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Huasheng International Holding Limited

華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023; AND PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations decreased by approximately 17.9% to approximately HK\$660.4 million.
- Gross profit from continuing operations increased by approximately 4.9% to approximately HK\$190.4 million.
- Gross profit margin from continuing operations increased from approximately 22.6% to approximately 28.8%.
- Loss for the year attributable to owners of the Company amounted to approximately HK\$54.8 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK1.32 cents.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2023 with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations			
Other revenue		633,596	769,845
Interest revenue		26,775	34,066
Total revenue	3	660,371	803,911
Cost of sales		(470,016)	(622,374)
Gross profit		190,355	181,537
Other income	4	12,645	9,740
Other gains and losses, net	5	(93,804)	(3,676)
Selling and distribution expenses		(81,196)	(74,605)
Administrative expenses		(54,141)	(58,898)
Finance costs	6	(20,607)	(27,240)
Share of loss of associates		(523)	(194)
(Loss) profit before income tax from continuing operations		(47,271)	26,664
Income tax credit	7	2,223	250
(Loss) profit for the year from continuing operations	8	(45,048)	26,914
Discontinued operation			
(Loss) profit for the year from discontinued operation	9	(9,726)	4,379
(Loss) profit for the year attributable to the owners of the Company		(54,774)	31,293

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i> (restated)
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(13,416)	16,229
– Share of other comprehensive income of associates		138	–
		(13,278)	16,229
Item that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		5,427	(719)
Item that will not be reclassified to profit or loss:			
– Fair value changes on equity investment at fair value through other comprehensive income (“FVTOCI”)		259	–
Other comprehensive (loss) income for the year, net of income tax		(7,592)	15,510
Total comprehensive (loss) income for the year attributable to the owners of the Company		(62,366)	46,803
(Loss) earnings per share attributable to owners of the Company	<i>10</i>		
From continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)		(1.32)	0.89
From continuing operations			
Basic and diluted (<i>HK cents</i>)		(1.09)	0.77
From discontinued operation			
Basic and dilutes (<i>HK cents</i>)		(0.23)	0.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		–	4,792
Property, plant and equipment	12	38,320	59,188
Right-of-use assets		4,990	12,985
Other intangible assets	13	45,957	58,213
Goodwill	14	145,535	186,074
Interests in associates		56,850	10,900
Equity investment at fair value through other comprehensive income	16	116,982	–
Retention receivables	18	124,967	80,073
Deferred tax assets		8,015	3,049
		<u>541,616</u>	<u>415,274</u>
CURRENT ASSETS			
Inventories		9,151	17,664
Loan receivables	17	164,828	221,904
Trade, retention and other receivables and prepayments	18	968,751	1,157,182
Promissory note receivable		27,500	29,500
Convertible bonds receivables		17,465	15,897
Investments at fair value through profit or loss		–	29,287
Bank balances and cash		69,491	138,545
		<u>1,257,186</u>	<u>1,609,979</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables and accruals	<i>19</i>	450,703	718,541
Lease liabilities		6,532	10,246
Borrowings	<i>20</i>	117,157	–
Promissory notes	<i>21</i>	–	49,254
Bonds payable	<i>22</i>	25,826	25,734
Tax payable		1,751	2,263
		<u>601,969</u>	<u>806,038</u>
NET CURRENT ASSETS		<u>655,217</u>	<u>803,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,196,833</u>	<u>1,219,215</u>
NON-CURRENT LIABILITIES			
Lease liabilities		1,941	6,468
Borrowings	<i>20</i>	61,457	94,217
Promissory notes	<i>21</i>	7,679	–
Bonds payable	<i>22</i>	155,712	155,795
Deferred tax liabilities		5,742	7,260
		<u>232,531</u>	<u>263,740</u>
NET ASSETS		<u>964,302</u>	<u>955,475</u>
CAPITAL AND RESERVES			
Share capital		41,981	34,991
Reserves		922,321	920,484
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>964,302</u>	<u>955,475</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Legal reserve HK\$'000	Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note (ii))	Fair value through other comprehensive income reserves HK\$'000	Accumulated losses HK\$'000	
At 1 April 2021	34,991	1,688,181	49	678	(4,950)	(6,000)	-	(793,780)	919,169
Profit for the year	-	-	-	-	-	-	-	31,293	31,293
Other comprehensive income (loss), net of income tax:									
- Exchange differences arising on translation of foreign operations	-	-	-	-	16,229	-	-	-	16,229
- Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	(719)	-	-	-	(719)
Total comprehensive income for the year	-	-	-	-	15,510	-	-	31,293	46,803
Dividends approved in respect of previous year	-	(10,497)	-	-	-	-	-	-	(10,497)
Disposal of subsidiaries	-	-	(49)	-	-	-	-	49	-
Transactions with owners	-	(10,497)	(49)	-	-	-	-	49	(10,497)
At 31 March 2022	<u>34,991</u>	<u>1,677,684</u>	<u>-</u>	<u>678</u>	<u>10,560</u>	<u>(6,000)</u>	<u>-</u>	<u>(762,438)</u>	<u>955,475</u>
Loss for the year	-	-	-	-	-	-	-	(54,774)	(54,774)
Other comprehensive (loss) income, net of income tax:									
- Exchange differences arising on translation of foreign operations	-	-	-	-	(13,416)	-	-	-	(13,416)
- Share of other comprehensive income of associates	-	-	-	-	138	-	-	-	138
- Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	5,427	-	-	-	5,427
Fair value changes on equity investment at FVTOCI	-	-	-	-	-	-	259	-	259
Total comprehensive loss for the year	-	-	-	-	(7,851)	-	259	(54,774)	(62,366)
Issue shares pursuant to placing agreement	6,990	66,405	-	-	-	-	-	-	73,395
Transaction cost attributable to issue of placing shares	-	(2,202)	-	-	-	-	-	-	(2,202)
Transactions with owners	6,990	64,203	-	-	-	-	-	-	71,193
At 31 March 2023	<u>41,981</u>	<u>1,741,887</u>	<u>-</u>	<u>678</u>	<u>2,709</u>	<u>(6,000)</u>	<u>259</u>	<u>(817,212)</u>	<u>964,302</u>

Notes:

- (i) The special reserve represents the difference between the nominal value of the share capital issued by the Company and the share premium and the nominal value of the share capital of the subsidiaries comprising the Group prior to the group reorganisation in preparing for listing on The Stock Exchange of Hong Kong Limited.
- (ii) The other reserves represent the difference between the fair value of interest-free advance to an ex-shareholder of a subsidiary comprising the Group prior to the group reorganisation, measured at amortised cost using the effective interest method and its principal amount at inception amounting to HK\$6,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

Huasheng International Holding Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 9 June 2010. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 13 January 2011. The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is at Suites 2301-03, 23/F., Far East Consortium Building, No. 121 Des Voeux Road Central, Central, Hong Kong.

The principal activities of the Group are (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”). The Group was also engaged in wholesale and retail of household consumables (“Household Consumables Business”), which was disposed of and classified as discontinued operation during the year ended 31 March 2023. Further details of which is set out in notes 9 and 24(a).

Basis of preparation

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

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

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

Certain figures in the consolidated financial statements for the year ended 31 March 2022 related to discontinued operation have been reclassified and restated to conform with the current year presentations and accounting treatment.

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

2.1 Amendments to HKFRSs that is effective for annual period beginning on or after 1 April 2022

In the current year, the Group has applied for the first time the following new and amended HKFRSs (which included all HKFRSs, HKASs and Interpretations) issued by the HKICPA, which are relevant to the Group’s operation and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2022:

Amendments to HKFRSs	Annual improvements to HKFRS 2018-2020
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 Contract – Cost of Fulfilling a Contract

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

2.2 New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
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
HKFRS 17	Insurance Contracts and related Amendments ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2024

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

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

3. REVENUE AND SEGMENT INFORMATION

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

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

- Concrete Business – Production and sales of ready-mixed commercial concrete
- Money Lending Business – Provision of money lending services
- Household Consumables Business – Wholesale and retail of household consumables (discontinued operation)¹

1. The Group completed the disposal of the entire equity interest of S&J Distribution Limited, together with its subsidiary, which carried out the whole Group's Household Consumables Business, on 29 September 2022. Accordingly, the Household Consumables Business segment was classified as a discontinued operation for the year ended 31 March 2023. As to confirm to the annual presentation, the Household Consumables Business segment has been re-presented and classified as a discontinued operation for the year ended 31 March 2022. Details of which are set out in Note 9.

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

Revenue

Disaggregation of revenue from contracts with customers from continuing operations:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	<u>633,596</u>	<u>769,845</u>
Revenue from other source:		
Interest income from Money Lending Business	<u>26,775</u>	<u>34,066</u>
	<u>660,371</u>	<u>803,911</u>
Timing of revenue recognition:		
At a point in time	<u>633,596</u>	<u>769,845</u>
Revenue from contracts with customers	<u>633,596</u>	<u>769,845</u>
Geographical market:		
The People's Republic of China (the "PRC")		
– Mainland China	<u>633,596</u>	<u>769,845</u>
Revenue from contracts with customers	<u>633,596</u>	<u>769,845</u>

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

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

Segment revenues and results

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

	Continuing operations		Total <i>HK\$'000</i>
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	
For the year ended 31 March 2023			
Revenue from external customers	<u>633,596</u>	<u>26,775</u>	<u>660,371</u>
Segment profit (loss)	<u>43,370</u>	<u>(12,848)</u>	<u>30,522</u>
Bank interest income			350
Exchange differences			1,061
Realised gain on disposal of investments at FVTPL			362
Fair value gain on convertible bonds receivables			312
Impairment loss on goodwill			(30,765)
Amortisation of other intangible assets			(12,255)
Share of results of associates			(523)
Central administration costs			<u>(36,335)</u>
Loss before income tax from continuing operations			<u>(47,271)</u>
	Continuing operations		Total <i>HK\$'000</i> (restated)
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	
For the year ended 31 March 2022			
Revenue from external customers	<u>769,845</u>	<u>34,066</u>	<u>803,911</u>
Segment profit	<u>58,383</u>	<u>28,753</u>	87,136
Bank interest income			349
Exchange differences			(532)
Fair value loss on investments at FVTPL			(4,110)
Fair value loss on convertible bonds receivables			(755)
Amortisation of other intangible assets			(12,255)
Share of results of associates			(194)
Central administration costs			<u>(42,975)</u>
Profit before income tax from continuing operations			<u>26,664</u>

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

Segment assets and liabilities

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

Segment assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Concrete Business	948,734	1,101,757
Money Lending Business	166,824	225,214
Discontinued operation		
Household Consumables Business	—	21,910
Total segment assets	1,115,558	1,348,881
Other intangible assets	45,957	58,213
Goodwill	145,535	186,074
Convertible bonds receivables	17,465	15,897
Promissory note receivable	27,500	29,500
Interests in associates	56,850	10,900
Investments at FVTPL	—	29,287
Equity investment at FVTOCI	116,982	—
Deferred tax assets	8,015	3,049
Bank balances and cash	69,491	138,545
Unallocated corporate assets	195,449	204,907
Consolidated total assets	<u>1,798,802</u>	<u>2,025,253</u>

Segment liabilities

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Continuing operations		
Concrete Business	428,636	710,891
Money Lending Business	1,111	2,382
Discontinued operation		
Household Consumables Business	—	5,826
Total segment liabilities	429,747	719,099
Tax payable	1,751	2,263
Borrowings	178,614	94,217
Promissory notes	7,679	49,254
Bonds payable	181,538	181,529
Deferred tax liabilities	5,742	7,260
Unallocated corporate liabilities	29,429	16,156
Consolidated total liabilities	<u>834,500</u>	<u>1,069,778</u>

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

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

Other segment information

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

	Continuing operations			Total <i>HK\$'000</i>
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Unallocated Corporate Office <i>HK\$'000</i>	
For the year ended 31 March 2023				
Capital additions	4,527	-	-	4,527
Depreciation of property, plant and equipment	4,289	526	450	5,265
Impairment loss on trade, retention and other receivables	15,313	-	-	15,313
Impairment loss on loan receivables	-	34,803	-	34,803
Depreciation of right-of-use assets	2,275	812	3,937	7,024
Written off of trade receivables	891	-	-	891

	Continuing operations			Total <i>HK\$'000</i> (restated)
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	Unallocated Corporate Office <i>HK\$'000</i>	
For the year ended 31 March 2022				
Capital additions	6,790	-	-	6,790
Depreciation of property, plant and equipment	9,104	525	455	10,084
Impairment loss on trade, retention and other receivables	1,649	-	-	1,649
Depreciation of right-of-use assets	2,943	812	2,501	6,256

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

Revenue from major products and services

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Sales of goods from Concrete Business	633,596	769,845
Interest income from Money Lending Business	26,775	34,066
	<u>660,371</u>	<u>803,911</u>

Information about geographical areas

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

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

	Revenue by geographical market	
	2023	2022
	HK\$'000	HK\$'000
		(restated)
Continuing operations		
The PRC		
– Mainland China	633,596	769,845
– Hong Kong	26,775	34,066
	660,371	803,911

As at 31 March 2023, approximately HK\$267,362,000 and HK\$24,290,000 of the non-financial assets classified as non-current assets are located in the Mainland China and Hong Kong, respectively.

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

Information about major customers

During the years ended 31 March 2023 and 2022, none of the Group's single customer attributed to more than 10% of the total revenue of the Group from continuing operations.

4. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Bank interest income	350	349
Rental income	2,049	1,829
Interest income from convertible bonds receivables	1,256	1,244
Litigation income (<i>Note 1</i>)	669	1,053
Government grants/subsidies (<i>Note 2</i>)	915	20
Commission income	5,760	2,115
Sundry income	1,646	3,130
	<u>12,645</u>	<u>9,740</u>

Notes:

1. There were litigation claims initiated by the Group against certain trade debtors to demand for immediate repayment of the unsettled trade and retention receivables. Pursuant to the respective judgements of the courts, approximately HK\$669,000 (2022: HK\$1,053,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2023.
2. During the year ended 31 March 2023, the Group recognised government grants of HK\$576,000 (2022: HK\$nil) from the Employment Support Scheme under the Anti-Epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to the grants/subsidies.

5. OTHER GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Exchange differences	1,061	(532)
Loss on disposals of property, plant and equipment	(13,767)	(6,333)
Fair value loss on investments at FVTPL	–	(4,110)
Fair value gain (loss) on convertible bonds receivables	312	(755)
Impairment loss on goodwill	(30,765)	–
Impairment loss on trade, retention and other receivables	(15,313)	(1,649)
Impairment loss on loan receivables	(34,803)	–
Written-off of trade receivables	(891)	–
Realised gain on disposal of investments at FVTPL	362	–
Gain on disposal of subsidiaries	–	9,703
	<u>(93,804)</u>	<u>(3,676)</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Effective interest on bonds payable	8,611	7,225
Interest on borrowings	7,693	14,860
Interest on promissory notes	3,901	4,504
Interest on lease liabilities	402	651
	<u>20,607</u>	<u>27,240</u>

7. INCOME TAX CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	(47)	–
– PRC Enterprise Income Tax (“PRC EIT”)	<u>(5,570)</u>	<u>(5,059)</u>
	<u>(5,617)</u>	<u>(5,059)</u>
Over (under) provision in respect of prior years:		
– Hong Kong Profits Tax	(33)	–
– PRC EIT	<u>1,553</u>	<u>3,244</u>
	<u>1,520</u>	<u>3,244</u>
Deferred taxation:		
– Current year	<u>6,320</u>	<u>2,065</u>
	<u>6,320</u>	<u>2,065</u>
Income tax credit	<u><u>2,223</u></u>	<u><u>250</u></u>

(i) Hong Kong

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same in 2022.

(ii) Mainland China

PRC EIT is calculated at 25% (2022: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for subsidiaries of the Company which were recognised as a high and new technology enterprise (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiaries are entitled to the preferential tax rate of 15% (2022: 15%) corporate income tax rate for HNTE during the year.

(iii) Other jurisdictions

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

8. (LOSS) PROFIT FOR THE YEAR

	2023	2022
	HK\$'000	HK\$'000
		(restated)
Continuing operations		
The Group's (loss) profit for the year has been arrived		
at after charging:		
Directors' remuneration (<i>Note a</i>)	8,877	8,451
Other staff costs	30,429	37,296
Retirement benefit scheme contributions (<i>Note b</i>)	3,111	3,527
	<hr/>	<hr/>
Total staff costs	42,417	49,274
	<hr/>	<hr/>
Auditor's remuneration		
– Audit services	1,500	1,530
– Non-audit services	15	15
Cost of inventories sold	437,832	581,424
Depreciation of property, plant and equipment	5,265	10,084
Depreciation of right-of-use assets (<i>Note a</i>)	7,024	6,256
Amortisation of other intangible assets	12,255	12,255
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) Upon application of HKFRS 16, the lease of director's quarter was classified as the right-of-use assets. The depreciation of right-of-use assets related to the director's quarter for the year ended 31 March 2023 was approximately HK\$2,873,000 (2022: HK\$1,436,000) which is included in both the director's remuneration and depreciation of right-of-use assets. The rental payments for the year ended 31 March 2023 was approximately HK\$3,000,000 (2022: HK\$1,500,000).
- (b) No forfeited contributions available for offset against existing contributions during the year (2022: Nil).

9. DISCONTINUED OPERATION

On 28 September 2022, the Group through its direct wholly-owned subsidiary, Star World International Holdings Limited, entered into a share purchase agreement with Spencer Goldsmith Ltd. (a connected person of the Group) in relation to the disposal of entire equity interest in S&J Distribution Limited, (“S&J”, together with its subsidiaries are referred to as the “S&J Group”) at a total consideration of British Pound (“GBP”) 1,900,000 (equivalent to approximately HK\$16,200,000) (the “S&J Disposal”). The S&J Group, represents the entire Household Consumables Business segment of the Group and upon completion of the S&J Disposal, the Group’s Household Consumables Business would be discontinued.

The S&J Disposal was completed on 29 September 2022. Details of assets and liabilities disposed of, and the calculation of the loss on disposal are disclosed in Note 24(a).

The financial performance and cash flows of Household Consumables Business for the period from 1 April 2022 to the date of disposal and the year ended 31 March 2022 are classified and included as part of discontinued operation and have been presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, details of which are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	29,711	60,597
Cost of sales	<u>(23,298)</u>	<u>(47,652)</u>
Gross profit	6,413	12,945
Other income	137	460
Other gains and losses, net	545	(156)
Selling and distribution expenses	(66)	(971)
Administrative expenses	(2,920)	(6,780)
Finance costs	<u>(5)</u>	<u>(23)</u>
Profit before income tax from discontinued operation	4,104	5,475
Income tax expense	<u>(862)</u>	<u>(1,096)</u>
Profit after income tax from discontinued operation	3,242	4,379
Loss on disposal of subsidiaries (including reclassification of exchange reserve from equity to profit or loss on disposal of subsidiaries)	<u>(12,968)</u>	<u>–</u>
(Loss) Profit from discontinued operation	<u><u>(9,726)</u></u>	<u><u>4,379</u></u>
(Loss) Profit from discontinued operation attributable to:		
– Owners of the Company	<u><u>(9,726)</u></u>	<u><u>4,379</u></u>
Cash flow from discontinued operation		
Net cash generated from (used in) operating activities	1,234	(8,182)
Net cash generated from (used in) investing activities	4,700	(200)
Net cash used in financing activities	(8,508)	(186)
Effect of foreign exchange rate changes	<u>(438)</u>	<u>(253)</u>
Net decrease in bank balance and cash	<u><u>(3,012)</u></u>	<u><u>(8,821)</u></u>

10. (LOSS) EARNINGS PER SHARE

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

As at 31 March 2023 and 2022, the diluted (loss) earnings per share is the same as the basic (loss) earnings per share, as the Group has no dilutive potential ordinary shares during the years.

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
(Loss) profit for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	(54,774)	31,293
(ii) Continuing operations	(45,048)	26,914
(iii) Discontinued operation	(9,726)	4,379
	<u><u>4,144,476,375</u></u>	<u><u>3,499,098,293</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose		
of basic (loss) earnings per share	<u><u>4,144,476,375</u></u>	<u><u>3,499,098,293</u></u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST							
At 1 April 2021	381	27,514	41,150	3,957	2,893	1,290	77,185
Additions	-	2,076	134	-	650	4,138	6,998
Disposals	-	(514)	(13,109)	-	(15)	-	(13,638)
Disposal of subsidiaries	(381)	-	-	-	(282)	-	(663)
Transfer	-	273	182	-	-	(455)	-
Exchange realignment	-	1,282	2,282	-	42	(323)	3,283
At 31 March 2022	-	30,631	30,639	3,957	3,288	4,650	73,165
Additions	-	227	3,334	-	177	1,004	4,742
Disposals	-	-	(19,564)	-	-	-	(19,564)
Disposal of subsidiaries	-	(901)	-	-	(552)	-	(1,453)
Transfer	-	2,122	-	-	-	(2,122)	-
Exchange realignment	-	(3,172)	(3,581)	-	(299)	(345)	(7,397)
At 31 March 2023	-	28,907	10,828	3,957	2,614	3,187	49,493
ACCUMULATED DEPRECIATION							
At 1 April 2021	129	3,430	4,056	212	797	-	8,624
Charge for the year	4	2,491	6,504	848	585	-	10,432
Elimination on disposals	-	(415)	(5,460)	-	(10)	-	(5,885)
Elimination on disposal of subsidiaries	(133)	-	-	-	(244)	-	(377)
Exchange realignment	-	319	850	-	14	-	1,183
At 31 March 2022	-	5,825	5,950	1,060	1,142	-	13,977
Charge for the year	-	1,215	2,723	848	586	-	5,372
Elimination on disposals	-	-	(5,093)	-	-	-	(5,093)
Elimination on disposal of subsidiaries	-	(349)	-	-	(212)	-	(561)
Exchange realignment	-	(777)	(1,654)	-	(91)	-	(2,522)
At 31 March 2023	-	5,914	1,926	1,908	1,425	-	11,173
NET CARRYING VALUE							
At 31 March 2023	-	22,993	8,902	2,049	1,189	3,187	38,320
At 31 March 2022	-	24,806	24,689	2,897	2,146	4,650	59,188

13. OTHER INTANGIBLE ASSETS

	Customer Network HK\$'000
COST	
At 1 April 2021	94,477
Exchange realignment	<u>(340)</u>
At 31 March 2022	94,137
Disposal of subsidiaries	(7,096)
Exchange realignment	<u>(1,254)</u>
At 31 March 2023	<u>85,787</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2021	23,285
Charge for the year	12,973
Exchange realignment	<u>(334)</u>
At 31 March 2022	35,922
Charge for the year	12,255
Disposal of subsidiaries	(7,096)
Exchange realignment	<u>(1,253)</u>
At 31 March 2023	<u>39,830</u>
NET CARRYING VALUE	
At 31 March 2023	<u>45,957</u>
At 31 March 2022	<u>58,213</u>

Customer Network represents a long and close business relationship with customers of S&J and Alpha Youth Limited (together with its subsidiaries, the “Alpha Youth Group”), which was acquired as part of the Group’s acquisitions of S&J and Alpha Youth Group in prior years; and has been allocated to the Household Consumables Business cash generating unit (“CGU”) and Concrete Business CGU respectively. The Customer Network of S&J and Alpha Youth Group are amortised on straight-line basis over 10 years and 7 years respectively. The Customer Network allocated to the Household Consumables Business was disposed through the S&J Disposal which was completed during the year ended 31 March 2023.

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

14. GOODWILL

	Concrete Business CGU <i>HK\$'000</i>	Household Consumables Business CGU <i>HK\$'000</i>	Money Lending Business CGU <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 April 2021 and 31 March 2022	154,505	9,774	21,795	186,074
Disposal of subsidiaries	—	(9,774)	—	(9,774)
At 31 March 2023	<u>154,505</u>	<u>—</u>	<u>21,795</u>	<u>176,300</u>
ACCUMULATED IMPAIRMENT LOSSES				
At 1 April 2021 and 31 March 2022	—	—	—	—
Impairment loss recognised	28,684	—	2,081	30,765
At 31 March 2023	<u>28,684</u>	<u>—</u>	<u>2,081</u>	<u>30,765</u>
NET CARRYING VALUE				
At 31 March 2023	<u>125,821</u>	<u>—</u>	<u>19,714</u>	<u>145,535</u>
At 31 March 2022	<u>154,505</u>	<u>9,774</u>	<u>21,795</u>	<u>186,074</u>

Goodwill arising in prior years related to (i) the acquisition of S&J and has been allocated to the Household Consumables Business CGU; (ii) the acquisition of Chengxin Finance Limited (“Chengxin Finance”) and has been allocated to the Money Lending Business CGU; and (iii) the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

Goodwill allocated to the Household Consumables Business was disposed of on 29 September 2022. Further details are set out in Note 24(a).

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

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

15. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing as at 31 March 2023 and 2022, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to two individual CGUs, comprising a subsidiary in Money Lending Business and subsidiaries in Concrete Business; while for the year ended 31 March 2022 have been allocated to the three individual CGUs, including the above two individual CGUs and a subsidiary in Household Consumables Business which was disposed of during the year ended 31 March 2023. The carrying amounts of other intangible assets and goodwill as at 31 March 2023 and 2022 allocated to these units are as follows:

	Customer Network		Goodwill	
	with finite useful life			
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Household Consumables Business CGU (Unit A)	–	–	–	9,774
Money Lending Business CGU (Unit B)	–	–	19,714	21,795
Concrete Business CGU (Unit C)	45,957	58,213	125,821	154,505
	45,957	58,213	145,535	186,074

During the year ended 31 March 2023, the Group determines that there is no impairment of other intangible assets in respect of the Concrete Business CGU. There are impairment of goodwill in respect of the Money Lending Business CGU and Concrete Business CGU of approximately HK\$2,081,000 and HK\$28,684,000, respectively, for the year ended 31 March 2023 (2022: HK\$Nil). The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

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

During the year ended 31 March 2023, the whole Household Consumables Business was disposed at consideration of approximately HK\$16,200,000 in total. Further details are set out in Note 24(a).

Unit B

The recoverable amount of this unit as at 31 March 2023 has been determined to be approximately HK\$68,267,000 based on the value-in-use calculation (2022: value-in-use calculation) with reference to a professional valuation performed by AAL (2022: AAL). The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2022: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2022: 0%). The pre-tax rate used to discount the forecast cash flows is 20.44% (2022: 18.79%).

Based on the impairment assessment of Money Lending Business CGU, the goodwill allocated to Money Lending Business CGU was determined to be impaired. An impairment loss of approximately HK\$2,081,000 (2022: HK\$Nil) against goodwill was recognised in consolidated profit or losses under other gains and losses, net in the current year. The impairment loss recognised during the year ended 31 March 2023 was mainly attributable to the unfavourable changes in estimated discount rate and increase in operating cost over the five-year forecast period due to the increase in competition among other market participants.

Unit C

The recoverable amount of this unit as at 31 March 2023 and 2022 have been determined based on a value-in-use calculation with reference to a professional valuation performed by Kroll (HK) Limited. The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2022: five-year period). Cash flows beyond the projection period are extrapolated using estimated growth rate of 2.5% (2022: 3%). The pre-tax rate used to discount the forecast cash flows is 18.2% (2022: 17.3%).

During the interim period ended 30 September 2022, the recoverable amount of this unit has been determined to be approximately RMB194,790,000 (equivalent to approximately HK\$215,371,000) based on the value-in-use calculation with reference to a professional valuation performed by AAL. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 3%. The pre-tax rate used to discount the forecast cash flows is 17.95%.

Based on the impairment assessment of Concrete Business CGU during the interim period ended 30 September 2022, the goodwill allocated to Concrete Business CGU was determined to be impaired. An impairment loss of approximately HK\$28,684,000 against goodwill was recognised in consolidated profit or losses under other gains and losses, net during the interim period ended and are not subsequently reversed. The impairment loss recognised during the interim period ended 30 September 2022 was mainly attributable to the fall in annual growth rate over the five-year forecast period due to the slowdown of real estate development in Hainan Province and the operation disruption resulted from the quarantine and lockdown measures implemented by the local authority of Hainan Province.

Based on the impairment assessment of Concrete Business CGU during the year ended 31 March 2023 indicated that, saved for the HK\$28,684,000 impairment loss against goodwill already recorded in the first half of the financial year 2022/2023, there was no impairment at 31 March 2023.

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

16. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted equity investment	<u><u>116,982</u></u>	<u><u>–</u></u>

The above unlisted equity investment represents the 13.4% Class A shares equity interest of Wisdom Moon (BVI) Limited (“Wisdom Moon”), a private entity incorporated in the BVI, which is principal engaged in investment holding which was acquired on 13 January 2023 at total consideration of US\$15,000,000 (equivalent to approximately HK\$117,000,000). The Group designated its investments in Wisdom Moon at FVTOCI (non-recycling) upon adoption of HKFRS 9, as the investment is held for long term strategic purposes. No dividends were received on this investment during the year (2022: HK\$Nil).

As at 31 March 2023, the Group engages independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2%. The pre-tax rate used to discount the forecast cash flow is 24.04%.

Changes in fair value of the above equity investment is recognised in other comprehensive income and accumulated within the FVTOCI reserve within equity. The Group transfers amount from FVTOCI reserve to accumulated losses when the relevant equity investment is derecognised.

Should the discount rate increase or decrease by 1%, the fair value of 13.4% Class A shares equity interest in Wisdom Moon would be decreased by approximately HK\$4,163,000 or increased by approximately HK\$4,949,000. Should the terminal growth rate increase or decrease by 1%, the fair value of 13.4% Class A shares equity interest in Wisdom Moon would be increased by approximately HK\$1,599,000 or decreased by approximately HK\$947,000.

17. LOAN RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables		
– Collateralised	53,000	68,000
– Non-collateralised	<u>166,346</u>	<u>173,670</u>
	219,346	241,670
Accrued interest receivables	<u>35,422</u>	<u>35,448</u>
	254,768	277,118
<i>Less: impairment loss recognised</i>	<u>(89,940)</u>	<u>(55,214)</u>
	<u><u>164,828</u></u>	<u><u>221,904</u></u>

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

The loans provided to customers bore fixed monthly interest rate ranging from 8% to 30% (2022: 12% to 30%) per annum. The effective interest rates of the above loan receivables ranging from 8% to 35% (2022: 13% to 35%) per annum.

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

	2023	2022
	HK\$'000	HK\$'000
0-90 days	–	–
91-180 days	–	–
181-365 days	3,700	21,800
Over 365 days	139,643	170,800
	<u>143,343</u>	<u>192,600</u>

The movement of allowance for doubtful debts in respect of loan receivables is as follows:

	2023	2022
	HK\$'000	HK\$'000
At the beginning of the year	55,214	55,214
Impairment loss recognised, net	34,803	–
Written off	(77)	–
	<u>89,940</u>	<u>55,214</u>

The management of the Group reviews and assesses for impairment individually based on customers' repayment history and the fair values of the collaterals, if any. As at 31 March 2023, approximately HK\$34,803,000 impairment loss was recognised (2022: HK\$Nil) on loan receivables and accrued interest on an individual assessment basis. Certain loan receivables amounting to HK\$Nil (2022: HK\$12,641,000) are guaranteed by a related party.

As at 31 March 2023, loan receivables that were past due but not impaired were related to customers that have made regular payments to the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered fully recoverable.

18. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, gross	373,560	402,536
<i>Less: impairment loss recognised</i>	<u>(21,233)</u>	<u>(16,715)</u>
Trade receivables, net	352,327	385,821
Retention receivables, gross	437,899	438,501
<i>Less: impairment loss recognised</i>	<u>(20,377)</u>	<u>(11,721)</u>
Retention receivables, net	417,522	426,780
Bills receivables	15,678	33,021
Prepayments and deposits	301,325	301,461
Other receivables	<u>6,866</u>	<u>90,172</u>
Trade, retention and other receivables and prepayments	<u>1,093,718</u>	<u>1,237,255</u>
Analysed for reporting purposes as:		
Current	968,751	1,157,182
Non-current		
– Retention receivables	<u>124,967</u>	<u>80,073</u>
	<u>1,093,718</u>	<u>1,237,255</u>

Note:

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

Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2022: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers.

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	52,463	62,494
31-60 days	15,431	51,701
61-90 days	27,362	45,780
Over 90 days	257,071	225,846
	<u>352,327</u>	<u>385,821</u>

All bills receivables were aged within 180 days as at the years ended 31 March 2023 and 2022.

Retention receivables

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

As at 31 March 2023, retention receivables amounting to approximately HK\$417,522,000 (2022: HK\$426,780,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	297,899	279,370
31-60 days	1,246	10,678
61-90 days	5,932	18,200
Over 90 days	112,445	118,532
	<u>417,522</u>	<u>426,780</u>

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note a</i>)	239,016	345,748
Bills payable	100,524	246,606
Contract liabilities (<i>Note b</i>)	5,936	16,554
Other payables and accruals	105,227	108,224
Amount due to controlling shareholder (<i>Note c</i>)	–	1,409
	<u>450,703</u>	<u>718,541</u>

Notes:

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	80,163	61,358
31-60 days	26,810	75,101
61-90 days	29,329	61,115
Over 90 days	102,714	148,174
	<u>239,016</u>	<u>345,748</u>

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

- (b) At 31 March 2023 and 2022, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments. Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

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

Movements in contract liabilities

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	16,554	16,395
Increase in contract liabilities as a result of receipt of customer deposits during the year	1,178	3,780
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(11,055)	(4,006)
Exchange realignment	(741)	385
	<u>5,936</u>	<u>16,554</u>
At the end of the year	<u><u>5,936</u></u>	<u><u>16,554</u></u>

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

20. BORROWINGS

	2023		2022	
	Maturity	<i>HK\$'000</i>	Maturity	<i>HK\$'000</i>
Current				
Secured				
– Factoring loans (<i>Note (i)</i>)	2023	85,560		–
Unsecured				
– Current portion of Loans (<i>Note (ii)</i>)	2024	31,597		–
		<u>117,157</u>		–
Non-current				
Unsecured – Loans (<i>Note (ii)</i>)	2025-2029	61,457	2024-2029	94,217
Total borrowings		<u><u>178,614</u></u>		<u><u>94,217</u></u>

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

	2023	2022
	HK\$'000	HK\$'000
Analysed into:		
On demand or within one year	117,157	–
In the second year	–	35,329
In the third to fifth year, inclusive	49,030	20,940
After five years	12,427	37,948
	178,614	94,217

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

Notes:

- (i) During the year ended 31 March 2023, an indirectly wholly-owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately RMB74,900,000 (equivalent to approximately HK\$85,560,000). The factoring loans are denominated in RMB and bear interest at rates ranged from 2.48% to 6.40% per annum. As at 31 March 2023, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$107,455,000.
- (ii) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured long term loans (the “Loans”) in previous years.

The Loans are denominated in RMB and are unsecured and mature between 2 to 10 years from the date of the loan agreements. Initially the Loans bear fixed rate interest of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum. During the year ended 31 March 2021, the interest rate was modified from 1% per annum to nil. There is no early redemption of the Loans during the years ended 31 March 2023 and 2022.

21. PROMISSORY NOTES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the year	49,254	44,750
Fair value of promissory note issue for acquisition of equity investment	7,524	–
Redemption during the year	(31,800)	–
Effective interest expenses	3,901	4,504
Transfer to other payable	<u>(21,200)</u>	<u>–</u>
At the end of the year	<u><u>7,679</u></u>	<u><u>49,254</u></u>
Analysed for reporting purposes as:		
Current liabilities	–	49,254
Non-current liabilities	<u>7,679</u>	<u>–</u>
	<u><u>7,679</u></u>	<u><u>49,254</u></u>

The unsecured promissory note which bears interest at 2% per annum issued by the Company in related to the acquisition of remaining 80% equity interest in Alpha Youth Group was matured during the year ended 31 March 2023. The Company had repaid principal together with accrued interest amounted to HK\$31,800,000 to one of the promissory note holders at maturity. However, at maturity date and up to the year ended 31 March 2023, the Company is unable to contact one of the promissory note holders based on the contact information registered in the register of promissory note of the Company and the outstanding principal and accrued interest are then classified as other payable under the current liabilities as at 31 March 2023.

On 13 January 2023, Star World International Holdings Limited, a direct wholly-owned subsidiary of the Company (the “Issuer”) issued promissory note with principal amount of US\$1,000,000 (equivalent to approximately HK\$7,800,000) to an independent third party vendor as part of the consideration for acquisition of 13.4% of Class A shares equity interest of Wisdom Moon.

The promissory note with terms of 24 months from the date of issuance is redeemable at 100% on maturity date and bears interest at 8% per annum which is payable annually in arrears. The share certificate in respect of 0.089 shares in the name of the Issuer has been retained by the vendor until redemption of the promissory note.

The Issuer has the discretion to repay all or part of the principal balance at any time prior to the maturity date by giving 7 days' prior written notice to holders of the promissory note; while holder of the promissory note has no right to require the Issuer to early redeem the promissory note. The fair value effect of the early redemption options is insignificant.

The promissory note is initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. The effective interest rate of the promissory note is 9.60% per annum.

22. BONDS PAYABLE

	2023	2022
	HK\$'000	HK\$'000
At the beginning of the year	181,529	155,872
Issuance of bonds	–	25,000
Interest expenses incurred	8,611	7,225
Interest paid	(8,602)	(6,568)
	<u>181,538</u>	<u>181,529</u>
At the end of the year	181,538	181,529
Analysed for reporting purposes as:		
Current liabilities	25,826	25,734
Non-current liabilities	155,712	155,795
	<u>181,538</u>	<u>181,529</u>

7-year Bond 2028

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

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

At the end of the reporting period, the carrying amount of the 7-year Bond 2028 comprised of principal amount and accrued interest amounted to US\$20,000,000 (2022: US\$20,000,000) and US\$50,630 (2022: US\$52,700) respectively.

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

3-year Bond 2024

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

- 8% per annum for the first anniversary of the issue date;
- 9% per annum from the date immediate after the first anniversary of the issue date up to the second anniversary date of the issue date; and
- 10% per annum from the date immediate after the second anniversary of the issue date up to the maturity date.

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

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

During the years ended 31 March 2023 and 2022, there is no early redemption of the 7-year Bond 2028 and 3-year Bond 2024 by the Group.

23. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028's payable amounted to approximately HK\$155,712,000 issued by the Company (2022: HK\$ Nil). Besides, assets with the following carrying amounts have been pledged to secure the bills payable, factoring loans and promissory notes of the Group:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity investment at FVTOCI	7,770	–
Pledged bank balances	54,399	123,479
Trade receivables	<u>107,455</u>	<u>–</u>
	<u><u>169,624</u></u>	<u><u>123,479</u></u>

24. DISPOSAL OF SUBSIDIARIES

(a) Disposal of S&J Group

The disposal of S&J Group was completed on 29 September 2022 at consideration of GBP1,900,000 (equivalent to approximately HK\$16,509,000). Upon completion, S&J Group ceased to be a subsidiary of the Company and results, assets and liabilities of S&J Group were ceased to be consolidated with those of the Group.

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

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash	14,765
Deferred receivables	<u>1,744</u>
	<u><u>16,509</u></u>

Analysis of assets and liabilities disposed of as at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	892
Right-of-use assets	420
Goodwill	9,774
Inventories	6,191
Trade and other receivables, prepayments and deposits	16,606
Bank balances and cash	1,198
Trade and other payables and accruals	(9,646)
Lease liabilities	(350)
Tax payable	(793)
Deferred tax liabilities	(242)
	<hr/>
Net assets disposed of	24,050
Reclassification adjustment of exchange reserve on disposal of S&J Group	5,427
Loss on disposal of subsidiaries	(12,968)
	<hr/>
Total consideration received	<u>16,509</u>
Net cash inflow arising on disposal:	
Cash consideration	14,765
Bank balances and cash disposed of	(1,198)
	<hr/>
	<u>13,567</u>

The loss on disposal of S&J Group was included in the loss from discontinued operation (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023.

(b) Disposal of Greenstar Group on 29 September 2021

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”) during the year ended 31 March 2023 (the “Year”).

The Group was also engaged in wholesale and retail of household consumables (“Household Consumables Business”) which was disposed of and classified as discontinued operation during the Year. As a result, Household Consumables Business performance have been presented as if the operation was discontinued during the year ended 31 March 2022 (the “Previous Year”). Comparative figures have been restated to conform with the revised presentation. Details of the business disposed of during the Year are disclosed in Note 9 to the consolidated financial statements of this announcement.

The Group recorded a net loss attributable to owners of the Company of approximately HK\$54.8 million for the Year as compared with a net profit of approximately HK\$31.3 million for the Previous Year.

Continuing Operations

Revenue

The Group’s revenue from continuing operations decreased by approximately HK\$143.5 million or 17.9% from approximately HK\$803.9 million (restated) for the Previous Year to approximately HK\$660.4 million for the corresponding period in 2023.

The following table sets forth a breakdown of the Group's revenue from continuing operations by segments and geographical locations and as a percentage of the Group's total revenue from continuing operations for the Year, with comparative figures for the Previous Year:

	Year ended 31 March			
	2023 <i>HK\$'000</i>	2023 %	2022 <i>HK\$'000</i> (restated)	2022 % (restated)
By segment:				
Concrete Business	633,596	95.9	769,845	95.8
Money Lending Business	26,775	4.1	34,066	4.2
Total	<u>660,371</u>	<u>100.0</u>	<u>803,911</u>	<u>100.0</u>

	Year ended 31 March			
	2023 <i>HK\$'000</i>	2023 %	2022 <i>HK\$'000</i> (restated)	2022 % (restated)
By geographical location:				
The People's Republic of China (the "PRC")				
– the Mainland China	633,596	95.9	769,845	95.8
– Hong Kong	26,775	4.1	34,066	4.2
Total	<u>660,371</u>	<u>100.0</u>	<u>803,911</u>	<u>100.0</u>

During the Year, revenue from Concrete Business accounts for approximately 95.9% of the Group's total revenue from continuing operations. The Group's revenue from Concrete Business decreased by approximately HK\$136.2 million or 17.7% from approximately HK\$769.8 million for the Previous Year to approximately HK\$633.6 million for the Year which was mainly due to the combined effect of (i) decrease in sales volume affected by the slowdown of the real estate development in Hainan Province coupled with the operation disruption resulted from the quarantine and lockdown measures implemented by the local authority of Hainan Province due to the outbreak of COVID-19 during the second and third quarters of the Year; and (ii) increase in average selling price of concrete.

Revenue from Money Lending Business decreased by approximately HK\$7.3 million or 21.4% from approximately HK\$34.1 million for the Previous Year to approximately HK\$26.8 million during the Year. The drop in revenue was due to the reduction in average gross loan portfolio to customers from approximately HK\$248.9 million for the Previous Year to approximately HK\$230.5 million for the Year.

Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and the gross profit margin from continuing operations by business segment for the Year, with comparative figures for the Previous Year:

	Year ended 31 March			
	2023 HK\$'000	2023 GP%	2022 <i>HK\$'000</i> (restated)	2022 <i>GP%</i> (restated)
By segment:				
Concrete Business	163,580	25.8	147,471	19.2
Money Lending Business	<u>26,775</u>	100.0	<u>34,066</u>	100.0
Overall	<u>190,355</u>	28.8	<u>181,537</u>	22.6

Gross profit from continuing operations increased by approximately HK\$8.8 million or 4.9% from approximately HK\$181.5 million (restated) for the Previous Year to approximately HK\$190.4 million year-on-year. The increase in gross profit was primarily driven by (i) increase in average selling price of concrete; and (ii) the decrease in cost of raw materials during the Year.

The Group's gross profit margin from Concrete Business increased from approximately 19.2% to approximately 25.8% as the Group continued to strengthen its basic management, reduce cost, increase the operating efficiency and increase the average selling price of ready-mixed concrete during the Year.

The gross profit margin for Money Lending Business was 100% for both years ended 31 March 2023 and 2022 and continue to contribute a positive impact to the Group's gross profit margin.

Other Income

Other income from continuing operations mainly consists of rental income, interest income from convertible bonds receivables, commission income and litigation income. Other income increased by approximately HK\$2.9 million from approximately HK\$9.7 million (restated) for the Previous Year to approximately HK\$12.6 million for the Year mainly due to increase in commission income and increase in rental income from mixer trucks of Concrete Business.

Other Gains and Losses, Net

Other gains and losses, net from continuing operations for the Year mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$15.3 million; loss on disposals of property, plant and equipment of approximately HK\$13.8 million; impairment loss on loan receivables of approximately HK\$34.8 million and impairment loss on goodwill of approximately HK\$30.8 million.

The Group resulted in a net other losses amounted to approximately HK\$93.8 million during the Year as compared to a net other losses of approximately HK\$3.7 million (restated) during the Previous Year. The increase in loss was mainly due to the combined effect of (i) increase in impairment loss on trade, retention and other receivables by approximately HK\$13.7 million as compared to the Previous Year; (ii) recognition of impairment loss on loan receivables of approximately HK\$34.8 million while nil impairment loss are recognised in the Previous Year; (iii) recognition of impairment loss on goodwill allocated to Concrete Business and Money Lending Business amounted to approximately HK\$30.8 million in total during the Year against nil for the Previous Year; and (iv) a gain on disposal of subsidiaries of approximately HK\$9.7 million was recognised in the Previous Year.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Selling and distribution expenses increased by approximately HK\$6.6 million or 8.8% for the Year as compared with the Previous Year primarily due to increase in transportation costs which resulted from volatile rise of oil prices.

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and depreciation charges for owned assets and right-of-use assets. Administrative expenses decreased slightly by approximately HK\$4.8 million or 8.1% from approximately HK\$58.9 million (restated) for the Previous Year to approximately HK\$54.1 million for the Year.

Finance Costs

Finance costs from continuing operations mainly represent interest expenses on bonds payable, promissory notes, borrowings and lease liabilities. The finance costs decreased by approximately HK\$6.6 million or 24.4% from approximately HK\$27.2 million (restated) for the Previous Year to approximately HK\$20.6 million for the Year due to (i) decrease in interest on borrowings as lower interest rates was obtained by the Group as compared with the Previous Year; and (ii) decrease in outstanding promissory notes after the redemption at maturity during the Year.

(Loss) Profit before Income Tax

The Group recorded a loss before income tax from continuing operations of approximately HK\$47.3 million for the Year as compared to a profit before income tax of approximately HK\$26.7 million (restated) for the Previous Year. The turnaround from profit to loss before income tax during the Year mainly due to the combined effect of: (i) increase in impairment loss on trade, retention and other receivables of approximately HK\$13.7 million from Concrete Business as compared to the Previous Year; (ii) recognition of approximately HK\$34.8 million of impairment loss on loan receivables for overdue loans with creditability issue during the Year; and (iii) recognition of impairment loss on goodwill in relation to Concrete Business and Money Lending Business in total of approximately HK\$30.8 million during the Year against nil for the Previous Year.

Income Tax Credit

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

The Group recorded income tax credit from continuing operations of approximately HK\$2.2 million during the Year as compared to approximately HK\$0.3 million (restated) for the Previous Year. There was no significant change in applicable tax rates of the Company's subsidiaries during the Year. The increase in income tax credit primarily due to the recognition of tax loss from an operating subsidiary of the Group during the Year.

Impairments

During the Year, the Group had the following impairments:

- (a) Impairment loss on goodwill of approximately HK\$30.8 million of which approximately HK\$28.7 million was allocated to Concrete Business and approximately HK\$2.1 million was allocated to Money Lending Business. Independent professional valuers were engaged for the impairment assessment and found that the recoverable amount of the cash generating units were less than the carrying amount of the respective business segments. Impairment on goodwill is considered necessary. The impairment loss on goodwill allocated to Concrete Business was mainly attributable to the decrease in sales volume which slowdown the development growth rate in the cash flow projection. While the impairment loss on goodwill allocated to Money Lending Business was mainly attributable to the increase in competition among other market participants and increase in cost of operation, which led to a reduction in the loan portfolio in the cash flow projection.
- (b) Impairment loss on trade, retention and other receivables of approximately HK\$15.3 million were related to expected credit loss on trade and retention receivables from Concrete Business. Provision matrix was applied to calculate the expected credit loss. Provision rates were based on the Group's historical settlement experience and historical recoverability rate by groupings of various debtors that have similar loss patterns, taking into account forward-looking information.
- (c) Impairment loss on loan receivables of approximately HK\$38.4 million was recognised for overdue loans with credibility issue. The Group considered that the default risk of those borrowers was relatively high and thus impairment on loan receivables was considered necessary. The Group has adopted various measures in recovering the overdue loans including negotiation for sale of loan portfolio and conducting legal proceedings against the overdue borrowers in accordance with the prescribed internal procedures.

Discontinued Operation

On 28 September 2022, the Group through its direct wholly-owned subsidiary, entered into a share purchase agreement in relation to the disposal of the entire equity interest in S&J Distribution Limited ("S&J", together with its subsidiary are referred to as the "S&J Group") at a total consideration of GBP1,900,000 (the "S&J Disposal"). As the S&J Group carried out the whole Household Consumables Business, it was classified as discontinued operation for the Year. The S&J Disposal was completed on 29 September 2022.

In view of the uncertainty of the British market and the prevailing market sentiment, the S&J Disposal was considered more commercially favourable. The S&J Disposal could immediately strengthen the cash flow of the Group and allow the Group to restructure and streamline its business operations to allocate its financial resources to the development of the Group's principal business and/or pursue other business opportunities.

As one or more of the applicable percentage ratios under Rule 14.07 of the rules (the "Listing Rules") governing the listing of securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in respect of the S&J Disposal exceeds 5% but is less than 25%, the S&J Disposal constituted a discloseable transaction of the Company. As the purchaser is wholly-owned by the director of S&J, the purchaser was a connected person (as defined under the Listing Rules) of the Group at the subsidiary level. As the Directors (including the independent non-executive Directors) confirmed that the terms of the S&J Disposal were on normal commercial terms and such terms were fair and reasonable and in the interests of the Company and its shareholders as a whole, the S&J Disposal was only subject to reporting and announcement but was exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Details of the S&J Disposal are set out in the announcement of the Company dated 28 September 2022 and Notes 9 and 24(a) to the consolidated financial statements of this announcement.

Total Comprehensive (Loss) Income for the Year Attributable to Owners of the Company

The total comprehensive loss for the year attributable to owners of the Company was approximately HK\$62.4 million for the Year as compared to a comprehensive income of approximately HK\$46.8 million for the Previous Year.

Liquidity and Financial Resources

As at 31 March 2023, the Group had indebtedness comprising promissory notes, bonds payable and borrowings amounted to approximately HK\$367.8 million (2022: approximately HK\$325.0 million).

As at 31 March 2023, the Group had cash and cash equivalents of approximately HK\$69.5 million (2022: approximately HK\$138.5 million) which were denominated in Hong Kong Dollar ("HK\$"), Renminbi ("RMB") and United States Dollar ("US\$").

As at 31 March 2023, the Group's current ratio, calculated based on current assets over current liabilities, was approximately 2.1 (2022: approximately 2.0), reflecting the abundance of financial resources. The Group's gearing ratio was approximately 38.1% (2022: approximately 34.0%), calculated based on the total debts of approximately HK\$367.8 million (2022: approximately HK\$325.0 million) over shareholders' equity of approximately HK\$964.3 million (2022: approximately HK\$955.5 million).

Capital Structure

The capital structure of the Group as at 31 March 2023 are summarised as follows:

(A) Share Capital

As at 31 March 2023, the Company has 4,198,098,293 ordinary shares (2022: 3,499,098,293 ordinary shares) in issue with total shareholders' equity of the Group amounted to approximately HK\$964.3 million (2022: approximately HK\$955.5 million). During the Year, the Company issued a total of 699,000,000 ordinary shares by way of placing.

(B) Promissory Notes

Summary of the promissory notes movement during the Year are as follows.

Date of issue	Maturity date	Interest rate per annum	As at 01.04.2022	Principal amount		As at 31.03.2023
				Issued during the year	Redeemed/ Reclassified during the year	
6 January 2020	6 January 2023	2%	HK\$50,000,000	–	HK\$50,000,000	–
13 January 2023 ^(Note)	13 January 2025	8%	–	US\$1,000,000	–	US\$1,000,000

Note:

The promissory note was issued as part of the consideration for the acquisition of 13.4% of Class A shares of Wisdom Moon (BVI) Limited.

Further details are set out in Note 21 to the consolidated financial statements of this announcement.

(C) Bonds Payable

On 10 March 2021, the Company issued a seven-year corporate bond with a principal amount of US\$20.0 million (equivalent to approximately HK\$154.8 million) to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in US\$. The principal of the corporate bonds payable bears interest at 4.2% per annum and is payable semi-annually in arrears.

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

Further details of the above bonds payable are set out in Note 22 to the consolidated financial statements of this announcement.

Details of other borrowings of the Group are set out in Note 20 to the consolidated financial statements of this announcement.

Currency and Interest Rate Exposure

Most of the transactions of the Group are denominated in HK\$, RMB and US\$. The Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between RMB and US\$ to HK\$. It adopts a conservative treasury policy with most of the bank deposits being kept in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. During the year ended 31 March 2023, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

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

Loan Portfolio of Money Lending Business

As at 31 March 2023, before taking into account the impairment loss recognised, the Group had total outstanding loan principal amounts of approximately HK\$219.3 million (2022: HK\$241.7 million). After taking into account the impairment loss recognised in the amount of approximately HK\$89.9 million (2022: HK\$55.2 million) (among which approximately HK\$76.0 million (2022: HK\$49.1 million) is in relation to the outstanding loan principal amounts), the Group had total outstanding loan principal amounts of approximately HK\$143.3 million (2022: HK\$192.6 million) which is in relation to 13 (2022: 14) active loan accounts which comprised of 4 corporate loans and 9 individual loans (2022: 3 corporate loans and 11 individual loans). The corporate loans accounted for approximately 19.2% (2022: 20.2%) while individual loans accounted for approximately 80.8% (2022: 79.8%) of the outstanding principal of the loan receivables. The average outstanding principal amount per active loan accounts was approximately HK\$11.0 million (2022: HK\$13.8 million).

The interest rate of the outstanding principal amounts of the active loan accounts ranged from 8% to 30% per annum (2022: 12% to 30%). Out of the aggregate outstanding principal amount of approximately HK\$143.3 million of the active loan accounts as at 31 March 2023 (2022: HK\$192.6 million), collaterals were provided by 3 (2022: 5) active loan accounts and thus, approximately HK\$53.0 million (2022: HK\$68.0 million) were collateral-backed by properties in Hong Kong and the Mainland China and the remaining principal amount of approximately HK\$90.3 million (2022: HK\$124.6 million) were unsecured.

For the concentration of the Group's loan portfolio as at 31 March 2023, the outstanding loan balance and accrued interest receivables net of impairment, amounts of the top borrower and the top five borrowers amounted to approximately HK\$26.9 million (2022: HK\$27.4 million) and HK\$108.6 million (2022: HK\$125.8 million) respectively, which represented approximately 16% (2022: 12%) and 66% (2022: 57%) of the Group's loan and accrued interest receivables net of impairment. Out of which, approximately HK\$53.6 million (2022: HK\$50.0 million) or 49% (2022: 40%) of the outstanding loan and accrued interest receivables amounts of the top five borrowers were collateral-backed by properties in the Mainland China and the interest rate of the top five borrowers ranged from 12% to 18% (2022: 12% to 24%) for the Year.

Set out below is the summary of the top five borrowers of Money Lending Business as at 31 March 2023 arranged in the descending order of their respective outstanding loan amount:

Ranking	Borrower	Term of loan <i>Months</i>	Interest rate <i>Per annum</i>	Latest market value of the collateral <i>HK\$ million</i> <i>(Approximately)</i>	Book value of loan receivables as at 31 March 2023 <i>HK\$ million</i> <i>(Approximately)</i>	Proportion of the Group's total loan receivables as at 31 March 2023 <i>%</i> <i>(Approximately)</i>
1	Borrower A	12	12%	28	27	16%
2	Borrower B	24	18%	51	27	16%
3	Borrower C	12	17%	N/A	21	13%
4	Borrower D	24	15%	N/A	21	13%
5	Borrower E	24	18%	N/A	13	8%

All top five borrowers are individual clients and were introduced to the Group by referral from existing clients and/or management of the Group. They are all businessmen and are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Nil accumulated impairment losses were recognised for each of the top five borrowers.

Details of the management's discussion on the movements in loan impairments and the underlying reasons are set out in Note 17 to the consolidated financial statements of this announcement.

Charge on Assets

As at 31 March 2023, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year corporate bond due 2028 in the principal amount of US\$20,000,000 issued by the Company (2022: Nil). Certain amount of assets is also pledged to secure the Group's bills payable, factoring loans and promissory notes. Further details are set out in Note 23 to the consolidated financial statements of this announcement.

Contingent Liabilities

As at 31 March 2023, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2022: Nil).

Capital Commitment

As at 31 March 2023, the Group had the following commitments:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitment contracted but not provided for:		
– Limited partnership interest	–	42,889
– Capital contributions payable to an associate	–	24,661
	<u>–</u>	<u>24,661</u>
	<u>–</u>	<u>67,550</u>

Operating Lease Commitments

The Group as Lessor

As at 31 March 2023, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	–	308
In the second to fifth years, inclusive	–	874
	<u>–</u>	<u>874</u>
	<u>–</u>	<u>1,182</u>

Employee Information and Remuneration Policy

As at 31 March 2023, the Group employed a total of 200 (2022: 212 (restated)) employees. During the Year, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK\$42.4 million (2022: HK\$49.3 million (restated)).

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

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

Fund Raising Activity

The Group has conducted a placing of ordinary shares (the "Placing") under the general mandate during the Year. Shares of the Placing were allotted and issued to not less than six placees, who and whose ultimate beneficial owners (if applicable) are independent third parties as defined under the Listing Rules. All newly issued placing shares ranked pari passu in all respects with the existing shares. The Directors considered that the Placing represented an opportunity to raise additional funding through the equity market and would strengthen the Group's financial position.

Details of the Placing and the use of the proceeds are set as below:

Date and particulars of the Placing	Aggregate nominal value (HK\$)	Closing market price per share of the Company on the date on which the terms of the issue were fixed (HK\$)	Gross and net proceeds raised	Intended use of proceeds	Actual use of proceeds as at 31 March 2023
Placing of 699,000,000 ordinary shares under general mandate on 29 April 2022 at placing price of HK\$0.105 per share	6,990,000	0.121	approximately HK\$73.4 million (Gross) HK\$71.2 million (Net) (approximately HK\$0.102 per share)	All the net proceeds were intended to be used for the Group's general working capital and for the growth and expansion of the business of the Group	Fully utilised as intended

Further details are set out in the announcements of the Company dated 19 April 2022 and 29 April 2022.

Significant Events, Material Acquisitions or Disposals

Save as the S&J Disposal as disclosed in the paragraphs headed "Discontinued Operation" under "Business and Financial Review" in this Management Discussion and Analysis section, the Group has the following significant events during the Year:

(a) Discloseable transactions in relation to the provision of financial assistance

During the course of Money Lending Business, certain provision of financial assistance (the "Loans Transactions") by Chengxin Finance to certain borrowers constituted discloseable transactions of the Company as defined under Chapter 14 of the Listing Rules as the highest applicable percentage ratios as set out in Rule 14.07 of the Listing Rules in respect of the Loan Transactions exceed 5% but is less than 25%.

However, due to the inadvertent mistake of the management of the Company in the computation of the size tests, the Loans Transactions had not been announced in a timely manner in accordance with the Listing Rules which constituted a non-compliance with Chapter 14 of the Listing Rules at the material time.

The Company noted the deficiency in its internal control system and has devised and implemented remedial measures and procedures to avoid the occurrence of similar non-compliance with the Listing Rules in the future including (i) examination of the existing loan portfolio of the Group and to ensure that such loans are in full compliance with the Listing Rules; (ii) holding regular departmental meetings to monitor notifiable transactions; (iii) strengthening the reporting system between departments and Directors; (iv) providing more guidance materials and trainings on compliance matters to the Directors, senior management and the financial staff of the Group on a regular basis to increase their awareness and knowledge of the Listing Rules; and (v) working more closely with its legal advisers on compliance issues.

It is always the intention of the Company to fully comply with the Listing Rules. The Board and senior management of the Group are now fully aware of the relevant requirements under the Listing Rules and will ensure that the Company will comply with the relevant Listing Rules to avoid the recurrence of similar events in the future. For details, please refer to the announcements of the Company dated 18 November 2022 and 22 November 2022.

(b) *Discloseable transaction in relation to the acquisition of the issued share capital of Wisdom Moon (BVI) Limited*

On 9 January 2023, Star World International Holdings Limited, a direct wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with an independent third party (as defined under the Listing Rules) in relation to the acquisition of 1.34 class A shares of Wisdom Moon (BVI) Limited (the “Wisdom Moon”), at a total consideration of US\$15,000,000. The consideration was satisfied with US\$14,000,000 in cash and US\$1,000,000 by issuance of a 2-year 8% promissory note due 2025. The share certificate in respect of 0.089 of the class A shares was retained as a security until redemption of the promissory note by the Group.

Completion of the acquisition took place on 13 January 2023. The Group has designated the investment as equity investment at fair value through other comprehensive income as at 31 March 2023 as such equity investment is held for long term strategic purpose.

Wisdom Moon together with its subsidiaries is principally engaged in the design and manufacture of zero emission commercial vehicles offering both the battery-powered electric vehicles and the fuel cell electric vehicles. The Board considered that the investment in Wisdom Moon was a valuable investment opportunity and represented an opportunity to diversify its business portfolio by tapping into the zero emission commercial vehicles market.

For details, please refer to the announcements of the Company dated 9 January 2023, 13 January 2023 and 2 February 2023.

Events After The Reporting Period

As at the date of this announcement, there was no significant event relating to the business or financial performance of the Group that came to the attention of the Directors after 31 March 2023.

Future Plans for Material Investments or Capital Assets

Saved as disclosed elsewhere in this announcement, the Group does not have any firm intention or specific plans for material investments or capital assets as at the date of this announcement.

Prospects

In the post-pandemic era, the external development environment remains challenging, but at the same time, more opportunities have arisen. Looking ahead, as the economy is already on the road to recovery, the market demand will also be reignited. The Group will continue closely follow the national policies, keep close eyes on changes in market demand, proactively adapt to the environmental changes; and will strengthen the cost savings measures in view of the challenging conditions.

Concrete Business

Concrete Business continue to be the main growth driver of the Group. Although the sales volume of Concrete Business during the Interim Period was affected by the slowdown of the real estate development in Hainan Province and the operation disruption resulted from the persisting quarantine and lockdown measure implemented by the local authority, with the latest issuance of the joint notice by People’s Bank of China and China Banking and Insurance Regulatory Commission regarding 16 initiatives on enhancing the current financial support for the stable and healthy development of the real estate market and progressive streamlining of control measures released by the Central Government, the Group is still confident that Concrete Business will continue contribute a stable revenue to the Group and sustain profitability of the Group in the long-term. More resources will be allocated to support further exploration of new opportunities, including potential cooperation with different business partners or market participants in the concrete and construction industries in the PRC, with the aim to strengthen the Group capabilities and positions in the concrete market in Hainan Province for the upcoming financial year.

The Group has also been exploring business opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”) and Hainan Province. The Group will continue to look for opportunity to cooperate with experienced operator(s) to establish its business presence in the Greater Bay Area and leverage the operational expertise and business network of both parties to expedite the Group’s business development in both Hainan Province and the Greater Bay Area.

Money Lending Business

Coupled with the potential global economic downturn and rising interest rate environment, the risk of loan default in money lending sector in Hong Kong is inevitably growing. The Group will continue to adopt prudent credit control procedures and cautiously monitor the loan portfolio in developing the business. However, in view of the highly competitive environment in money lending business and the continuous increase in operating costs and default risk, the Group would consider to gradually scale down the loan portfolio in the coming financial years.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Code provision C.2.1

Throughout the Year and up to the date of this announcement, the Company has complied with all the code provisions contained in Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, with the exception of the following deviation:

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

Mr. Wong Wai Sing ("Mr. Wong") held the role of chairman of the Board ("Chairman") and chief executive officer of the Company during the Year.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Save as those disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Year.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

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

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

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

The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

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

PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

The Board proposes to amend the existing articles of association of the Company (the "Existing Articles of Association") and to adopt a new set of articles of association (the "New Articles of Association") in substitution for and to the exclusion of the Existing Articles of Association in order to, among others, (i) reflect the change of English name and the dual foreign name in Chinese of the Company as disclosed in the Company's announcement dated 21 April 2020; (ii) comply with the Core Shareholder Protection Standards as set out in Appendix 3 to the Listing Rules; (iii) provide flexibility to the Company by allowing general meetings to be held as hybrid or electronic meetings; and (iv) comply with other relevant changes to the applicable laws of the Cayman Islands and the Listing Rules. Details of the proposed amendments will be included in the circular relating to the forthcoming annual general meeting which will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 21 June 2023

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