**") and Hong Kong ("**HK**") and energy business in the PRC and HK. The Company and its subsidiaries are collectively referred to as the "**Group**".

The functional currency of the Company is Renminbi ("**RMB**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), as the Company's shares are listed on the Stock Exchange, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

2. APPLICATION OF 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 for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

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

3 Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Disaggregation of revenue from contracts with customer

	2023	2022
	HK$'000	*HK$'000*
Revenue from sales of goods:		
Jewelry products	**26,709**	18,650
Solar energy products	**1,541**	412
Refined oil	**27,927**	26,204
Liquefied natural gas ("**LNG**")	**191,716**	147,845
Total revenue	**247,893**	193,111
Timing of revenue recognition:		
A point in time	**247,893**	193,111

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2023		
	Jewelry business	**Energy business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Sales of jewelry products	**26,709**	**–**	**26,709**
Sales of solar energy products	**–**	**1,541**	**1,541**
Sales of refined oil	**–**	**27,927**	**27,927**
Sales of LNG	**–**	**191,716**	**191,716**
	26,709	**221,184**	**247,893**

	For the year ended 31 March 2022		
	Jewelry business	Energy business	Total
	HK$'000	*HK$'000*	*HK$'000*
Sales of jewelry products	18,650	–	18,650
Sales of solar energy products	–	412	412
Sales of refined oil	–	26,204	26,204
Sales of LNG	–	147,845	147,845
	18,650	174,461	193,111

4. SEGMENT INFORMATION

Information regularly reviewed by the chief operating decision maker (the "**CODM**"), represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance focuses on the nature of the Group's businesses and operations. The Group's operating and reportable segments are therefore as follows:

(i) Jewelry business (wholesale of jewelry products); and

(ii) Energy business including i) manufacture and sales of solar cooling intelligent technology products using thermal cooling-stored pipes and sales of solar photovoltaic modules and components (which are collectively referred to as solar energy products); ii) sales of refined oil; and (iii) sales of LNG.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit or loss by each segment without allocation of gain on fair value changes of investment properties, unallocated corporate expenses which include central administration costs, directors' remuneration at the head office and equity-settled share-based payments, unallocated corporate income which include rental income, interest income and sundry income and finance costs which includes certain interest on lease liabilities and imputed interest on loans from a controlling shareholder. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2023

	Jewelry business *HK$'000*	**Energy business** *HK$'000*	**Total** *HK$'000*
Revenue	**26,709**	**221,184**	**247,893**
Segment profit (loss)	**251**	**(12,148)**	**(11,897)**
Gain on fair value changes of investment properties			**5,361**
Gain on fair value changes of derivative financial instruments			**11,000**
Unallocated corporate income			**5,749**
Unallocated corporate expenses			**(16,072)**
Finance costs			**(6,759)**
Loss before taxation			**(12,618)**

For the year ended 31 March 2022

	Jewelry business *HK$'000*	Energy business *HK$'000*	Total *HK$'000*
Revenue	18,650	174,461	193,111
Segment profit (loss)	61	(10,592)	(10,531)
Gain on fair value changes of investment properties			7,152
Unallocated corporate income			6,260
Unallocated corporate expenses			(11,403)
Finance costs			(4,979)
Loss before taxation			(13,501)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Segment assets and liabilities

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

	2023 ***HK$'000***	2022 *HK$'000*
Jewelry business	**1,554**	211
Energy business	**152,450**	131,048
Total segment assets	**154,004**	131,259
Bank balances and cash	**13,122**	20,091
Other unallocated assets	**88,889**	90,686
Consolidated assets	**256,015**	242,036
Jewelry business	**1,482**	364
Energy business	**84,242**	52,326
Total segment labilities	**85,724**	52,690
Loans from a shareholder and a controlling shareholder	**99,700**	122,675
Other unallocated labilities	**16,178**	11,754
Consolidated labilities	**201,602**	187,119

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain other receivables, deposits and prepayments, investment properties and bank balances and cash.

- all liabilities are allocated to reportable segments other than certain other payables and accruals, certain lease liabilities, loans from a shareholder and a controlling shareholder and deferred tax liabilities.

5. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income	**44**	132
Rental income	**5,459**	5,775
Government grants *(note)*	**132**	–
Others	**123**	353
	5,758	6,260

Note: During the year ended 31 March 2023, the Group received and recognised government grants of HK$132,000 related to Employment Support Scheme provided by the Hong Kong Government (2022: nil).

6. OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Gain on fair value changes of investment properties	**5,361**	7,152
Gain on fair value changes of derivative financial instruments *(note 14)*	**11,000**	–
Loss on early termination of a lease	**(362)**	–
Net exchange gain	**1**	246
Gains on disposal of property, plant and equipment, net	**–**	215
	16,000	7,613

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowing	**1,217**	1,468
Interest on lease liabilities	**46**	187
Interest on convertible bonds *(note 14)*	**2,053**	–
Imputed interest on loans from a controlling shareholder	**4,686**	4,942
	8,002	6,597

8. INCOME TAX

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK$'000	*HK$'000*
PRC Enterprise Income Tax	**5**	–
Deferred tax	**2,035**	2,523
Income tax for the year	**2,040**	2,523

On 21 March 2018, the Hong Kong Legislative Council passes The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime applies to years of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2,000,000 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%. The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Accordingly, Hong Kong Profits Tax for subsidiaries operating in HK is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for both years as either tax losses are incurred for the subsidiaries operating in HK or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate applied to the PRC subsidiaries is 25%. No provision for the PRC Enterprise Income Tax has been made for the subsidiaries operating in the PRC for both years as either tax losses are incurred for the subsidiaries operating in the PRC or the assessable profit is wholly absorbed by tax losses brought forward from previous years.

9. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,692**	1,752
Depreciation of right-of-use assets	**718**	1,406
Amortisation of intangible assets	**1,751**	1,847
Auditor's remuneration	**1,485**	1,654
Staff costs (including directors' remuneration)		
– salaries, allowances and other benefits	**9,244**	8,333
– retirement benefit scheme contributions	**740**	699
– equity-settled share-based payments	**6,041**	2,095
Total staff costs	**16,025**	11,127
Cost of inventories recognised as an expense (including write-down of investories amounting to HK$2,145,000 (2022: nil))	**243,248**	184,902

10. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of calculating basic loss per share	**(11,906)**	(13,976)
Effect of dilutive potential ordinary shares:		
– Gain on fair value changes of derivative financial instruments	**(11,000)**	–
– Interest on convertible bonds	**2,053**	–
Loss for the year attributable to owners of the Company for the purpose of calculating diluted loss per share	**(20,853)**	(13,976)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	**387,564**	384,881
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**22,525**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**410,089**	384,881

The computation of diluted loss per share for the years ended 31 March 2023 and 2022 does not assume the exercise of share options since their assume exercise would result in a decrease in loss per share.

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

12. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**2,819**	2,057
Less: Allowance for credit losses	**(638)**	(182)
	2,181	1,875

As at 1 April 2021, trade receivables from contracts with customers amounted to HK$8,143,000.

The Group allows an average credit period ranging from 30 to 180 days to its customers of jewelry business and average credit period ranging from 5 to 365 days to its customers of energy business. The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**2,181**	1,369
31 to 90 days	**–**	–
91 to 180 days	**–**	–
Over 180 days	**–**	506
	2,181	1,875

As at 31 March 2023 and 2022, no trade receivables of the Group are past due.

13. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**1,665**	587

The average credit period on purchase of goods is 365 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**1,442**	346
31 to 90 days	**–**	–
91 to 180 days	**–**	–
Over 180 days	**223**	241
	1,665	587

14. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company issued convertible bonds with a principal amount of HK$52,000,000 on 5 December 2022 for the acquisition of the Group's associate, which principally holds 50% equity interest of Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司).

The convertible bonds are denominated in Hong Kong dollars (other than the Group's functional currency), unsecured and interest-free.

The convertible bonds are comprised of convertible bonds (debt component) and derivative financial instruments (derivative component including conversion and early redemption options).

At initial recognition, both the convertible bonds and the derivative financial instruments are recognised at fair values amounting to HK$28,000,000 and HK$24,000,000 respectively.

The convertible bonds are subsequently measured at amortised cost with effective interest rate of 22.9% per annum while the derivative financial instruments are measured at fair value with changes in fair value recognised in profit or loss.

The movement of the convertible bonds and derivative financial instruments for the year are set out as below:

	Convertible bonds	**Derivative financial instruments**
	HK$'000	*HK$'000*
As at 1 April 2021 and 31 March 2022	–	–
Issued during the year	28,000	24,000
Interest on convertible bonds	2,053	–
Gain on fair value changes	–	(11,000)
As at 31 March 2023	30,053	13,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engaged in the energy business and the jewelry business for the year ended 31 March 2023 (the "**Current Year**"). During the Current Year, the Group continued to strategically expand its energy business and was able to maintain a steady business operation in a complex and challenging economic environment, demonstrating the resilience and flexibility of the Company's business. During the Current Year, the Group recorded total revenue of approximately HK$247.9 million (2022: HK$193.1 million), representing an increase of approximately 28.4% as compared to that for the year ended 31 March 2022 (the "**Previous Year**"). The increase in revenue for the Current Year was mainly due to the increase in revenue from both the energy business and the jewelry business in varying degrees.

ENERGY BUSINESS

During the Current Year, by leveraging the Group's proprietary technology products and continuing to collaborate with experienced partners in the industry, the Group continued to actively develop and expand its energy business with the primary objective of providing a diversified range of energy products and services. Our principal businesses comprise the sale of natural gas and refined oil, as well as solar photovoltaic ("**PV**") intelligent technology products, which include solar PV components and accessories, intelligent direct-current micro-inverters and power optimisers. During the Current Year, sales of refined oil products and liquefied natural gas ("**LNG**") products remained on the rise. Revenue from the Group's energy business increased by 26.8% year-on-year from HK$174.5 million for the Previous Year to HK$221.2 million for the Current Year.

The "Action Plan for Carbon Dioxide Peaking Before 2030" (the "**Carbon Peaking Plan**") issued by the State Council of the People's Republic of China (the "**PRC**") states that achieving "carbon peaking" and "carbon neutrality" (the "**Dual Carbon**") is a strategic decision and an essential goal towards long-term and high-quality development for the period covered by the 14th Five-Year Plan (2021-2025) of the PRC, which have profound impact on the PRC's energy structure, energy utilisation and energy technology. The Carbon Peaking Plan proposed a number of energy transformation actions, including the optimisation of energy utilisation structure, vigorous promotion of the integrated development of natural gas with various energy sources, the building of natural gas peak shaving stations under suitable local conditions, rationalisation of the use of industrial gas and gas for chemical raw materials, and support of using LNG as fuel for vehicles and vessels, all of which have not only benefited the natural gas market in the PRC, but also boosted our sales of LNG products during the Current Year. Throughout the Current Year, we maintained a good collaboration with our upstream suppliers to ensure a stable supply and price of LNG, which created favourable conditions to explore downstream customers, thereby enabling steady yet increasing sales of LNG. We remain committed to meeting the growing demand for LNG products in the PRC and contributing to the achievement of the Dual Carbon goals.

As the transition from conventional energy sources to new energy sources is a long-term process, we persist with a two-pronged approach to continue to expand the LNG and oil and gas filling businesses, by introducing more diversified products to meet customer needs and strengthen the Group's business foundation. The Group owns an oil and gas filling station in Qingbaijiang District, Chengdu (the "**Filling Station**"). The Filling Station is located within a large logistics park near the Chengdu International Railway Port, with multiple highways and national expressways passing through the area. The huge traffic flow enabled the Filling Station to maintain steady business revenue even during the pandemic. During the Current Year, we continued to rely on our reliable local suppliers to secure stable supply chain resources, coupled with the delivery and distribution capabilities of the Filling Station, we were able to overcome the adverse factors that occurred during the Current Year, such as fluctuations in international energy prices and pandemic control measures. As a result, our oil and gas sales remained steady and increasing.

During the Current Year, the Group's sales of solar energy products continued to face challenges arising from the complex and challenging political and economic situation in the PRC and overseas. The Central Economic Work Conference held at the end of 2022 stated that the foundation for the PRC's economic recovery was not yet solid and the overall national demand was contracting. Meanwhile, raw material prices for solar PV products have persistently remained at high levels in recent years, coupled with the entry of state-owned energy enterprises into the solar PV industry, have made competition increasingly fierce. In addition, overseas demand for solar PV products has been directly impacted by unfavourable factors such as military competitions and trade barriers caused by trade policies. Nevertheless, the PRC's solar PV market has maintained high-quality development under the promotion of the Carbon Peaking Plan, which proposed plans to accelerate the construction of solar PV power stations, accelerate the innovative upgrade and special applications of the intelligent solar PV industry, and promote a diversified layout in PV power generation under the "PV+" model, all of which have provided positive stimulus to the demand for solar PV products. The Group has seized the opportunities arising from the development of the solar PV industry as well to actively promote the sales of solar PV components and the sales of accessories such as inverters and mounting brackets, and therefore certain progress has been made during the Current Year.

We continued to strengthen our cooperation with our upstream and downstream customers and suppliers by identifying suitable clean energy development projects through various cooperation channels and consultants, resulting in continued improvement in our revenue for the Current Year. We also promoted internal cost reduction and efficiency enhancement efforts.

Acquisition of 35% Equity Interest in Chengdu Huahan Energy Co., Ltd. (成都華漢能源有限公司) ("Chengdu Huahan")

On 19 August 2022, Hainan Huagang New Energy Development Co., Ltd. (海南華港新能源開發有限公司) ("**Hainan Huagang**"), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Mr. Zhang Bing, as the vendor (the "**Vendor**"), and Chengdu Huahan, as the target company. Subsequently on 15 November 2022, the abovementioned parties entered into a supplemental agreement (the "**Supplemental Agreement**") to the Equity Transfer Agreement (the "**Acquisition**").

Pursuant to the Equity Transfer Agreement and the Supplemental Agreement, the Group considered that the Acquisition will not only fully leverage its operational and management strengths, but will also improve the overall efficiency of the Group's resource allocation and enhance the long-term development potential of its energy business by creating synergies with its existing natural gas and solar photovoltaics businesses.

The Vendor has worked in the energy industry for over 25 years. The Vendor is the ultimate beneficial owner of the entire equity interest in Chengdu Huahan. Chengdu Huahan is principally engaged in investment holding, and is the beneficial owner of 50% equity interest in Anhui Huagang Bochen New Energy Co., Ltd. (安徽華港博臣新能源有限公司) ("**Anhui Huagang**"). Anhui Huagang is principally engaged in the construction and operation of natural gas pipeline networks, the operation and maintenance of pipeline corridors, provision of residential heating, and the procurement, transportation and sale of natural gas in Mengcheng County, Anhui Province, the PRC. Anhui Huagang is constructing two distributed energy stations, multiple gas-fired steam boilers, natural gas gateways and heat supply network. In 2019, Anhui Huagang entered into a licensing agreement with the Housing and Urban-Rural Development Bureau of Mengcheng County, under which it was granted a 30-year license to supply heat and steam to industrial, commercial and corporate entities and urban residents in the county planning area of Mengcheng County.

Pursuant to the terms and conditions of the Equity Transfer Agreement and the Supplemental Agreement, Hainan Huagang has agreed to purchase and the Vendor has agreed to sell 35% equity interest in the target company for a total consideration of HK$52 million, which shall be settled by the Company through the issue of interest-free convertible bonds in the principal amount of HK$52 million with a maturity date falling on the third anniversary of the date of issuance (the "**Convertible Bonds**") to the Vendor.

The Acquisition was completed on 5 December 2022 in accordance with the terms of the Equity Transfer Agreement and the Supplemental Agreement. Upon completion of the Acquisition, the Group is interested in 35% equity interest in Chengdu Huahan and Chengdu Huahan became an associate of the Group. Accordingly, Chengdu Huahan will not be regarded as a subsidiary of the Company and its results will not be consolidated into the consolidated financial statements of the Company. The Company has also issued the Convertible Bonds to the Vendor in accordance with the terms and conditions of the Equity Transfer Agreement and the Supplemental Agreement, and the Company shall issue and allot 70,270,270 new shares of the Company at a conversion price of HK$0.74 per conversion share to the Vendor upon full conversion of the Convertible Bonds to settle the entire consideration of HK$52 million in accordance with the terms of the Equity Transfer Agreement and the Supplemental Agreement.

The Acquisition constitutes a discloseable and connected transaction of the Company. As at the date of the Equity Transfer Agreement (i.e. 19 August 2022), the Vendor was the ultimate beneficial owner of 49% equity interest in Chengdu Kaibangyuan Trading Co., Limited (成都凱邦源商貿有限公司) ("**Chengdu Kaibangyuan**"), an indirect non-wholly owned subsidiary of the Company. As such, the Acquisition and the issuance of the Convertible Bonds as consideration constitute connected transactions of the Group, and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Details of the Acquisition are set out in the Company's announcements dated 19 August 2022, 25 August 2022, 9 September 2022, 14 September 2022, 23 September 2022, 6 October 2022, 21 October 2022, 15 November 2022 and 5 December 2022, and the Company's circular dated 18 November 2022.

JEWELRY BUSINESS

During the Current Year, the Group was principally engaged in providing products to jewelry distributors in the PRC and Hong Kong. Overall, the recurrent COVID-19 pandemic disrupted the business operating environment in both places for most of the year. With the gradual relaxation of pandemic prevention measures, the overall sales have gradually improved and the revenue from our jewelry business has also rebounded. Revenue from the jewelry business increased by approximately 43.2% from approximately HK$18.7 million in the Previous Year to approximately HK$26.7 million in the Current Year. Sales in Hong Kong accounted for approximately 63.3% (2022: 43.2%) of the overall segment sales, while sales in the PRC accounted for approximately 36.7% (2022: 56.8%).

With the COVID-19 pandemic subsiding in Hong Kong during the Current Year, increased consumer confidence and spending have provided positive support to the recovery of the jewelry market. Demand for jewelry from Hong Kong customers began to show signs of recovery, resulting in an increase in the number of sales orders in Hong Kong and the overall business as compared to the Previous Year. However, a new wave of the pandemic outbreak emerged after the Chinese New Year in 2022, causing massive crowd control measures in many parts of the PRC, with even stricter social distancing measures and city lockdowns in some major cities, stifling consumer activities and putting further pressure on the jewelry industry in the PRC. As a result, our jewelry business in the PRC was inevitably affected during the Current Year, resulting in lower revenue.

Despite the huge impact of the pandemic on the jewelry industry in recent years and the various uncertainties in the post-pandemic era, we were able to increase our sales and sourcing opportunities during the Current Year by participating in major international jewelry fairs that were reopened in both the PRC and Hong Kong, thus gaining new customers and suppliers for the Group. On the other hand, with our long-established relationships with suppliers, we were able to maintain a steady supply volume and product quality during the Current Year, enabling a slow recovery of our jewelry business.

PROSPECTS

Transformation of Energy Structure Drives Business Growth

The transformation of the energy structure continues to boost demand for natural gas in the PRC. The PRC is actively constructing a modern energy system and promoting the transformation of energy structure towards green and low-carbon. Natural gas, as a fossil energy source with high calorific value and low carbon emissions, is considered to be a must-have in the energy structure transformation process, therefore the natural gas industry is receiving stronger policy support. In early 2022, the National Development and Reform Commission of the PRC (the "**NDRC**") and the National Energy Administration of the PRC (the "**NEA**") published the "14th Five-Year Plan on a Modern Energy System", which sets a quantitative requirement for annual natural gas production of the PRC to reach over 230 billion cubic metres by 2025 (annual natural gas production in 2022: 217.8 billion cubic metres). This indicates the potential demand for natural gas products in the future. At the beginning of 2023, the State Council Information Office of the PRC released a white paper on "China's Green Development in the New Era" (the "**White Paper**"), which pointed out that the promotion of clean and low-carbon development of coal-fired power is set as a goal by driving clean end-use energy, carrying out the replacement of coal by natural gas, electricity and renewable energy, and launching the efficient utilisation of natural gas out in an orderly manner. As the PRC's green energy policy continues to be implemented and intensified, the demand for natural gas, as a clean and efficient energy source, is expected to continue to rise, and therefore the transformation of energy structure will remain an important driver of growth for our natural gas business in the future.

The White Paper also pointed out the need to adhere to the principle of ‘building the new before discarding the old’, and accelerating the construction of a new energy system on the basis of continuously improving energy supply security. Conventional fossil fuels, such as refined oil, will continue to be the dominant source of primary energy in the PRC during the period of energy structure transformation, and hence, will still be strong market demand for a long time to come. We expect the refined oil to remain an important source of our sales revenue. With the end of the pandemic and the recovery of the logistics and tourism sectors, we anticipate that the demand for refined oil will demonstrate a certain level of growth.

Diversification of Energy Business Continues to be Optimised

In recent years, as the PRC continues to advance the in-depth development of new urbanisation, the population in urban areas will continue to expand, and the demand for natural gas as a clean and efficient energy source thereby further grow in line with its increased applications. To drive the development and application of natural gas in areas such as clean heating and distributed energy generation, the Ministry of Housing and Urban-Rural Development of the PRC, in conjunction with the NDRC, has issued the “14th Five-Year Plan on National Urban Infrastructure Construction”. It proposes the construction and renovation of clean urban centralised heating systems to guide the use of clean energy in urban heating. Provinces and cities in the nation have also issued relevant policies accordingly to concurrently promote the construction of urban heating network coverage and the development of clean energy heating, thereby expanding the demand for the natural gas applications and providing a stable and favourable environment for the development of natural gas in the urban heating market.

In light of the above, the Group acquired Chengdu Huahan as an associate of the Group during the Current Year. Chengdu Huahan and Anhui Huagang are currently focusing on the construction of a piped natural gas-fired urban heating system, which is expected to supply industrial steam, residential heating and industrial gas through urban heating and gas supply network. Urban heating has a promising development prospect under the guidance policy related to the Dual Carbon goals. The acquisition of Chengdu Huahan provides excellent opportunities for the Group’s future development, enriching its business portfolio, and further realising its goal of becoming a supplier of a diversified range of energy products and solutions. We will also leverage Chengdu Huahan and Anhui Huagang’s existing industry resources, brand image and extensive marketing experience to create synergies with our existing natural gas and solar PV businesses, thereby enhancing the Group’s overall resource allocation efficiency and promoting the rapid development of a diversified energy business.

Given the unpredictable nature of the international energy market, we will continue to develop our energy business by strengthening cooperation with upstream and downstream customers and suppliers. At the same time, we will continue to leverage our extensive experience in the clean energy sector and strengths in operational management to actively pursue new product development and new business expansion, enhancing the development potential of the Group’s energy business.

Development Trend of the Solar Energy Development and Utilisation

The "Renewables 2022" report issued by the International Energy Agency predicts that renewable energy will surpass coal as the world's largest source of electricity by 2025 and will account for over 90% of global electricity expansion over the next five years. According to the 14th Five-Year Plan for Renewable Energy Development jointly published by, among others, the NDRC, the NEA and the Ministry of Finance of the PRC, the PRC has set Dual Carbon as goal and 2035 vision targets during the 14th Five-Year Plan period, which vigorously promote the exploitation and utilisation of renewable energy, including solar PV, for power generation, and promote the development strategy of diversified PV power generation. We will further explore potential energy projects, including energy storage power stations, PV-storage-charging stations, and other distributed integrated energy station projects, in order to explore the development models for combining multiple energy sources. Leveraging on our experience in the fields of solar PV and energy storage, we will continue to explore more in-depth cooperation with our business partners, make use of our self-own and potential third party's filling stations, factory rooftops in industrial parks, etc. to develop and construct distributed power stations, and actively explore the "PV+" models to expand the market share and revenue of the Group's solar energy products.

However, the instability in international trade and adverse import conditions are still posing challenges to our solar energy business that cannot be ignored. For example, policies in relation to tariff increases in the United States and import restrictions in India have hindered the continued growth of the solar energy business in overseas markets. Nevertheless, as the prices of products in various segments of solar power generation are going to enter a downward phase, more projects that were on the sidelines will be implemented. The Group's management will optimise resource allocation and will focus on the mainland China market. We will also actively assess the market situation, explore new business growth drivers, and adhere to the general operating principles of "seeking stability amidst changes and striving for progress amidst stability", thereby creating long-term value for shareholders.

A Challenging Business Environment for the Jewelry Market

The operating environment of the jewelry industry remains challenging with uncertainty in global markets due to geopolitical instability and the rebound of the pandemic. In the short term, we believe that consumers will become more conservative in their spending, especially when it comes to high-end luxury goods. As such, the Group expects the jewelry business to remain under certain pressure in the future. However, depending on the development of the pandemic, with the relaxation of the city lockdown measures in the PRC and the commitment of both the PRC and the Hong Kong governments to implement economic measures and consumer support policies, we believe that consumer sentiment will gradually improve and customer demand will gradually recover to pre-pandemic levels. Our jewelry sales team will continue to adopt a prudent business strategy by closely monitoring market conditions, maintaining constant communication with all stakeholders while exploring potential business opportunities, and continuing to build up our reputation and strengthen our competitive edge and our ability to adapt to market changes for any potential business opportunities and expansion.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Current Year was approximately HK$247.9 million, representing an increase of approximately 28.4% as compared to approximately HK$193.1 million for the Previous Year. The increase was mainly attributable to the result of the increase in turnover of both the energy business and the jewelry business.

Revenue of the energy business increased by approximately 26.8% from approximately HK$174.5 million for the Previous Year to approximately HK$221.2 million for the Current Year. It was primarily attributable to the increase in revenue derived from sales of refined oil and LNG during the Current Year. The sales of our solar intelligent technology products were continuously impacted by the escalated international trade conflict and vigorous market competition.

Revenue of the jewelry business increased by approximately 43.2% from approximately HK$18.7 million for the Previous Year to approximately HK$26.7 million for the Current Year. It was primarily attributable to the gradual recovery of consumption sentiment and the market demands of jewelry products in the first half of the Current Year in the PRC and in the second half of the Current Year in Hong Kong. The revenue was also prompted by the increase in business opportunities after the resumption of international jewelry trade shows in Hong Kong and the PRC during the Current Year.

Cost of Sales and Gross profit

Cost of sales of the Group for the Current Year was approximately HK$243.2 million, representing an increase of approximately 31.6%, as compared to approximately HK$184.9 million for the Previous Year. Gross profit decreased from approximately HK$8.2 million for the Previous Year to approximately HK$4.6 million for the Current Year, representing a decrease of approximately 43.4%. The decrease was mainly attributable to the combination of write-down of inventories in cost of sales amounted to HK$2.1 million (2022: Nil) and the increase in cost of sales of both the energy business and the jewelry business for the Current Year.

Meanwhile, gross profit margin decreased from 4.3% for the Previous Year to 1.9% for the Current Year. The decrease was primarily attributable to the increase of sales of products of the energy business with lower gross profit margins.

Other income

Other income decreased from approximately HK$6.3 million for the Previous Year to approximately HK$5.8 million for the Current Year, representing a decrease of approximately 8.0%, which was mainly derived from the decrease in the rental income from the investment properties of the Group during the Current Year.

Other gains and losses, net

The Group recorded net other gains of approximately HK$16.0 million for the Current Year (2022: HK$7.6 million). The gains were a combination of the loss on early termination of a lease of approximately HK$0.4 million (2022: Nil), the gain from change in fair value of investment properties of approximately HK$5.4 million (2022: HK$7.2 million) and the gain on fair value changes of derivative financial instruments in relation to the Convertible Bonds of approximately HK$11.0 million (2022: Nil) during the Current Year. In the Previous Year, the gains were also contributed by the net foreign exchange gain of HK$0.2 million, and a gain on disposal of property, plant and equipment of approximately HK$0.2 million, but none of these gains or losses was incurred in the Current Year.

Impairment loss under expected credit loss ("ECL") model, net of reversal

The Group recorded an impairment loss on trade receivables under the ECL model, net of reversal, amounted to approximately HK$0.6 million for the Current Year (2022: HK$2.5 million). The management of the Group will continue to conduct regular review of the debtors' repayment histories, resources and financial capabilities to ensure the ability of repayment within the credit period.

Selling and distribution costs

Selling and distribution costs decreased from approximately HK$3.1 million for the Previous Year to approximately HK$2.2 million for the Current Year, representing a decrease of approximately 29.6%, which was mainly attributable to the reduction of transportation cost along with modest improvement in the COVID-19 pandemic in the Current Year.

Administrative expenses

Administrative expenses increased from approximately HK$21.4 million for the Previous Year to approximately HK$22.0 million for the Current Year, representing an increase of approximately 3.2%, which was mainly due to the increase in staff cost in the Current Year.

Equity-settled share-based payments

Equity-settled share-based payments amounted to approximately HK$6.0 million (2022: HK$2.1 million) representing the recognition of equity-settled share options expenses in connection with the grant of share options during the Current Year.

Finance costs

Finance cost represented the imputed interests derived from the long term loans from a controlling shareholder amounted to approximately HK$4.6 million (2022: HK$4.9 million), the imputed interests derived from the interest-free convertible bonds amounted to approximately HK$2.1 million (2022: Nil), the interest derived from lease liabilities amounted to approximately HK$0.1 million (2022: HK$0.2 million) and the interest derived from the long term bank loan amounted to approximately HK$1.2 million for the Current Year (2022: HK$1.5 million).

Share of result of an associate

Share of result of an associate represented the share of loss amounted to HK$0.2 million (2022: Nil) of Chengdu Huahan during the Current Year.

Income tax expense

Income tax expense of the Group was approximately HK$2.0 million for the Current Year (2022: HK$2.5 million), mainly due to the provision of deferred tax expense arising from the investment properties of the Group during the Current Year.

Loss for the year attributable to the Owners of the Company

By reason of the factors stated above and the loss shared by the non-controlling interests increased, the loss for the year attributable to the owners of the Company reduced from approximately HK$14.0 million for the Previous Year to approximately HK$11.9 million for the Current Year, representing a decrease of approximately 14.8%. Basic loss per share was 3.07 HK cents (2022: 3.63 HK cents).

Final Dividend

The Board does not recommend the payment of final dividend for the Current Year (2022: Nil).

Liquidity and Financial Position

As at 31 March 2023, the Group had net current assets and current ratio stood at approximately HK$7.8 million and 1.3 respectively (31 March 2022: HK$28.7 million and 1.8 respectively).

As at 31 March 2023, the bank balances and cash amounted to approximately HK$13.1 million (31 March 2022: HK$20.1 million). As at 31 March 2023, the inventories amounted to approximately HK$2.4 million (31 March 2022: HK$4.7 million), mainly representing the refined oil and solar modules intelligent technology products. As at 31 March 2023, the trade receivables and trade payables amounted to approximately HK$2.2 million and HK$1.7 million respectively (31 March 2022: HK$1.9 million and HK$0.6 million respectively), both of which were mainly derived from the energy business. As at 31 March 2023, the Group's property, plant and equipment, right-of-use assets and investment properties amounted to approximately HK$18.4 million, HK$7.4 million and HK$88.6 million respectively (31 March 2022: HK$20.9 million, HK$9.4 million and HK$89.9 million respectively). The investment properties of the Group are located at No. 61, Haichao Road, Sino-Italy Ningbo Ecological Park (also known as Zhongyi Ningbo Shengtai Park), Yuyao City of Zhejiang Province for industrial use and are held under operating leases to earn rentals. The investment properties were valued by an independent firm of professional property valuer and the fair value of the investment properties are derived using income approach for both years.

As at 31 March 2023, the net carrying amount of the intangible assets was approximately HK$50.1 million (31 March 2022: HK$56.0 million), which represented the operating rights in relation to the relevant certificates, licenses and approvals for the operations of the filling station and the sale of refined oil with finite useful lives. The intangible assets were arising from the acquisition of Chengdu Kaibangyuan.

Capital Resources and Gearing

As at 31 March 2023, the Group had an interest-bearing bank borrowing amounted to approximately HK$19.8 million (31 March 2022: HK$24.2 million) and bore interest rate of 5.7% per annum (31 March 2022: 5.9%), of which approximately HK$2.7 million (31 March 2022: HK$2.8 million) will be repayable within one year and approximately HK$17.1 million (31 March 2022: HK$21.4 million) will be repayable after one year. The Group's gearing ratio (which was expressed as a percentage of total bank borrowing over total equity) was approximately 36.4% as at 31 March 2023 (31 March 2022: 44.0%).

The bank borrowing was secured by the Group's assets, for details of the charges on the Group's assets, please refer to the section headed "Charges On Group Assets" in this announcement. Save as disclosed above, the Group has no other banking facilities (31 March 2022: Nil). As at 31 March 2023, the Group had interest-free loans due to a controlling shareholder of approximately HK$95.9 million (31 March 2022: HK$117.7 million) which will be repayable after one year from the end of the reporting period and had interest-free loans due to a shareholder of approximately HK$3.8 million which will be repayable after one year from the end of the reporting period (31 March 2022: HK$5.0 million, repayable within one year).

The Group principally meets its working capital requirement and other liquidity requirements through a combination of operating cash flows, and interest-free loans due from a controlling shareholder and a shareholder during the Current Year.

Convertible bonds

On 5 December 2022, the Convertible Bonds were issued to the Vendor after the completion of the Acquisition on 5 December 2022 pursuant to the Equity Transfer Agreement and the Supplemental Agreement.

The Convertible Bonds can be converted into shares of the Company at a conversion price of HK$0.74 per conversion share (subject to adjustment), during the conversion period of 3 years from 5 December 2022. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds are convertible into 70,270,270 new shares of the Company at conversion price of HK$0.74 per conversion share (subject to adjustment). For further details, please refer to the section "Acquisition of 35% Equity Interest in Chengdu Huahan Energy Co., Ltd." in business review.

As at 31 March 2023, the entire principal amount of the Convertible Bonds remained outstanding. The management performed fair value assessment and engaged an independent valuer to conduct assessment on the Convertible Bonds at the end of the reporting period. As at 31 March 2023, the fair value of the debt component and derivative financial instrument derived from the Convertible Bonds was assessed at approximately HK$30.7 million and HK$13.5 million respectively (2022: Nil and Nil). The Convertible Bonds were classified as non-current liabilities as at 31 March 2023 with maturity date of more than one year from the end of the reporting period.

Capital Structures

The Group's total assets and total liabilities as at 31 March 2023 amounted to approximately HK$256.0 million (31 March 2022: HK$242.0 million) and approximately HK$201.6 million (31 March 2022: HK$187.1 million) respectively. The Group's debt ratio (which was expressed as a percentage of total liabilities over total assets) was approximately 78.7% as at 31 March 2023 (31 March 2022: 77.3%).

Charges on Group Assets

As at 31 March 2023, the buildings with carrying amounts of approximately HK$3.8 million (31 March 2022: HK$4.4 million), the right-of-use assets with carrying amounts of approximately HK$5.3 million (31 March 2022: HK$5.9 million) and the investment properties with carrying amounts of approximately HK$88.6 million (31 March 2022: HK$89.9 million), were pledged to a bank in the PRC as collateral security for a bank borrowing amounted to approximately HK$19.8 million (31 March 2022: HK$24.2 million).

Save as disclosed above, there were no other charges on Group's assets as of 30 September 2023.

Capital Commitments and Contingent Liabilities

As at 31 March 2023, the Group did not have any capital commitments (31 March 2022: Nil).

As at 31 March 2023, the Group did not have any contingent liabilities (31 March 2022: Nil).

Employee and Remuneration Policy

As at 31 March 2023, the Group had a total of 60 employees (2022: 66). The Group remunerates its employees based on their performance and work experience and the prevailing market rates. Salaries of employees are maintained at competitive levels while bonuses are granted by reference to the performance of the Group and individual employees.

The Group also provides internal training to employees when necessary and other staff benefits which include share option scheme and corporate contribution to the statutory mandatory provident fund scheme to its employees in Hong Kong and the statutory central pension schemes to its employees in the PRC.

Furthermore, the remuneration committee of the Company (the "**Remuneration Committee**") will review and give recommendations to the Board as to the compensation package of the Directors and senior management of the Group with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Group.

Foreign Exchange Fluctuation and Hedges

The business operations of the Group's subsidiaries were conducted mainly in the PRC and Hong Kong with sales and purchases of the Group's subsidiaries denominated mainly in Hong Kong dollars, Renminbi and United States dollars ("**USD**"). The Group's cash and bank deposits were denominated in Hong Kong dollars, Renminbi and USD as well. Any significant exchange rate fluctuation of Hong Kong dollars against USD or Renminbi may have financial impacts on the Group. While the Group would closely monitor the volatility of the foreign exchange rate, the Directors considered that the Group's risk exposure to foreign exchange rate fluctuation remained minimal currently.

As at 31 March 2023, no forward foreign currency contracts are designated in hedging accounting relationships (2022: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Save as disclosed in the section "Acquisition of 35% Equity Interest in Chengdu Huahan Energy Co., Ltd." in business review and this announcement, there were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Year.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group did not have any plans for material investments and capital assets as at 31 March 2023.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is to be held on Thursday, 7 September 2023 (the "**2023 AGM**") and the notice of the 2023 AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 4 September 2023 to Thursday, 7 September 2023 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the 2023 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 September 2023.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize effective internal control, accountability and transparency of the Board and are adopted in the best interest of the Company and its shareholders.

Accordingly, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

The Company has applied the principles and complied with all the applicable code provisions set out in the CG Code throughout the Current Period except for the deviation from code provision C.1.6 of the CG Code as explained below.

Other than the deviation disclosed herein, no other deviations including those disclosed in the Corporate Governance Report in the preceding annual report, have to be disclosed.

Code Provision C.1.6 of the CG Code

Under code provision C.1.6 of the CG Code, independent non-executive Directors and non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders of the Company. Due to other business engagements and work commitments, Mr. Jin Qingjun, an independent non-executive Director, was unable to attend the Company's annual general meeting held on 8 September 2022 (the "**2022 AGM**").

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 as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the Current Year.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Upon specific enquiry by the Company and based on the confirmation from the Directors, the change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report are set out below:

Mr. Zhang Bing has been appointed as an executive Director on 10 February 2023. His biographical details and information as disclosed pursuant to Rule 13.51(2) of the Listing Rules are set out in the announcement of the Company dated 10 February 2023.

The Board approved as recommended by the Remuneration Committee the inclusion of an emolument comprising a fixed monthly salary of HK$25,000 and respective contribution to the statutory retirement benefits scheme into the remuneration package of Mr. Hu Yangjun with effect from 17 December 2022 in view of his significant performance on building trust between the business partners and the Group and strengthen the investor relationship functions in Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed at the 2022 AGM, the second amended and restated memorandum and articles of association of the Company (the "**New Memorandum and Articles of Associations**") was approved by the shareholders and adopted in order to bring the New Memorandum and Articles of Associations in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 and allow general meetings of the Company to be held as an electronic meeting or a hybrid meeting.

For the details on the amendments to the New Memorandum and Articles of Associations, please refer to the circular of the Company dated 22 July 2022. The New Memorandum and Articles of Association is available on both the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

The Company has established the audit committee of the Company (the "**Audit Committee**") with written terms of reference in compliance with the code provisions under the CG Code set out in Appendix 14 to the Listing Rules to review the Group's financial reporting, corporate governance reporting process, internal audit functions, internal control system, risk management matters, and make relevant recommendations to the Board. The Audit Committee comprises three independent non-executive Directors, namely Ms. Zhong Yingjie, Christina, Mr. Jin Qingjun and Ms. Sun, Ivy Connie.

The Group's consolidated financial statements and the annual results for the Current Year have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the Current Year comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made. The Audit Committee also monitored the Company's progress in implementing the code provisions of the CG Code as required under the Listing Rules.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the Current Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to protect the environment and minimize any negative impact on the environment and occupational health and safety induced by our business, achieving the goal of sustainable development.

Pursuant to rule 13.91 of the Listing Rules, an Environmental, Social and Governance ("**ESG**") Report of the Company for the Current Year in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules will be published on the Stock Exchange's website and the Company's website at the same time as the publication of the annual report of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 2023 as set out in the preliminary announcement have been agreed by the auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 21 June 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.475hk.com). The annual report of the Company for the Current Year containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

APPRECIATION

Our Board would like to take this opportunity to express its gratitude to our shareholders, our business associates and all our employees for their continuous support.

By order of the Board
CENTRAL DEVELOPMENT HOLDINGS LIMITED
Chan Wing Yuen, Hubert
Chief Executive & Executive Director

Hong Kong, 21 June 2023

As at the date of this announcement, the Board consists of four executive Directors, namely Mr. Wu Hao, Mr. Hu Yangjun, Mr. Chan Wing Yuen, Hubert and Mr. Zhang Bing; a non-executive Director, namely Mr. Li Wei Qi, Jacky; and three independent non-executive Directors, namely Mr. Jin Qingjun, Ms. Sun, Ivy Connie and Ms. Zhong Yingjie, Christina.

* *for identification purpose only*