

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 918)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of State Energy Group International Assets Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2023, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

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

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Revenue	4	<b>213,661</b>	207,226
Cost of sales		<b>(186,421)</b>	(172,081)
Gross profit		<b>27,240</b>	35,145
Other gains and losses	5	<b>(6,019)</b>	189
Other income	5	<b>924</b>	2,139
Selling and distribution expenses		<b>(10,087)</b>	(4,604)
Administrative expenses		<b>(18,466)</b>	(12,059)
Impairment losses under expected credit loss model, net of reversal		<b>(12,834)</b>	(17,155)
Fair value loss on investment properties	11	<b>(1,629)</b>	(13,420)
Fair value gain on contingent consideration payable		—	547
Finance costs	6	<b>(1,416)</b>	(298)
Loss before taxation	7	<b>(22,287)</b>	(9,516)
Taxation	8	<b>(2,365)</b>	(2,200)
Loss for the year attributable to owners of the Company		<b>(24,652)</b>	(11,716)
<b>Other comprehensive (expense) income for the year</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>(350)</b>	498
<b>Item that will not be reclassified to profit or loss:</b>			
Gain (loss) on revaluation of land and building held for own use		<b>941</b>	(3,013)
Total comprehensive expense for the year attributable to owners of the Company		<b>(24,061)</b>	(14,231)
<b>Loss per share</b>			
– basic (HK cents)	10	<b>(3.19)</b>	(2.13)
– diluted (HK cents)	10	<b>(3.19)</b>	(2.13)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2023*

	<i>Notes</i>	2023 <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>31,957</b>	32,291
Investment properties	<i>11</i>	<b>100,527</b>	104,979
Right-of-use assets		<b>86</b>	130
Goodwill		<b>696</b>	—
Other intangible assets		<b>6,203</b>	—
Other receivables	<i>12</i>	<b>5,192</b>	—
		<u><b>144,661</b></u>	<u>137,400</u>
<b>Current assets</b>			
Inventories		<b>108,641</b>	39,045
Trade and other receivables	<i>12</i>	<b>219,355</b>	166,455
Tax recoverables		<b>3,954</b>	—
Financial assets at fair value through profit or loss		<b>524</b>	—
Bank balances and cash		<b>15,495</b>	66,145
		<u><b>347,969</b></u>	<u>271,645</u>
<b>Total assets</b>		<u><b>492,630</b></u>	<u>409,045</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>154,697</b>	89,300
Contract liabilities		<b>10,297</b>	5,241
Bank borrowings	<i>14</i>	<b>40,966</b>	5,000
Lease liabilities		<b>94</b>	413
Tax payable		<b>8,202</b>	6,625
		<u><b>214,256</b></u>	<u>106,579</u>
<b>Net current assets</b>		<u><b>133,713</b></u>	<u>165,066</u>
<b>Total assets less current liabilities</b>		<u><b>278,374</b></u>	<u>302,466</u>

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current liabilities</b>			
Contingent consideration payable		—	—
Rental deposits received	<i>13</i>	<b>387</b>	175
Deferred tax liabilities		<b>1,782</b>	2,025
		<u><b>2,169</b></u>	<u>2,200</u>
<b>Net assets</b>		<u><b>276,205</b></u>	<u>300,266</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>7,737</b>	7,737
Reserves		<b>268,468</b>	292,529
<b>Total equity</b>		<u><b>276,205</b></u>	<u>300,266</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (the “**Group**”) are the wholesale of consumer products including timepieces and accessories and garment and sportswear products, property investment, provision of marketing services.

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

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

### AMENDMENTS TO HKFRSS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

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

## NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

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

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

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

***AMENDMENTS TO HKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND RELATED AMENDMENTS TO HONG KONG INTERPRETATION 5 (2020)***

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

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

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

Based on the Group's outstanding liabilities as at 31 March 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

***AMENDMENTS TO HKAS 1 AND HKFRS PRACTICE STATEMENT 2 DISCLOSURE OF ACCOUNTING POLICIES***

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

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

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

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

#### ***AMENDMENTS TO HKAS 8 DEFINITION OF ACCOUNTING ESTIMATES***

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

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

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

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

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



#### 4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products, property investment and provision of marketing services. Revenue mainly represents the consideration of goods sold, rental income received and receivable and marketing services provided. An analysis of revenue is as follows:

(i) **Analysis of revenue**

	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis</b>		
Sales of Watch products	115,109	—
Export sales of garment and sportswear products	48,469	91,188
Local sales of garment and sportswear products	39,141	71,340
Marketing services income	7,123	40,674
	<u>209,842</u>	<u>203,202</u>
<b>Revenue from other sources</b>		
Rental income	3,819	4,024
	<u>213,661</u>	<u>207,226</u>

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

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

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

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

The Group operates mainly in Hong Kong, Taiwan and the PRC and in the following business segments:

- i) Wholesale business – Watch: Wholesale of timepieces and accessories

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

- ii) Wholesale business – Garment: Wholesale of garment to both local and overseas customers

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

- iii) Property investment: Investing and letting of properties; and

- iv) Marketing services: Provision of marketing services.

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

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

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, goodwill, other intangible assets, inventories, bank balances and cash, financial assets at fair value through profit or loss (“**FVTPL**”), trade receivables, deposits, prepayments and other receivables. They exclude assets used for corporate functions.

Segment liabilities consist primarily of trade and bills payables, other payables and accrued charges, contract liabilities, bank borrowings, rental deposit received and lease liabilities. They exclude tax payable, deferred tax liabilities and liabilities used for corporate functions.

**PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS**

	2023				
	Wholesale business – Watch HK\$'000	Wholesale business – Garment HK\$'000	Property investment HK\$'000	Marketing services HK\$'000	Total HK\$'000
Revenue	<u>115,109</u>	<u>87,610</u>	<u>3,819</u>	<u>7,123</u>	<u>213,661</u>
Segment operating profit (loss)	<u>10,733</u>	<u>(9,978)</u>	<u>1,962</u>	<u>(16,430)</u>	(13,713)
Unallocated corporate income					924
Unallocated corporate expenses					<u>(8,082)</u>
Operating loss					(20,871)
Finance costs					<u>(1,416)</u>
Loss before taxation					(22,287)
Taxation					<u>(2,365)</u>
Loss for the year					<u>(24,652)</u>
Segment assets	112,506	177,976	106,443	52,800	449,725
Unallocated assets					<u>42,905</u>
Total assets					<u>492,630</u>
Segment liabilities	62,003	87,353	732	51,945	202,033
Unallocated liabilities					4,408
Tax payable					8,202
Deferred tax liabilities					<u>1,782</u>
Total liabilities					<u>216,425</u>

	2023					
	Wholesale business – Watch HK\$'000	Wholesale business – Garment HK\$'000	Property investment HK\$'000	Marketing services HK\$'000	Corporate HK\$'000	Total HK\$'000
Amortisation of other intangible assets	1,939	—	—	—	—	1,939
Decrease in fair value of financial assets at FVTPL	311	—	—	—	—	311
Depreciation of property, plant and equipment	29	29	—	—	1,293	1,351
Depreciation of right- of-use assets	364	130	—	—	—	494
Fair value loss on investment properties	—	—	1,629	—	—	1,629
Loss on disposal of property, plant and equipment	—	20	—	—	—	20
Impairment losses under ECL model, net of reversal	678	8,915	151	3,090	—	12,834

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

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

## SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

	2023	
	Revenue HK\$'000	Non-current assets HK\$'000
Africa	48,469	—
Hong Kong	78,266	108,917
PRC	63,555	30,530
Taiwan	23,371	22
	<u>213,661</u>	<u>139,469</u>

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

Revenue is allocated based on the country in which the customers are located. Non-current assets are allocated based on where the assets are located.

## INFORMATION ABOUT MAJOR CUSTOMERS

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Customer A from the Wholesale business – Garment	<b>38,963</b>	71,041
Customer B from the Wholesale business – Watch	<b>30,641</b>	36,363
Customer C <sup>1</sup> from Wholesale business – Garment	<b>21,705</b>	N/A

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2022.

## 5. OTHER GAINS AND LOSSES/OTHER INCOME

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Other gains and losses</b>		
Decrease in fair value of financial assets at FVTPL	<b>(311)</b>	—
Net exchange (loss) gain	<b>(5,708)</b>	189
	<b>(6,019)</b>	189
<b>Other income</b>		
Interest income from loans to third parties	<b>353</b>	2,101
Bank interest income	<b>49</b>	1
Government grants	<b>235</b>	—
Sundry income	<b>287</b>	37
	<b>924</b>	2,139

During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$217,000 (2022: nil) in respect of COVID-19-related subsidies which were granted to the Group under the Employment Support Scheme provided by the Hong Kong government.

## 6. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank borrowings	1,405	211
Interest on lease liabilities	11	87
	<u>1,416</u>	<u>298</u>

## 7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2023 HK\$'000	2022 HK\$'000
Cost of inventories sold	162,798	141,419
Auditor's remuneration	600	500
Amortisation of other intangible assets	1,939	—
Decrease of fair value of financial assets at FVTPL	311	—
Depreciation of property, plant and equipment	1,351	1,583
Depreciation of right-of-use assets	494	520
Legal and professional fees	2,056	1,339
Loss on disposal of property, plant and equipment	20	—
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	7,449	6,446
—Retirement benefits scheme contributions	540	248
Total staff costs	<u>7,989</u>	<u>6,694</u>



## 8. TAXATION

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

	2023 HK\$'000	2022 HK\$'000
Current tax		
Hong Kong Profits Tax	344	772
PRC Enterprise Income tax (the “EIT”)	2,265	2,024
	<u>2,609</u>	<u>2,796</u>
(Over)underprovision in prior years:		
Hong Kong Profits Tax	(1)	1,033
Deferred tax		
Current year	(243)	(1,629)
	<u>2,365</u>	<u>2,200</u>

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

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

## 9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2023 and 2022.

## 10. LOSS PER SHARE

### BASIC LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK\$24,652,000 (2022: HK\$11,716,000) and the weighted average number of ordinary shares in issue during the year of 773,659,000 shares (2022: 550,200,000 shares).

### DILUTED LOSS PER SHARE

There was no dilutive potential ordinary shares outstanding during both years as the Company did not have potential ordinary shares outstanding during the years ended 31 March 2023 and 2022. Accordingly, the diluted loss per share is same as basic loss per share for both years.

## 11. INVESTMENT PROPERTIES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
At the beginning of the year	<b>104,979</b>	118,471
Changes in fair value included in profit or loss	<b>(1,629)</b>	(13,420)
Exchange adjustment	<b>(2,823)</b>	(72)
	<hr/>	<hr/>
At the end of the year	<b><u>100,527</u></b>	<u>104,979</u>

## 12. TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables		
– Contracts with customers	190,536	151,746
– Lease receivables	4,728	2,873
Less: Allowance for credit losses	<u>(24,918)</u>	<u>(20,066)</u>
Trade receivables, net	<u>170,346</u>	<u>134,553</u>
Deposits paid to suppliers (note i)	36,845	29,066
Other receivables, net (note ii)	14,616	1,431
Prepayments	365	389
Rental, utility and sundry deposits	<u>2,375</u>	<u>1,016</u>
	<u>54,201</u>	<u>31,902</u>
Total trade and other receivables	224,547	166,455
Less: current portion	<u>219,355</u>	<u>166,455</u>
Non-current portion	<u>5,192</u>	<u>—</u>

### Notes:

- (i) As at 31 March 2023, included in deposits paid to suppliers of approximately HK\$36,845,000 (2022: HK\$28,372,000) is deposits paid to suppliers for marketing services.
- (ii) As at 31 March 2023, other receivables comprised of a loan to a third party amounting to approximately HK\$5,192,000, net of loss allowance with repayment date after one year and interest bearing at 6% per annum, and a loan to a third party amounting to approximately HK\$4,910,000, net of loss allowance with repayment date within one year, interest bearing at 1% per month with personal guarantee by shareholders of the borrower.

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>11,096</b>	24,355
31-60 days	<b>7,498</b>	7,973
61-180 days	<b>7,468</b>	39,948
181-365 days	<b>61,362</b>	29,473
Over 1 year	<b>82,922</b>	32,804
	<b>170,346</b>	134,553

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

The majority of the Group’s customers for overseas sales are generally on open account from 120 to 150 days (2022: 120 days) from the date of invoice. The credit period granted to local customers is 30 to 90 days (2022: 90 days). The credit period granted to marketing services customers is ranging from 0 to 5 days from the date of completion and due on date of invoice.

### 13. TRADE AND OTHER PAYABLES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>121,880</b>	72,961
Bills payables	<b>—</b>	3,393
Trade and bills payables	<b>121,880</b>	76,354
Deposits received	<b>732</b>	3,237
Accrued expenses	<b>5,898</b>	4,028
Other tax payables	<b>470</b>	1,273
Other payables	<b>26,104</b>	4,583
	<b>33,204</b>	13,121
Total trade and other payables	<b>155,084</b>	89,475
Less: Current portion	<b>154,697</b>	89,300
Non-current portion	<b>387</b>	175

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
0 - 30 days	<b>4,742</b>	7,623
31 - 90 days	<b>6,925</b>	16,829
91 - 180 days	<b>5,570</b>	10,347
Over 180 days	<b>104,643</b>	41,555
	<b>121,880</b>	76,354

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

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2022: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2022: 30 days). For marketing services providers, the credit period was 0 day from the date of completion or date of invoice.

#### 14. BANK BORROWINGS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Variable rate and secured borrowings, repayable within one year	<b>40,966</b>	5,000

At 31 March 2023, variable-rate bank borrowings denominated in HK\$ amounting to HK\$35,000,000 (2022: HK\$5,000,000) and US\$ amounting to HK\$5,966,000 (2022: n/a) carry interests at Hong Kong Interbank Offered Rate (“**HIBOR**”) + 2% (2022: HIBOR + 2%) per annum and HIBOR + 1.8% (2022: n/a) per annum, respectively.

The bank borrowings are secured and guaranteed by:

- (a) first legal charge over the Group’s investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$101,910,000 (2022: approximately HK\$103,293,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company.

## 15. ACQUISITION OF A SUBSIDIARY

On 24 May 2022, the Company entered into a sale and purchase agreement with an independent third party to acquire the entire equity interest in Sinoforce Group Limited (“**Sinoforce**”) at a total consideration of HK\$50,000,000. The acquisition was completed on 14 June 2022, the date on which the control of Sinoforce was passed to the Company. The acquisition has been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of Sinoforce Group as at the date of acquisition were:

	<b>HK\$’000</b>
<b>Assets</b>	
Property, plant and equipment	78
Other intangible assets	8,142
Right-of-use assets	453
Financial assets at FVTPL	835
Inventories	59,777
Trade and other receivables	34,223
Tax recoverable	1,131
Bank balances and cash	41,786
	<hr/>
	146,425
	<hr/>
<b>Liabilities</b>	
Trade and other payables	(96,710)
Lease liabilities	(411)
	<hr/>
	(97,121)
	<hr/>
<b>Total identifiable net assets at fair value</b>	49,304
Goodwill arising on acquisition	696
	<hr/>
Purchase consideration transferred	50,000
	<hr/>
<b>Analysis of cash flows on acquisition:</b>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	41,786
Cash paid	(50,000)
	<hr/>
Net cash flows on acquisition	<u>(8,214)</u>

## 16. EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 March 2023, the Group entered into a sale and purchase agreement with independent third parties (the “**Vendors**”), pursuant to which the Group has agreed to acquire and the Vendors have conditionally agreed to sell the equity interest of Shandong Longyi Aviation Technology Co., Ltd, a company established under the laws of the PRC, at a consideration of approximately HK\$30,946,000. The consideration shall be satisfied by the allotment and issue of 154,731,827 consideration shares by the Company to the Vendors (or its nominee(s)) at the issue price of HK\$0.2 per consideration share, credited as fully paid, under the general mandate. Details of the transaction are set out in the Company’s announcement dated 29 March 2023 and 4 May 2023. The acquisition is not completed as at the date of this report.
  
- (b) On 17 May 2023, the Group entered into a sale and purchase agreement with an independent third party (the “**Purchaser**”), pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of GBR (HK), an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$1,000,000. The Group is expected to record a gain of approximately HK\$4,314,000 as a result of the disposal of a subsidiary. The disposal is completed on 31 May 2023. Details of the transaction are set out in the Company’s announcement dated 17 May 2023.

## SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, CL Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the year ended 31 March 2023 (the “**Year**”, “**Reporting Period**”), the Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products (the “**Wholesale Business**”), property investment (the “**Property Investment Business**”), and the provision of marketing services (the “**Marketing Services**”).

### WHOLESALE BUSINESS

#### *Watch products*

On 24 May 2022, the Company entered into a sale and purchase agreement to acquire the entire issued shares of Sinoforce at a total consideration of HK\$50,000,000 (the “**Acquisition**”). The Acquisition was completed on 14 June 2022, the date on which the control of Sinoforce was passed to the Company. Sinoforce and its subsidiaries (“**Sinoforce Group**”) are engaging in the wholesale of timepieces and accessories, being the exclusive distributor of the timepieces and accessories bearing the trademarks of GIRARD-PERREGAUX and JEANRICHARD, in Hong Kong, Taiwan and the PRC. The Group believed that this new product line serves a lateral expansion of the Group’s business in sale, trading, distribution and processing of branded consumer products, creates a platform for business co-operation of the Group with international reputable brands of consumer products and help broaden the source of income of the Company.



### ***Garment and sportswear products***

The Group carries on the business of wholesale and trading of garment and sportswear products in the PRC which are then exported to overseas market and to Africa. During the Year, both the PRC and Africa markets had shown a decrease in revenue due to the unstable COVID-19 epidemic situation.

### **PROPERTY INVESTMENT BUSINESS**

As at 31 March 2023, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the “**Investment Properties**”). As at 31 March 2023, other than one car parking space, all the remaining investment properties were fully leased out.

The value of the Investment Properties amounted to approximately HK\$100.5 million based on the independent valuation of the Investment Properties as at 31 March 2023 (2022: approximately HK\$105.0 million).

### **MARKETING SERVICES**

During the Year, the Group offered marketing and promotional services at online and offline platforms for external customers and related companies and engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers in the PRC. During the Year, the Marketing Services had seen a decrease due to the COVID-19 epidemic situation in the PRC. Subsequent to the Year, the Group discontinued this unperforming business by disposing entire interest in GBR (HK) Limited, which was an indirect wholly-owned subsidiary of the Company and was engaged the Marketing Services as at 31 March 2023, to an independent third party in May 2023 (the “**Disposal**”). The Directors believe that the Disposal is in the best interest of the Company for better allocation of the Group’s resources.

## FINANCIAL REVIEW

### REVENUE

The Group recorded a revenue of approximately HK\$213.7 million, representing an increase of 3.1% as compared to that of approximately HK\$207.2 million for the year ended 31 March 2022 (the “**Previous Year**”).

Revenue derived from the Wholesale Business increased by approximately 24.7% from approximately HK\$162.5 million for the Previous Year to approximately HK\$202.7 million for the Year. The increase was due to the new revenue of approximately HK\$115.1 million from the wholesale of timepieces and accessories products since the Acquisition and netting off with a decrease in revenue in sale of garment and sportswear products by approximately 46.1% from approximately HK\$162.5 million for the Previous Year to approximately HK\$87.6 million for the Year.

Revenue derived from Property Investment Business was steady with approximately HK\$3.8 million for the the Year (Previous Year: HK\$4.0 million).

Revenue derived from Marketing Services was in the sum of approximately HK\$7.1 million for the Year, representing a decreased of 82.6% as compared to HK\$40.7 million for the Previous Year.

### GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$27.2 million, representing a decrease of approximately 22.5% as compared to approximately HK\$35.1 million for the Previous Year. The gross profit margin for the Year was approximately 12.7%, as compared to the gross profit margin of 17.0% for the Previous Year. The decrease was mainly attributable from decrease in revenue in Marketing Services.

The Group recorded a gross profit and gross profit margin of approximately HK\$34.0 million and 16.8% respectively in the Wholesale Business for the Year, representing an increase of approximately 12.1% as compared to approximately HK\$21.1 million for the Previous Year. The increase was in line with the increase in revenue.

The Group recorded a gross profit of approximately HK\$3.8 million in respect of the property investment business for the Year, representing steady performance as compared to approximately HK\$4.0 million for the Previous Year.

The Group recorded a gross loss of approximately HK\$10.5 million of the Marketing Services for the Year, representing a decrease of approximately 205.0% as compared to a gross profit of approximately HK\$10.0 million for the Previous Year.

## **SELLING, DISTRIBUTION AND MARKETING EXPENSES**

Selling, distribution and marketing expenses increased by approximately 119.6% from approximately HK\$4.6 million for the Previous Year to approximately HK\$10.1 million for the Year. The increase was mainly attributable to the new subsidiaries acquired upon the Acquisition as discussed above during the Year.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses increased by approximately 52.9% from approximately HK\$12.1 million for the Previous Year to approximately HK\$18.5 million for the Year. The increase was mainly attributable from new subsidiaries acquired upon the Acquisition as discussed above during the Year.

## **IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS (“ECL”) MODEL, NET OF REVERSAL**

Impairment losses under ECL model, net of reversal represented the net impairment losses on trade and other receivables, which decreased by 25.6% from approximately HK\$17.2 million for the Previous Year to approximately HK\$12.8 million for the Year. In assessing the ECL of the Group’s trade and other receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information of the Group’s receivables at the end of the Year.

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

The net loss on fair value change of investment properties of approximately HK\$1.6 million (Previous Year: net loss of approximately HK\$13.4 million) represented fair value adjustment of the Group’s properties located in Hong Kong and the PRC as at 31 March 2023.

These properties were revalued based on their open market value as at 31 March 2023 by Vincorn Group Holdings Limited, an independent qualified professional valuer.

## **FINANCE COSTS**

Finance costs increased by approximately 366.7% from approximately HK\$0.3 million for the Previous Year to approximately HK\$1.4 million for the Year. This was mainly due to increase in interest on bank borrowings for general working capital.

## **PROSPECTS**

During the Year, the Group has faced numerous challenges, including the recurring COVID-19 epidemic and increasing downturn pressure in macro economy. Business activities were put to a halt or significant slowed down globally. The Wholesale Business was negatively affected by the dampened consumer sentiments due to lockdowns, travel restrictions and social distancing measures. Although measures including the introduction of vaccines are implemented to combat and control the recurrences, even more the relaxation on lockdowns policies by the countries around the world, the extent of recovery of the economy and retail market is still uncertain. Therefore, the Group will take a prudent approach to the Wholesale Business and that the Group will regularly review the product range in order to maintain existing profit margin and to retain the current customer base. During the Year, the Group expanded the Wholesale Business by commencing the wholesale of timepieces and accessories products through the Acquisition, the Group believed that the Acquisition serves a lateral expansion of the Group's business in sale, trading, distribution and processing of branded consumer products, creates a platform for business co-operation of the Group with international reputable brands of consumer products and help broaden the source of income of the Company.

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

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

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

During the Year, the Group financed its operations and investments mainly by internally generated funds and debt financing.

### **CASH POSITION**

The Group had total cash and bank balances of approximately HK\$15.5 million as of 31 March 2023 (31 March 2022: approximately HK\$66.1 million).

## **BANK BORROWINGS**

As of 31 March 2023, bank borrowings of the Group amounted to approximately HK\$41.0 million (31 March 2022: approximately HK\$5.0 million). All bank borrowings are repayable within one year or on demand.

## **LEVERAGE**

The ratio of current assets to current liabilities of the Group was approximately 1.6 as at 31 March 2023 compared to approximately 2.5 as at 31 March 2022. The decrease in current ratio was mainly due to the increase in bank borrowings. The Group's gearing ratio as at 31 March 2023 was approximately 14.8% (31 March 2022: approximately 1.7%), which is calculated based on the Group's bank borrowings of approximately HK\$41.0 million (31 March 2022: approximately HK\$5.0 million) and the Group's total equity approximately HK\$276.2 million (31 March 2022: approximately HK\$300.3 million). The increase in gearing ratio was due to the increase in bank borrowings.

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group's principal financial instruments include trade receivables, deposits and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and lease liabilities. The Group also has various financial assets and financial liabilities arising from our business operations. The Group's financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. The Group aims to minimise these risks and hence maximise investment returns.

## FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars (“**HK\$**”), Renminbi (“**RMB**”) and United States dollars (“**US\$**”). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Year. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and the Group mitigates the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2023 and 2022, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

## CREDIT RISK

The Group’s credit exposure generally arises from counterparty risk in the course of engaging in the Wholesale Business, the Property Investment Business, and the Marketing Service Business. As at 31 March 2023, trade receivables and trade payables of the Group were approximately HK\$170.3 million and approximately HK\$121.9 million (31 March 2022: approximately HK\$134.6 million and approximately HK\$76.4 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

## LIQUIDITY RISK

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

## **TREASURY POLICIES**

As at 31 March 2023, bank borrowings of approximately HK\$35.0 million and HK\$6.0 million (31 March 2022: approximately HK\$5.0 million and HK\$Nil) were denominated in HK\$ and US\$ respectively. The Group's bank borrowings are subject to floating interest rates.

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

## **CHARGE OF ASSETS**

As at 31 March 2023, the investment properties and leasehold land and building in Hong Kong held by the Group with an aggregate carrying value of approximately HK\$101.9 million (31 March 2022: approximately HK\$103.3 million) were pledged as first legal charges for the Group's banking facilities.

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

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

## **SIGNIFICANT INVESTMENT**

The Group had no significant investment during the Year.

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

On 24 May 2022, the Company entered into a sale and purchase agreement to acquire the entire issued shares of Sinoforce at a total consideration of HK\$50,000,000. The Acquisition was completed on 14 June 2022, the date on which the control of Sinoforce was passed to the Company. Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries or associated companies during the Year.

## **OPERATING SEGMENT INFORMATION**

Details of the operating segment information of the Group in the Year are set out in note 4 to the consolidated financial statements attached to this annual results announcement.

## **CAPITAL COMMITMENTS**

The Group did not have any material capital commitment as at 31 March 2023.

## **CONTINGENT LIABILITIES AND LITIGATION**

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 31 March 2023, the utilised facilities amounted to approximately HK\$40.1 million (31 March 2022: approximately HK\$8.4 million).

Except for the foregoing, as at 31 March 2023, the Group had no other significant contingent liabilities or pending litigation.

## **EVENTS AFTER THE REPORTING PERIOD**

As at 31 March 2023, details of the subsequent events of the Group are set out in note 16 to the consolidated financial statements attached to this result announcement.

## **STAFF AND REMUNERATION POLICIES**

As of 31 March 2023, the Group had a total of 34 employees (2022: 27 employees). Total staff costs (including directors' emoluments) for the Year amounted to approximately HK\$8.0 million (Previous Year: approximately HK\$6.7 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2023, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.



## **AUDIT COMMITTEE**

The principal responsibilities of the audit committee of the Company (the “**Audit Committee**”) include reviewing and supervising of the Group’s financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2023 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three independent non-executive directors, namely Ms. Choi Ka Ying, Mr. Chen Conghu and Ms. He Xiaodong.

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

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

## **CORPORATE GOVERNANCE CODE**

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

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2023.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2023, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2023.

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

This results announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.seiah.com. The annual report for the year ended 31 March 2023 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board

**State Energy Group International Assets Holdings Limited**

**Zhang Jinbing**

*Chairman*

Hong Kong, 26 June 2023

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