CHINA ENVIRONMENTAL RESOURCES GROUP LIMITED
中國環境資源集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

The board of directors (the "Board") of China Environmental Resources Group Limited (the "Company") announces the annual audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2023 together with comparative figures for the year ended 30 June 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*4*	**84,414**	93,188
Cost of sales		**(69,353)**	(72,035)
Gross profit		**15,061**	21,153
Other income, gains and losses	*6*	**11,538**	4,065
Administrative and operating expenses		**(43,725)**	(41,408)
Fair value loss on investment properties		**(1,918)**	—
(Loss)/gain arising from changes in fair value less costs to sell of biological assets	*12*	**(16,556)**	10,018
Net gain on fair value changes in investments at fair value through profit or loss		**512**	729
Loss on disposal of a subsidiary		**(15)**	—
Reversal of provision/(provision) for impairment loss of right-of-use assets		**3,595**	(2,492)
Provision for impairment loss of intangible assets		**—**	(1,796)
(Provision)/reversal of provision for impairment loss of receivables		**(4,493)**	117
Loss from operations		**(36,001)**	(9,614)
Finance costs	*7*	**(4,133)**	(3,608)
Loss before tax		**(40,134)**	(13,222)
Income tax credit/(expense)	*8*	**4,934**	(1,606)
Loss for the year	*9*	**(35,200)**	(14,828)
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(24,941)**	(8,404)
Release of translation reserve upon disposal of a foreign subsidiary		**(8)**	—
Other comprehensive loss for the year, net of tax		**(24,949)**	(8,404)
Total comprehensive loss for the year		**(60,149)**	(23,232)

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(35,065)**	(16,743)
Non-controlling interests		**(135)**	1,915
		(35,200)	(14,828)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(59,312)**	(24,899)
Non-controlling interests		**(837)**	1,667
		(60,149)	(23,232)
Loss per share	*10*		
Basic (HK cents per share)		**(2)**	(1)
Diluted (HK cents per share)		**(2)**	(1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,583**	7,789
Right-of-use assets		**5,054**	33,466
Investment properties		**191,900**	265,578
Biological assets	*12*	**230,481**	267,079
Intangible assets		**70,508**	80,829
Goodwill		**1,087**	1,087
Loans receivable		**517**	—
Finance lease receivables		**36,747**	—
Investments at fair value through profit or loss	*14*	**18,908**	18,160
		556,785	673,988
Current assets			
Inventories		**33,445**	29,630
Trade and other receivables	*13*	**37,660**	46,501
Loans receivable		**7,318**	12,133
Investments at fair value through profit or loss	*14*	**725**	961
Refundable secured deposit		**11,000**	11,000
Cash and cash equivalents		**5,531**	6,295
		95,679	106,520
Assets classified as held for sale		**66,228**	—
		161,907	106,520
Current liabilities			
Trade and other payables	*15*	**30,063**	33,267
Contract liabilities		**2,637**	4,862
Lease liabilities		**1,205**	2,221
Borrowings		**74,148**	68,215
Current tax liabilities		**642**	377
		108,695	108,942

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Liabilities associated with assets classified as held for sale		**10,195**	—
		118,890	108,942
Net current assets/(liabilities)		**43,017**	(2,422)
Total assets less current liabilities		**599,802**	671,566
Non-current liabilities			
Lease liabilities		**48,359**	48,120
Deferred tax liabilities		**75,123**	86,977
		123,482	135,097
NET ASSETS		**476,320**	536,469
Capital and reserves			
Share capital	*16*	**40,731**	40,731
Reserves		**422,249**	483,465
Equity attributable to owners of the Company		**462,980**	524,196
Non-controlling interests		**13,340**	12,273
TOTAL EQUITY		**476,320**	536,469

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets which are carried at their fair values less costs to sell, and investment properties and investments at fair value through profit or loss which are carried at their fair values. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately HK$35,065,000 and operating cash outflow of approximately HK$11,076,000 for the year ended 30 June 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have been undertaking the following plans and measures to improve the Group's liquidity and financial position:

(i) An executive director who is also the chairman, chief executive officer and substantial shareholder of the Company has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due, so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from 30 June 2023;

(ii) The Group shall continue to implement measures aiming at improving the working capital and cash flows of the Group, including but not limited to the implementation of cost-saving measures to maintain adequate cash flows for the Group's operations; and

(iii) The directors have carried out a detailed review of the cash flow forecast of the Group prepared by the management of the Company covered a period of not less than twelve months from 30 June 2023, after taking into account the impact of the above-mentioned plans and measures. Accordingly, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from 30 June 2023.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards, and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

4. REVENUE

	2023	2022
	HK$'000	*HK$'000*
Trading of recycled metals	**17,417**	17,514
Trading of motor vehicles and related accessories	**60,279**	71,016
Hotel room income and sales of food and beverage	**1,790**	—
Revenue from contracts with customers	**79,486**	88,530
Rental income	**4,236**	4,329
Loan interest income	**298**	329
Finance lease interest income	**394**	—
Total revenue	**84,414**	93,188

Disaggregation of revenue from contracts with customers for year ended 30 June 2023:

	Trading of recycled metals *HK$'000*	Trading of motor vehicles and related accessories *HK$'000*	Hotel room income and sales of food and beverage *HK$'000*
Geographical markets			
The People's Republic of China (the "PRC")	**—**	**13,987**	**—**
Hong Kong	**17,417**	**45,742**	**—**
Macau	**—**	**409**	**—**
Taiwan	**—**	**141**	**—**
Nepal	**—**	**—**	**1,790**
	17,417	**60,279**	**1,790**
Timing of revenue recognition			
At a point in time	**17,417**	**60,279**	**614**
Over time	**—**	**—**	**1,176**
	17,417	**60,279**	**1,790**

Disaggregation of revenue from contracts with customers for year ended 30 June 2022:

	Trading of recycled metals *HK$'000*	Trading of motor vehicles and related accessories *HK$'000*
Geographical markets		
The PRC	—	16,234
Hong Kong	17,514	53,682
Macau	—	1,035
Taiwan	—	65
	17,514	71,016

All revenue from contracts with customers are recognised at a point in time.

Sales of goods

The Group sells recycled metals, motor vehicles and related accessories and food and beverage to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, payment in advance or cash on delivery is normally required. Deposits received are recognised as contract liabilities.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Hotel room income

Hotel room income is recognised over time during the period of stay for the hotel guests.

5. SEGMENT INFORMATION

The Group has seven reportable segments as follows:

(i) Trading of recycled metals

(ii) Trading of motor vehicles and related accessories

(iii) Property investment

(iv) Provision of financial services

(v) Securities trading and investment

(vi) Sales of plantation materials and products

(vii) Hotel and related business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include finance costs and income tax credit/expense. Segment assets do not include goodwill and refundable secured deposit. Segment liabilities do not include deferred tax liabilities and borrowings.

Information about reportable segment revenue, profit or loss, assets and liabilities:

	Trading of recycled metals	Trading of motor vehicles and related accessories	Property investment	Provision of financial services	Sales of golden flower tea products	Securities trading and investment	Sales of plantation materials and products	Hotel and related business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 30 June 2023									
Revenue from external customers	**17,417**	**60,279**	**4,236**	**298**	**—**	**—**	**—**	**2,184**	**84,414**
Segment (loss)/profit comprising:	**(1,795)**	**3,538**	**1,199**	**(5,092)**	**—**	**(246)**	**(21,390)**	**1,210**	**(22,576)**
Loss arising from changes in fair value less costs to sell of biological assets	**—**	**—**	**—**	**—**	**—**	**—**	**(16,556)**	**—**	**(16,556)**
Depreciation and amortisation	**(1,325)**	**(580)**	**(1)**	**(799)**	**—**	**—**	**(4,775)**	**(2,296)**	**(9,776)**
Net gain/(loss) on fair value changes in investments at fair value through profit or loss	**—**	**748**	**—**	**—**	**—**	**(236)**	**—**	**—**	**512**
Fair value loss on investment properties	**—**	**—**	**(1,918)**	**—**	**—**	**—**	**—**	**—**	**(1,918)**
Reversal of provision/(provision) for impairment loss of receivables	**167**	**(370)**	**—**	**(4,290)**	**—**	**—**	**—**	**—**	**(4,493)**
Reversal of provision for impairment loss of right-of-use assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,595**	**3,595**
At 30 June 2023									
Segment assets	**1,755**	**83,946**	**258,995**	**8,333**	**—**	**825**	**300,970**	**38,272**	**693,096**
Segment liabilities	**894**	**16,116**	**6,039**	**133**	**—**	**467**	**1,792**	**46,447**	**71,888**
Year ended 30 June 2022									
Revenue from external customers	17,514	71,016	4,329	329	—	—	—	—	93,188
Segment (loss)/profit comprising:	(2,880)	8,891	3,108	(691)	(2,531)	(253)	4,836	(3,044)	7,436
Gain arising from changes in fair value less costs to sell of biological assets	—	—	—	—	—	—	10,018	—	10,018
Depreciation and amortisation	(3,544)	(587)	(1)	—	(68)	—	(5,127)	(2,334)	(11,661)
Proceeds from disposal of listed securities	—	—	—	—	—	2,939	—	—	2,939
Costs of disposal of listed securities	—	—	—	—	—	(3,000)	—	—	(3,000)
Net gain/(loss) on fair value changes in investments at fair value through profit or loss	—	957	—	—	—	(167)	—	—	790
Provision for impairment loss of intangible assets	—	—	—	—	(1,796)	—	—	—	(1,796)
Reversal of provision/(provision) for impairment loss of receivables	700	—	—	—	(583)	—	—	—	117
Provision for impairment loss of right-of-use assets	—	—	—	—	—	—	—	(2,492)	(2,492)
At 30 June 2022									
Segment assets	5,406	87,199	266,327	14,022	57	1,011	348,463	38,903	761,388
Segment liabilities	2,338	14,303	6,949	401	—	467	1,945	48,652	75,055

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2023 *HK$'000*	2022 *HK$'000*
Revenue:		
Total revenue of reportable segments	**84,414**	93,188
Loss:		
Total (loss)/profit of reportable segments	**(22,576)**	7,436
Other profit or loss:		
Finance costs	**(4,133)**	(3,608)
Income tax credit/(expense)	**4,934**	(1,606)
Corporate and unallocated items	**(13,425)**	(17,050)
Consolidated loss for the year	**(35,200)**	(14,828)
Assets:		
Total assets of reportable segments	**693,096**	761,388
Goodwill	**1,087**	1,087
Refundable secured deposit	**11,000**	11,000
Corporate and unallocated assets	**13,509**	7,033
Consolidated total assets	**718,692**	780,508
Liabilities:		
Total liabilities of reportable segments	**71,888**	75,055
Deferred tax liabilities	**75,123**	86,977
Borrowings	**74,148**	68,215
Corporate and unallocated liabilities	**21,213**	13,792
Consolidated total liabilities	**242,372**	244,039

Geographical information:

	Revenue		**Non-current assets**	
	2023 ***HK$'000***	2022 *HK$'000*	**2023** ***HK$'000***	2022 *HK$'000*
The PRC	**13,987**	16,234	**300,964**	422,134
Hong Kong	**67,693**	75,854	**219,073**	214,711
Macau	**409**	1,035	**—**	—
Taiwan	**141**	65	**—**	—
Nepal	**2,184**	—	**36,748**	37,143
	84,414	93,188	**556,785**	673,988

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2023	2022
	HK$'000	*HK$'000*
Trading of motor vehicles and related accessories		
Customer A	**38,966**	38,959
Customer B	**9,138**	N/A*
Trading of recycled metals		
Customer C	**9,350**	N/A*

Revenue from the above customers individually contributed more than 10% of the total revenue of the Group.

* Customers did not contribute more than 10% of the total revenue of the Group for the year ended 30 June 2022.

6. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Sponsor income	**1,428**	1,156
Government subsidy	**248**	538
Gain on waiver of lease liabilities	**—**	2,578
Gain/(loss) on disposal of property, plant and equipment	**3,601**	(181)
Gain on waiver of other payables	**5,857**	—
Others	**404**	(26)
	11,538	4,065

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank loans	**2,318**	1,737
Lease interests	**1,815**	1,871
	4,133	3,608

8. INCOME TAX (CREDIT)/EXPENSE

	2023	2022
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**289**	179
Over-provision in prior years	**(6)**	(10)
	283	169
Current tax — PRC Enterprise Income Tax	**108**	204
Deferred tax	**(5,325)**	1,233
Income tax (credit)/expense	**(4,934)**	1,606

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Profits of the group entities established in the PRC will be taxed at the PRC Enterprise Income Tax rate of 25% (2022: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Reconciliation between income tax (credit)/expense and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2023	2022
	HK$'000	*HK$'000*
Loss before tax	**(40,134)**	(13,222)
Tax calculated at applicable tax rate of 25% (2022: 25%)	**(10,034)**	(3,306)
Effect of different tax rates of the subsidiaries	**1,536**	1,360
Tax effect of expenses that are not deductible	**2,025**	2,958
Tax effect of income that are not taxable	**(891)**	(379)
Tax effect of temporary differences not recognised	**179**	(163)
Tax effect of utilisation of tax losses not previously recognised	**—**	(27)
Tax reduction	**(595)**	(926)
Over-provision in prior years	**(6)**	(10)
Tax effect of tax losses not recognised	**2,852**	2,099
Income tax (credit)/expense	**(4,934)**	1,606

9. LOSS FOR THE YEAR

The Group's loss for the year is stated at after charging/(crediting) the following:

	2023	2022
	HK\$'000	*HK\$'000*
Amortisation of intangible assets	**4,742**	5,151
Auditor's remuneration	**980**	980
Depreciation	**5,650**	7,791
(Gain)/loss on disposals of property, plant and equipment	**(3,601)**	181
Expenses related to short-term leases	**712**	630
Staff costs (including directors' remuneration):		
— salaries, bonuses and allowances	**13,538**	12,969
— retirement benefit scheme contributions	**323**	320
	13,861	13,289

During the years ended 30 June 2023 and 2022, the Group had no forfeited contribution under defined contribution retirement schemes utilised to reduce the existing levels of contributions. As at 30 June 2023 and 2022, there was no forfeited contribution under defined contribution retirement schemes which may be used by the Group to reduce the contribution payable in the future years.

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 approximately HK\$35,065,000 (2022: HK\$16,743,000) and the weighted average number of ordinary shares of 2,036,538,114 (2022: 2,036,538,114) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2023 and 2022.

11. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 30 June 2023 and 2022.

12. BIOLOGICAL ASSETS

	Standing timbers *HK$'000*
At 1 July 2021	264,209
Change in fair value less costs to sell	10,018
Exchange differences	(7,148)
At 30 June 2022 and 1 July 2022	267,079
Change in fair value less costs to sell	(16,556)
Exchange differences	(20,042)
At 30 June 2023	230,481

The Group's biological assets represent standing timbers on plantation land of approximately 30,000 Chinese Mu with a lease term of 30 years, expiring in 2038. The standing timbers comprise mostly poplar trees (accounting over 99% of the total standing timbers), mixed with a very small portion of other species of deciduous trees such as elm and willow. During the years ended 30 June 2023 and 2022, the Group did not harvest or sell any standing timbers.

The Group's standing timbers as at 30 June 2023 were independently valued by Colliers Appraisal and Advisory Services Co., Ltd. ("Colliers") which comprises a group of independent professional valuers with experience and expertise in relation to biological assets valuation. Their team consists of professional valuers and agricultural experts who work together in a wide array of biological assets to ensure the reliability and fairness of their valuation results. Accordingly, the directors are of the view that Colliers is independent and competent to determine the fair value of the Group's biological assets.

Colliers has adopted a market approach for the valuation of standing timbers. The method uses the present market value in terms of price per unit cubic meter of round logs and the total merchantable volume of timbers on the plantation land as at 30 June 2023 as a basis for calculating the fair value less costs to sell of the biological assets. Colliers has adopted the measured merchantable volume of standing timbers as indicated by an independent forest surveyor engaged by the Group and also verified the market price per cubic meter of logs by referencing to the market price lists, after taking into account of local timber manufacturing factories as well.

The management of the Company reviewed the valuation performed by Colliers for financial reporting purposes. The management of the Company:

— assessed the valuation techniques;

— verified all major inputs to the independent valuation reports; and

— held discussions with the independent valuer on the valuation basis, processes and results.

The management of the Company reported directly to the directors. Discussions of the valuation techniques, changes in market information, the valuation processes and results were held between the directors, the management of the Company and Colliers to ensure the valuation has been performed properly.

The principal assumptions adopted are as follows:

1. no material changes in the existing financial, economic, taxation, legal, forestry technological, nature conditions, political conditions, climate and any other natural condition; and

2. the market conditions in which the region operate, which are material to revenue and costs of the businesses will have no material change.

Nature risk

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest on the plantation land and the growth of the trees on the plantation land may be affected by unfavorable local weather conditions and natural disasters. Severe weather conditions and natural disasters such as earthquakes, rainfall, underground water, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting on the plantation land, or otherwise impede the Group's logging operations or the growth of the trees on the plantation land, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and a timely manner.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**25,339**	33,369
Less: provision for impairment loss of trade receivables	**(8,565)**	(8,231)
	16,774	25,138
Prepayments, deposits and other receivables	**20,886**	22,059
Less: provision for impairment loss of prepayments, deposits and other receivables	**—**	(696)
	20,886	21,363
Total	**37,660**	46,501

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 (2022: 30 to 90) days. Each customer has a maximum credit limit. For new customers, payment in advance or cash on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2023 *HK$'000*	2022 *HK$'000*
0–90 days	**11,576**	17,169
91–180 days	**1,134**	5,317
181–360 days	**2,164**	114
Over 360 days	**1,900**	2,538
	16,774	25,138

The movement in provision for impairment of trade receivables is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Balance at beginning of year	**8,231**	8,062
Impairment loss recognised	**503**	175
Eliminated on disposal of a subsidiary	**(156)**	—
Exchange differences	**(13)**	(6)
Balance at end of year	**8,565**	8,231

Impaired trade receivables were mainly due from customers with long outstanding balances and the management of the Group considered the recoverability is remote as the related customers were in financial difficulties or have prolonged delay in repayment. The Group did not hold any material collateral over those balances.

The movement in provision for impairment of prepayments, deposits and other receivables is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Balance at beginning of year	**696**	1,000
Impairment loss recognised	**—**	408
Reversal of impairment loss	**(300)**	(700)
Eliminated on disposal of a subsidiary	**(365)**	—
Exchange differences	**(31)**	(12)
Balance at end of year	**—**	696

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	1–90 days past due	91–180 days past due	181–360 days past due	Over 360 days past due	Total
At 30 June 2023						
Weighted average expected loss rate	**0%**	**0%**	**0%**	**0%**	**82%**	
Receivable amount *(HK$'000)*	**11,573**	**1,133**	**1,414**	**802**	**10,417**	**25,339**
Loss allowance *(HK$'000)*	**—**	**—**	**—**	**—**	**(8,565)**	**(8,565)**
At 30 June 2022						
Weighted average expected loss rate	0%	0%	0%	0%	90%	
Receivable amount *(HK$'000)*	17,169	5,305	56	106	10,733	33,369
Loss allowance *(HK$'000)*	—	—	—	—	(8,231)	(8,231)

Receivables that were past due but not impaired relate to a number of independent customers who have no recent history of default and have kept good track records with the Group. The Group does not hold any collateral over these balances. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there are no significant change in their respective credit quality and the balances are still considered fully recoverable.

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	**725**	961
Unlisted investment — keyman insurance contract	**18,908**	18,160
	19,633	19,121

The fair value of the listed equity securities was determined based on the quoted market bid prices of the corresponding listed equity securities.

The keyman insurance contract relates to an insurance policy insured for Mr. Yeung Chi Hang, the chief executive officer and an executive director of the Company. The keyman insurance contract is denominated in US dollars. The fair value of the keyman insurance contract was estimated by making reference to the cash surrender value set out in the policy statement provided by the insurance company.

As at 30 June 2023, the keyman insurance contract with carrying amount of approximately HK$18,908,000 (2022: HK$18,160,000) was pledged to a bank to secure banking facilities available to the Group.

15. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**10,917**	9,121
Other payables and accruals	**7,346**	24,146
Receipt of deposits for disposal of assets classified as held for sale	**11,800**	—
	30,063	33,267

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2023	2022
	HK$'000	*HK$'000*
0–90 days	**10,280**	9,012
91–180 days	**528**	—
181–360 days	**—**	1
Over 360 days	**109**	108
	10,917	9,121

16. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
15,000,000,000 ordinary shares of HK$0.02 each	**300,000**	300,000
Issued and fully paid:		
2,036,538,114 (2022: 2,036,538,114) ordinary shares of HK$0.02 each	**40,731**	40,731

BUSINESS AND OPERATION REVIEW

The Group is currently engaged in metal recycle business, motor and motor accessories business, car parking spaces rental, money lending business and securities trading and investment business. The Group also maintains the green businesses of research, development and application of technologies and solutions, manufacture, sale and trading of products, materials, systems and services for green market segments including the environmental markets, agricultural markets, organic markets and green technology markets in the People's Republic of China (the "PRC") and overseas. The Group has also a hotel business in Nepal.

The Group has been continuing to explore new business opportunities for corporate development and dedicates to develop sustainable current business.

Investment Properties

The Group holds two investment properties located at PRC and Hong Kong respectively.

In PRC

The Company holds 80% interest of an investment property in PRC which are industrial properties with land lot numbers of 1914130300339 and 1914130300340, located at Longchuanzhou, Renzhou Village, Shatian, Dongguan City, Guangdong Province. The industrial properties comprise two parcels of land with a site area of about 72,335.99 sq.m (or about 778,624.6 sq.ft.) and various buildings and ancillary structures erected thereon. The property has a total gross floor area of approximately 28,814.66 sq.m (or about 310,161.00 sq.ft.). The land use rights of the property have been granted for separate terms expiring on 15 February 2044 and on 10 May 2044 respectively for industrial use.

On 8 June 2023, an ordinary resolution was passed at an extraordinary general meeting of shareholders in relation to the disposal of all 80% interest of the investment property in PRC. A deposit of HK$11,800,000 has been received and the balance of HK$47,200,000 shall be received upon completion.

In Hong Kong

The Group holds 100% interest of a Hong Kong investment property which comprises 95 car parking spaces at Inland Lot No. 1301 where 72 car parking spaces are located at 2nd Floor to 4th Floor of Harbour View Garden and 23 car parking spaces are located at 3th Floor, Tower III, Harbour View Garden, No. 2 Catchick Street, Hong Kong.

The car parking spaces are held under Government Lease for a term of 999 years commencing on 24 June 1892 and are leased out for parking fee income.

The car parking spaces continued to provide a stable revenue and cash flow to the Group. For the year ended 30 June 2023, rental income was approximately HK$4,236,000 (2022: approximately HK$4,329,000).

Biological Assets

By way of a forestry management and undertaking agreement, the Group through its wholly-owned subsidiary acquired timber cutting right over a plantation land of approximately 30,000 mu (Chinese Mu) in Shihezi City, Xinjiang (the "Plantation Land") for a period of 30 years commencing on 1 July 2008.

In the process of valuing the biological assets planted at the Plantation Land, Colliers Appraisal and Advisory Services Co., Ltd. ("Colliers") adopted the Market-Based Approach to estimate the fair value of the biological assets. The fair value of the biological assets was computed using the formula:

The fair value of biological assets = (total volume of standing timbers x recovery rate) x market price of timber − cutting cost + scrap sale income

According to 林地樹林資源2023年度調查報告 prepared by CNBM Geological Engineering Exploration Academy Co. Ltd. ("CNBM"), stratified random samplings have been applied in order to estimate the total volume of standing timbers on the Plantation Land based on the "Dual stumpage volume table for plain area artificial poplar forests of Xinjiang (新疆平原楊樹人工林二元立木材積表) DB65/T2283 –2005". During each sampling process, whole plantation land of 30,000 mu was divided into 3,824 sampling areas and 502 sampling areas were selected. The following inputs have been adopted in this valuation based on the opinions as stated in 林地樹林資源2023年度調查報告 prepared by CNBM:

- Total volume of standing timbers = 458,256 m^3
- Recovery rate = 80%
- Cutting cost = 6% of revenue
- Scrap sale income = 4% of revenue

With reference to observable market price of timber of similar pieces in Mainland China, the adopted market price was RMB594 per cubic meter. To determine how the different values of an independent variable would impact a particular dependent variable under a given set of assumptions, Colliers carried out sensitivity analysis on the fair value of the biological assets in respect of the recovery rate and adopted market price. The results of the sensitivity analysis are as follows:

Absolute Change in Recovery Rate	**Applied Recovery Rate**	**Fair Value of the Biological Asset** *(RMB)*
+10%	90%	240,003,000
+5%	85%	226,670,000
+0%	80%	213,336,000
−5%	75%	200,003,000
−10%	70%	186,669,000

% change in Adopted Market Price	**Adopted Market Price** *(RMB/m³)*	**Fair Value of the Biological Asset** *(RMB)*
+10%	653	234,670,000
+5%	623	224,003,000
+0%	594	213,336,000
−5%	564	202,669,000
−10%	534	192,002,000

Fair value of the biological assets are mainly affected by the total volume of standing timbers and market price of the polar tree timbers. Despite the Plantation Land still faces problems of shortage of water resources, soil degradation and broken ecosystem, total volume of standing timbers increased 10,826 cubic metres from 447,430 cubic metres of last financial year end to 458,256 cubic metres at this financial year end, representing an increase of 2.42%. Reason for the volume increase is natural growth of polar trees. However, market price of polar tree timber fell from RMB650 per cubic metre of last financial year end to RMB594 at this financial year end, representing a decrease of 8.62%. The fair value is also affected by the fall of renminbi value against Hong Kong dollars. For cost control reason, the Group has not appointed Plantation Land maintenance operator since July 2018 and yet to devise appropriate valued and economically viable plan to optimise the use of the biological assets. The Group recorded a decrease to approximately HK$230,481,000 (2022: approximately HK$267,079,000) in the fair value of the biological assets. The decrease is mainly attributable to the fall of market price of polar tree timber and value of renminbi.

The actual fair value of poplar tree of biological assets in RMB as at 30 June 2023 amounted to approximately RMB213,336,000 (2022: approximately RMB228,010,000). The Group considers that such fair value change is non-cash in nature and will not have effect on the cash flow and business operation of the Group.

During the financial year ended 30 June 2023, the Group recognised aggregate net losses arising from the major non-current assets of approximately HK$17,703,000 (2022: gains approximately HK$579,000). This represents the combined effect of the amortisation and impairment loss of intangible assets, the loss (2022: gain) arising from changes in fair value less costs to sell of biological assets and reversal of provision (2022: provision) for impairment loss of right-of-use assets.

Operating Rights

The operating rights relate to the favorable aspect of the right to use and operate the plantation land of a subsidiary of the Company. The subsidiary was acquired in the year ended 30 June 2009. The intangible assets are amortised using straight-line method over the useful life of 30 years and the remaining useful life is 15 (2022: 16) years.

With reference to the valuation conducted by AP Appraisal Limited ("AP Appraisal"), an independent professional valuer, the recoverable amount of the Group's operating rights is higher than its carrying amount and no impairment has been recognised during the year ended 30 June 2023. The recoverable amount has been determined on the basis of the value in use by using discounted cash flow method (level 3 fair value measurements). The discount rate used was 16.4% (2022: 16%).

Plantation Sales Business

Source of the plantation sales business is the poplar trees at the Plantation Land. There was no timber cutting activity and, hence, for the year ended 30 June 2023, there was no revenue generated from the plantation sales business (2022: Nil).

The Group is working prudently to find the best possible use of the biological assets and will cautiously evaluate the actual economic return after knowing the harvest quota available alongside with comprehensive analysis of all risks and uncertain factors before making any investment decision.

Metal Recycle Business

For the year ended 30 June 2023, the Group recorded a marginal decrease in revenue from metal recycle businesses with total of approximately HK$17,417,000 (2022: approximately HK$17,514,000).

There is no doubt that scrape metal recycling has received more attention worldwide because of promotion of green energy, government initiatives and rising demand from various end-use industries. The global metal recycling market size was valued at USD229.6 billion in 2021 and is expected to expand at a compound annual growth rate of 5.85% to 2030 and reach about USD384 billion. However, government initiatives across the globe may not be helpful to exporters. Most of the initiatives are aiming at promoting domestic scrap metal recycling. For example PRC's rules limiting importation to higher quality scrap metals have negative impact for our operations.

Sourcing metal scrap in Hong Kong is becoming more and more difficult. Also, numbers of local scrap metal operators are increasing and so is the competition. In Hong Kong, the main source of metal scrap is from construction sites. In the first quarter of 2023, the gross value of construction works was in real terms increased by 17.9% in private sector and by 1.3% in public sector. There is no joy for the increase because it was based on the much downslope figure of the year 2022 when the COVID-19 pandemic was prevalent. It requires some times for economic activities to gain its momentum and hopefully our metal recycling business will move along positively.

Motor and Motor Accessories Business

For the year ended 30 June 2023, revenue from motor and motor accessories business slipped to approximately HK$60,279,000 (2022: approximately HK$71,016,000).

On the sale of car segment, while we were able to complete some back orders after manufacturer of BAC mono at the United Kingdom resumed manufacturing. There was no new sale for this year. Also, sale of high end used car market, same as the economy, requires time to pick up.

On the sale of motor accessories, we were unable to obtain sufficient supplies from the Pirelli supplier. The main reason being that Europe countries opened earlier than Asia countries for the COVID-19 pandemic. Pirelli supplier turned their focus on Europe market and was unable to pair our orders. Fortunately, this strategy has been retracted and recently tyres were able to be supplied as we requested. Also, tyres sales with the PRC market showed signs of up picking. We expect this segment will have a positive growth.

Money Lending Business

The Group operates money lending business through a wholly owned subsidiary, which is a holder of money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has adopted money lending policies and procedures for handling and/or monitoring the money lending business in compliance with the Money Lenders Ordinance.

During the year, the Group recorded loan interest income of approximately HK$298,000 (2022: approximately HK$329,000) from loans granted to both corporate and individual clients, representing a relatively down trend operation of the money lending segment. The outstanding principal amount of loan receivables net of provision of impairment loss as at 30 June 2023 was approximately HK$5,876,000 (2022: approximately HK$9,802,000). During the year, a provision for impairment loss of loan receivables of approximately HK$4,290,000 (2022: Nil) was considered necessary in the application of HKFRS 9 by the Group.

The scope of the money lending services of the Group mainly focuses on the provision of corporate or personal loans to referred customers, instead of the mass customer market, with loan size of not more than HK$5 million in general. The target clientele primarily consists of (i) corporations which are in small to medium size with well-established business operations in Hong Kong and/or the PRC; and (ii) businessmen, executives or professionals in various industries, as referred from the Company's senior management, business partners or clients with past business dealings with the Group. The funding for the money lending business is financed by the internal resources of the Group.

The key operation of the money lending business of the Group is in Hong Kong. When a prospective client is identified, the finance department of the Group will conduct a series of due diligence work for the purpose of credit assessment. The management of the Company is primarily responsible for the credit assessment, loan approval and determination of terms under the respective loan agreements.

Internal Control Policies and Credit Risk Assessment

The Group has maintained the internal control policies for its money lending business in managing the credit risk and safeguarding the assets and interests of the Group. The key internal control procedures adopted by the Group in terms of credit risk assessment and ongoing monitoring of loan recoverability and loan collection are outlined below:

Credit Risk Assessment

To assess the creditworthiness and the repayment ability of the potential borrowers, the Group would conduct a series of due diligence work including (i) obtaining information as to the identity, background, statutory documents and financial conditions of the potential borrowers as well as the purpose of the loan; (ii) reviewing the financial statements of the corporate borrowers; and (iii) performing relevant searches such as judiciary judgment search and internet search regarding news or events that may have negative bearings on the loans or the repayment ability of the borrowers.

In respect of loan extension/renewal or change of loan terms, the internal control procedures to be conducted by the Group would include (i) reviewing the latest financial statements of the corporate borrowers; (ii) understanding from the borrowers on, among others, the reasons for loan extension/renewal or change of loan terms, the financial conditions and the intended repayment schedule/method etc.; (iii) performing relevant searches such as judiciary judgment search and internet search regarding news or events that may have negative bearings on the loans or the repayment ability of the borrowers; and (iv) assessing the feasibility of such revision(s) to the loan terms by the Board taking into account various factors such as the assessed risks, the track record of past business dealings with the borrowers as well as any other potential business opportunities.

Ongoing Monitoring of Loan Recoverability and Loan Collection

The finance department of the Group is responsible for ongoing monitoring of the loan portfolio, loan recoverability, debt collection as well as identifying any irregularities and taking mitigating measures if and when necessary. Whenever any irregularity is identified, the Group would enquire with the relevant borrower to reassess the credit risk and the loan recoverability.

The Group maintains a loan register to monitor loan repayment schedule and status. Follow-up actions in the event of a loan delinquency include telephone calls, email or text messages. The Group will issue demand letters and serve statutory demand to the defaulting client in the case that the overdue persists, and, if the circumstances warrant, it may consider pursuing legal actions against the defaulting client after seeking legal advice.

Basis of Determination of Major Terms of Loans

The key terms of loan such as the principal amount, the interest rates, the tenure, the repayment terms vary and are determined by factors including but not limited to the background and credibility of borrowers, the value of security (if any) and the assessed risk. The credit risk for a listed corporate borrower is generally considered lower than that for a private company. In determining the interest rates, the Group would take into consideration, among others, the amount of loan, the loan tenure, the value of security (if any), the assessed risk, the track record of past business dealings with the potential client(s), the prospects of other future businesses and the prevailing market interest rates. In determining the extension period at the request of borrowers, the Group would base on arm's length negotiations with borrowers with reference to, among others, the needs and the financial condition of the borrowers, the potential or past business dealings with the borrowers and the assessed risks associated with the relevant loans.

Loan Portfolio as of 30 June 2023

As at 30 June 2023, the Group had six customers with the aggregate loan receivables before loss allowance for expected credit losses of approximately HK$16.2 million, of which approximately HK$7.0 million, or approximately 43.0%, was due from the largest borrower while approximately HK$4.1 million and approximately HK$4.0 million, or approximately 25.3% and approximately 25.0%, were due from the second and the third largest borrowers, respectively. All these six customers were secured by referrals. The summary of major terms of the loan portfolio as of 30 June 2023 is tabulated below:

Loan	Background of the borrowers	Date of grant of loans	Principal loan amount granted (HK$'000)	Outstanding loan receivables as at 30 June 2023 *(Note 1)* Approx. (HK$'000)	Interest rate (per annum) applicable during the year ended 30 June 2023	Repayment/ maturity date (as renewed or extended)	Latest repayment terms	Collateral/ guarantee	Proportion of the outstanding loan receivables before loss allowance for expected credit losses as at 30 June 2023 *(Note 1)* Approx.
1	Borrower 1 is a company listed on the Main Board of the Stock Exchange. Please also refer to the paragraph headed "Information on Borrower 1" in the announcement published on 31 May 2023.	September 2016	5,000	6,957	2% *(Note 2)*	December 2023 *(Note 2)*	Bullet repayment	Not applicable	43.0%
2	Borrower 2 was a company previously listed on GEM but delisted in 2021.	October 2018	5,000	4,033 *(Note 1)*	30% *(Note 3)*	December 2023 *(Note 3)*	Bullet repayment	Guaranteed	25.0%
3	Borrower 3 is a private company with business operation in Hong Kong.	November 2018	1,000	834	12%	November 2025 *(Note 4)*	Instalment loan with 36 payments in three years *(Note 4)*	Secured by luxury watches and guaranteed	5.2%
4	Borrower 4 is a businessman.	April 2018	5,000	4,091 *(Note 1)*	Nil *(Note 5)*	November 2023 *(Note 5)*	Bullet repayment *(Note 5)*	Not applicable	25.3%
5	Borrower 5 is a businessman.	May 2019	200	199 *(Note 1)*	20%	September 2023 *(Note 6)*	Instalment loan with 24 payments in two years *(Note 6)*	Not applicable	1.2%
6	Borrower 6 is a merchant.	July 2022	500	44	9%	July 2023	Monthly instalment *(Note 7)*	Secured by a luxury watch	0.3%
			Total	16,158					100.0%

Notes:

(1) The outstanding loan receivables before loss allowance for expected credit losses as at 30 June 2023 amounted to approximately HK$16.2 million. After taking into account the provision of impairment loss made to the respective amount of approximately HK$4.0 million, HK$4.1 million and HK$0.2 million in respect of the outstanding loan receivables under Loan 2, 4 and 5, the outstanding loan receivables of the Group net of provision of impairment loss as at 30 June 2023 amounted to approximately HK$7.8 million.

(2) The tenure of Loan 1 as initially granted was 180 days and the repayment date of Loan 1 has been further extended to 11 December 2023 as per nine supplemental agreements. The interest rate of Loan 1 has been revised from 9% (applicable for the period from September 2016 to December 2020) to 2% (applicable for the period from December 2020 to December 2023). Please also refer to the section headed "DISCLOSEABLE TRANSACTION RELATING TO FURTHER EXTENSION OF LOAN" in the announcement published on 31 May 2023 for the detailed terms of Loan 1.

(3) The tenure of Loan 2 as initially granted was one month and the repayment date of Loan 2 has been further extended to 31 December 2023 as per four supplemental agreements to the loan agreement entered into between the Lender and Borrower 2. The interest rate of Loan 2 has been revised from 20% (applicable for the period from October 2018 to August 2020) to 30% (applicable for the period from September 2020 to December 2023).

(4) The tenure of Loan 3 as initially granted was 12 months and the maturity date of Loan 3 has been further extended to 25 November 2025 as per four supplemental agreements to the loan agreement entered into between the Lender and Borrower 3. The repayment terms have been changed from monthly repayment of interest and repayment of principal on the maturity date during the period from November 2018 to November 2022 to instalment repayment during the period from November 2022 to November 2025.

(5) The tenure of Loan 4 as initially granted was 12 months and the repayment date of Loan 4 has been further extended to 3 November 2023 as per five supplemental agreements (including a settlement deed) to the loan agreement entered into between the Lender and Borrower 4. The repayment terms have been changed from instalment repayment during the period from April 2018 to November 2020 to bullet repayment during the period from November 2020 to November 2023. The interest rate of Loan 4 has been revised from 12% (applicable for the period from April 2018 to November 2020), to 2% (applicable for the period from November 2020 to November 2022), and nil (applicable for the period from November 2022 to November 2023).

(6) The tenure of Loan 5 as initially granted was three months and the maturity date of Loan 5 has been further extended to 13 September 2023 as per four supplemental agreements to the loan agreement entered into between the Lender and Borrower 5. The repayment terms have been changed from bullet repayment during the period from May 2019 to October 2021 to instalment repayment during the period from October 2021 to September 2023.

(7) The tenure of Loan 6 was twelve months and the maturity date of Loan 6 was 4 July 2023 as per the loan agreement entered into between the Lender and Borrower 6. As at the date of this annual results announcement, the loan receivables from loan 6 have been fully repaid by Borrower 6.

The internal control procedures carried out by the Group on each of the loans at the time of initial grant and subsequent extensions or change of loan terms together with the basis of determination of the terms of the loans are summarized as follows:

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
1	At the time of granting Loan 1, the Group conducted relevant due diligence work for its credit risk assessment including reviewing the memorandum and articles of association of Borrower 1, the then announcements and the then financial reports/results published by Borrower 1 on the website of the Stock Exchange. The financial performance and financial positions revealed the financial strength and repayment ability of Borrower 1 at the time of granting the loan.	At the request of Borrower 1, the Group offered a lower interest rate for Loan 1 since December 2020, having taken into account the followings: (i) the Company recognized the adverse market sentiment prevailing in 2020, being the first year of the unprecedented COVID-19 pandemic, and the deteriorating financial performance of and the financial pressure experienced by Borrower 1 during these unprecedented and unpredictable difficult times;	Not applicable.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
1	At the times of granting extensions of the repayment date of Loan 1, the Group had been in close contact with Borrower 1 in understanding, among others, its reasons for extensions with the intended repayment schedule, and reviewed the then latest financial statements and the then announcements published by Borrower 1 on the website of the Stock Exchange to understand its then financial conditions and latest business development. Despite the loss-making of Borrower 1 during the period from 2016 to 2022, the Group had taken into consideration that (i) its total equity and net current asset position during the period from 2016 to 2022 far exceeded the outstanding loan amount, which revealed the repayment ability of Borrower 1; and (ii) the improving financial positions of Borrower 1 from the period from 2019 to 2021. The re-assessed credit risk was therefore considered acceptable at the times of granting extensions.	At the request of Borrower 1, the Group offered a lower interest rate for Loan 1 since December 2020, having taken into account the followings: (ii) while Borrower 1, being an industry counterpart which through its subsidiaries was engaged in the money lending business and holding a valid money lenders licence under the Money Lender Ordinance at the material time, is offered to enjoy a lower interest rate for Loan 1 granted, the Group may reasonably assume to enjoy the same merit of lower interest rate to be offered by Borrower 1 in return if and when needed in the future; and (iii) by retaining strong bonding with Borrower 1, being a company listed on the Main Board of the Stock Exchange since 2007 (with market capitalization up to HK$13 billion in 2018), the Group may be benefited from the potential business opportunities including but not limited to business referrals, strategic collaborations and/or investment prospects which, if capitalized, may potentially be more lucrative than the interest income to be generated from Loan 1.	Not applicable.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
2	At the time of granting Loan 2, the Group conducted relevant due diligence work for its credit risk assessment including reviewing the memorandum of association and articles of association of Borrower 2, the then announcements and the then financial reports/results published by Borrower 2 on the website of the Stock Exchange. Given the then listing status of Borrower 2 and the then gearing ratio being less than 1, its financial condition was considered acceptable and the credit risk was relatively low at the time of granting the loan. Before agreeing to the extensions of the repayment date of Loan 2, the Group has obtained and reviewed the then latest business information of Borrower 2 to ascertain its repayment ability and enquired about its debt restructuring plan.	The Group revised the interest rate from 20% to 30% per annum starting from 1 September 2020 in response to Borrower 2's request for extension of the repayment date.	Following the incidents of default of Borrower 2 in 2019, the finance department of the Group had from time to time made telephone calls to Borrower 2 to demand settlement and enquired about the expected time for repayment. In view of the prolonged non-repayment, the Group had engaged an external legal adviser to initiate legal actions including serving a statutory demand to Borrower 2. Subsequently, the Group reached a consensus on the settlement arrangement with Borrower 2 and collected part of the loan receivables from it in 2019.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
3	At the time of granting Loan 3, the Group conducted relevant due diligence work for its credit risk assessment including reviewing the business registration certificate, certificate of change of name, annual returns, audited report and bank statement of Borrower 3 and performing judiciary judgment search and internet search. The Company considered that the credit risk is controllable and the likelihood of recoverability of the loan is high given the security charged with satisfactory loan-to-security ratio and having taken into account that Borrower 3 has genuine operation (rather than being an investment holding company).	Given the security charged with satisfactory loan-to-security ratio and good track record of repayment, the Company agreed to the extensions and revised the repayment terms from monthly repayment of interest and repayment of principal on the maturity date to instalment payment, which further reduces the credit risk.	Not applicable.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
4	At the time of granting Loan 4, the Group conducted relevant due diligence work for its credit risk assessment, including performing judiciary judgment search and internet search. Given that (i) Borrower 4 was a reputable person with significant background, in particular as a Justice of the Peace, and previously held directorships in several listed companies; and (ii) no news or events that may have negative bearings on the loan or the repayment ability of Borrower 4 were found based on the result of relevant public searches, Borrower 4 was considered creditworthy and financially sound at the time of granting the loan.	At the request of Borrower 4, the Group offered a lower interest rate under Loan 4 since November 2020 and changed the repayment terms including the extension for bullet repayment, having taken into account the followings: (i) the Company recognized the adverse market sentiment prevailing in 2020, being the first year of the unprecedented COVID-19 pandemic, and the acute financial difficulties of Borrower 4 as a result of unprecedented series of worldwide events since mid of 2018; and	Following the incidents of default of Borrower 4 at the material times during the period from 2018 to 2020, the Group had from time to time made telephone calls to Borrower 4 to demand settlement and enquired about the expected time for repayment and issued demand letters to Borrower 4. Upon issuance of a demand letter by the Company through a legal adviser to Borrower 4 in 2019, Borrower 4 had shown his commitment in repayment of the outstanding principal and interests accrued by delivering post-dated cheques in an aggregate sum of approximately HK$4.7 million (based on the then proposed instalment payment schedule pursuant to a settlement deed) to the Group. The Group resolved to enter into the settlement deed in June 2019 in consideration of receipt of the post-dated cheques delivered by Borrower 4.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
4	At the times of granting extensions, the Group had been in close contact with Borrower 4 in understanding, among others, his financial needs for extensions with the intended repayment schedule, and performed public searches on Borrower 4. No news or events that may have negative bearings on the loan or the repayment ability of Borrower 4 was found. Further, the Group had periodically reviewed the full lists of Justices of the Peace and confirmed that Borrower 4 has still been holding the office of the Justice of the Peace, revealing that the credibility of Borrower 4 remained.	At the request of Borrower 4, the Group offered a lower interest rate under Loan 4 since November 2020 and changed the repayment terms including the extension for bullet repayment, having taken into account the followings: (ii) having taken into account that Borrower 4 has extensive networks in both Hong Kong and the PRC, the Group envisages to bolster a solid, stable and long-term relationship with Borrower 4 and to be benefited from any potential business or investment opportunities as referred and lined up by him through his extensive networks which may be more fruitful to the Group as compared to the interest income to be incurred from Loan 4. Capitalizing on the networks of Borrower 4, the Group has gained access to a range of potential business and investment opportunities since 2016, most of which were related to the principal businesses of the Group, in particular the metal recycle business has materialized and become an integral component of the Group's core operations. The Group had been, and is likely to continue to be, benefited from the solid, long-standing and mutually beneficial relationship with Borrower 4.	Following the default of Borrower 4 in late 2019, the Group issued a demand letter to Borrower 4 in March 2020 and was given to understand that his cash flow pressure would be eased after his business opportunities as contemplated in the PRC become fruitful. However, such attempts had been subsequently baffled by the unprecedented COVID-19 pandemic with stringent travel restrictions. As a gesture of goodwill, Borrower 4 had done his darnedest to make early partial repayments on interests during the period from December 2021 to October 2022 despite the agreed bullet repayment term.

Loan	Internal control procedures and credit assessment on the loans	Other basis and factors considered by the Group before agreeing to the extensions or the change of loan terms	The Group's actions taken on the incidents of defaults (if any)
5	At the time of granting Loan 5, the Group conducted relevant due diligence work for credit risk assessment including performing judiciary judgment search and internet search. No news or events that may have negative bearings on the loan or the repayment ability of Borrower 5 were found based on the result of relevant public searches. In order to control the credit risk, the Group granted the loan in the amount of HK$200,000 only.	To lower the credit risk for Loan 5, the Group revised the repayment terms in September 2021 from bullet repayment to instalment repayment in response to the request from Borrower 5 for extension of the repayment date to 13 September 2023.	Following Borrower 5's default in repayment of the instalment loan since the last payment made in July 2022, the Group had issued demand letters to demand for immediate repayment. In May 2023, the Group collected part of the loan receivables from Borrower 5. The Group will take legal action to recover the outstanding loan receivables from Borrower 5 amounted to approximately HK$199,000 as at 30 June 2023.
6	At the time of granting Loan 6, the Group conducted relevant due diligence work for credit risk assessment including performing judiciary judgment search and internet search. No news or events that may have negative bearings on the loan or the repayment ability of Borrower 6 were found based on the result of relevant public searches. In order to control the credit risk, the Group granted the loan in the amount of HK$500,000 with a luxury watch valued at approximately HK$2 million as collateral.	—	—

The Group has adhered to its internal control policies in respect of ongoing monitoring of loan recoverability, including but not limited to identifying irregularities from time to time and making enquiries with the involved borrowers in order to reassess the associated credit risks under relevant loans and the impact on loan recoverability. The Group will continue to assess the likelihood of recovering the outstanding loan receivables and evaluate the costs and benefits of taking legal actions against the borrowers who default in payment. Having considered that the aforementioned incidents of defaults were primarily due to the global economic downturn and poor investment market sentiments as a result of the series of unprecedented and unforeseeable incidents (including the United States-China trade war since mid of 2018 followed by the Anti-Extradition Law Amendment Bill Movement in Hong Kong, the COVID-19 pandemic and/or the interest rates hikes by the United States) which adversely affected the financial and liquidity conditions of the relevant borrowers, there were no reasons for the Group to cast doubt on the effectiveness of its credit assessment work done and the Company believes that the internal control policies for the money lending business of the Group are effective.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of the above borrowers and/or their respective ultimate beneficial owner(s) (if applicable) is an Independent Third Party. Therefore, none of the loan transactions constituted a connected transaction under Chapter 14A of the Listing Rules. Save and except for the further extension in respect of Loan 1 as disclosed under the section headed "DISCLOSEABLE TRANSACTION RELATING TO FURTHER EXTENSION OF LOAN" in the announcement published on 31 May 2023, the Company has complied with the requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted or extended the loans to each of the respective borrowers whose loan were still outstanding as at 30 June 2023.

Impairment Assessment

The Company performed impairment assessment on loan receivables under expected credit loss ("ECL") model. The money lending business is relatively inactive and small in scale as compared to other principal businesses of the Group and the aggregate outstanding loan receivables before loss allowance for ECL were associated with six loans only and represented approximately 2.2% of the total assets of the Group as at 30 June 2023, which are relatively immaterial in terms of the aggregate value.

The identification of bad and doubtful debts requires the use of judgement and estimates. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible or the borrowers' inabilities to make timely payments. The Group assessed various factors in its internal control procedures to determine the probability of default and recoverability of loan for measuring the loss allowance (if any) for the loans, which include but limited to: (i) any significant changes in the creditworthiness of borrower; (ii) any significant changes in the value of the collateral or in the quality of guarantees; (iii) any actual or expected significant adverse changes in financial conditions that are expected to cause a significant change to the borrower's ability to meet its obligations; and/or (iv) past collection history of the borrowers and any significant changes in their behaviour such as payment status. The Group believes that its internal control procedures in respect of ongoing monitoring of loan recoverability are effective in identifying any significant changes in the creditworthiness or financial conditions of the borrowers, which in turn ensures the robust and effective impairment assessment process.

The Group's basis of impairment assessment for each of the loans as at 30 June 2023 are tabulated below:

Borrowers	**Factors considered by the Group in assessing the probability of default and recoverability of loan and the impairment as at 30 June 2023**
Borrower 1	Given the listing status of Borrower 1, its strong net current assets and total equity positions (which far exceeded the outstanding amount of the loan) despite loss-making position, the Group considered there had been no significant adverse change in its repayment ability and determined no impairment was necessary.
Borrower 2	Given the cancellation of listing of Borrower 2 in March 2021, the Group considered the possibility of loan recoverability to be remote and thus recognized the impairment loss for the entire amount of the outstanding loan receivables during the year ended 30 June 2021. No additional provision or reversal of provision for impairment loss for the loan receivables under Loan 2 was made during the year ended 30 June 2023.
Borrower 3	Given no adverse change in the value of collateral and no incidents of default by Borrower 3, the Group considered there had been no significant adverse change in its repayment ability and determined no impairment was necessary.
Borrower 4	Upon conducting a bankruptcy search at the Official Receiver's Office in August 2023, a bankruptcy record associated with Borrower 4 was found. It was revealed that Borrower 4 has been summoned for a hearing initially scheduled in August 2023, but it was subsequently rescheduled to October 2023. Considering the prudence of loan recoverability, the Group recognized an impairment loss for the entire outstanding loan receivables during the year ended 30 June 2023.

Borrowers	Factors considered by the Group in assessing the probability of default and recoverability of loan and the impairment as at 30 June 2023
Borrower 5	Owing to the non-repayment by Borrower 5 at the material time during the year ended 30 June 2023 (save for partial payments made in July 2022 and May 2023), the Group considered the possibility of loan recoverability to be remote and thus recognized the impairment loss for the entire amount of the outstanding loan receivables during the year ended 30 June 2023.
Borrower 6	Given no adverse change in the value of collateral and no incidents of default by Borrower 6, the Group considered there had been no significant adverse change in its repayment ability and determined no impairment was necessary.

Securities Trading and Investment Business

The Group maintained a very cautious approach and did not participate in new securities trading during the year. Performance of the prices of the invested stocks were down. As at 30 June 2023, size of the securities investment portfolio amounted to approximately HK$725,000 (2022: approximately HK$961,000).

For the year ended 30 June 2023, the Group recorded a net loss on fair value changes in investments at fair value through profit or loss of the invested stocks of approximately HK$236,000 (2022: approximately HK$167,000).

Details of the Group's investments at fair value through profit or loss of the invested stocks are set out in the sub-section headed "Significant Investments".

Green Technology

There was no revenue on the green technology for the year (2022: Nil).

Hotel and Related Business

The Group owns a hotel located at Thamel district, Kathmandu, Nepal, which started operation in July 2022. The hotel has around 40 guest rooms with a Chinese restaurant on the first floor and a Japanese restaurant on the ground floor. For the year ended 30 June 2023, the revenue from the hotel and related business amounted to approximately HK$2,184,000 (2022: nil).

PROSPECTS

After three depressive years of pandemic, we finally saw the end of it. The most joyful news during this year end must be the belated lifting of all COVID-19 restrictions both in the PRC and Hong Kong. Fortunately, also, experience of many countries of waves of its massive up and down before COVID-19 infection really flattened did not occur. Normalcy before the pandemic is restoring. Positive things do not stop with lifting of the pandemic measures. Another normalcy, unique to Hong Kong, is the concrete restoration of law and order. With the national security laws being effectively administered, normal and stable social lives in Hong Kong have re-emerged. Happened also was top leaders in PRC and Hong Kong had been confirmed and, without any doubt, they will lead us to face all challenges ahead. Further, economy contraction happened for three consecutive years since 2019 had ended and local GDP growth was projected by the government to expand 4% to 5% this year. Except exports, growth was recorded up to the second quarter in GDP, consumer price and value of retail sales. Local labour market continued improving. For sure, the economy continued to recover.

However, recently many economists cut their forecasts for Hong Kong's economic growth, raising the possibility the government could miss its goal for the post-pandemic recovery runs off of steam. Expectations of a robust recovery did not happened, but rather a return toward a semblance of normalcy. There are doubts that Hong Kong may not meet government estimates at all. We have struggled this year to regain its appeal as global retail haven, underscoring the damage caused by its years of pandemic isolation. However, tourists are not coming in the same numbers as they did before social unrests in 2019 and pandemic restrictions in the following years. That's translated into weak consumer spending, with the value of retail sales in June hitting the lowest for any June since 2011, after stripping out 2019–2022 figures. All in all, confidence is shaking.

High global interest rates remain a feature this year and shall remain in 2024 with no sign of turning around. That will hinder the best effort from Hong Kong as it tries to shake off its political and pandemic blues. The economy is also facing challenges from PRC's slowing momentum, soft global demand and the potential for local spending habits to taper off. More and more capitals are draining out of Hong Kong. The Hong Kong government has yet to devise a comprehensive plan, instead of isolated or piece meal activities, to rebuild confidence. These are issues that we are facing and need to aware of for planning our business strategy.

The Group shall continue to maintain a cautious approach when considering any new business opportunities and exercise more controls over operating costs and overheads.

FINANCIAL REVIEW

For the year ended 30 June 2023, revenue of the Group decreased by 9.4% to approximately HK$84,414,000 (2022: approximately HK$93,188,000) and gross profit of the Group decreased by 28.8% to approximately HK$15,061,000 (2022: approximately HK$21,153,000). Loss for the year ended 30 June 2023 increased to approximately HK$35,200,000 as compared to loss of approximately HK$14,828,000 of last corresponding year. The decrease in both revenue and gross profit for the year was mainly due to the decrease in revenue from the motor and motor accessories business of the Group. The loss for the year was mainly due to administrative and operating expenses, loss arising from changes in fair value less costs to sell of biological assets, provision for impairment loss of receivables and finance cost. The Group considers that the change in fair value is non-cash in nature and will not have material adverse effect on the financial position of the Group.

For the year ended 30 June 2023, basic and diluted loss per share were HK2 cents (2022: HK1 cent). Loss arising from changes in fair value less costs to sell of biological assets was approximately HK$16,556,000 (2022: gain approximately HK$10,018,000). Fair value loss on investment properties was approximately HK$1,918,000 (2022: Nil).

For the year ended 30 June 2023, the finance costs were approximately HK$4,133,000 (2022: approximately HK$3,608,000). Administrative expenses from operations for the year ended 30 June 2023 increased to approximately HK$43,725,000 (2022: approximately HK$41,408,000). It included major items such as amortisation of intangible assets of approximately HK$4,742,000, salaries and directors' emoluments of approximately HK$13,861,000 and expenses related to short-term leases of approximately HK$712,000. Income tax credit was recorded at approximately HK$4,934,000 (2022: expenses approximately HK$1,606,000). Exchange loss on translating foreign operations was recorded at approximately HK$24,941,000 (2022: approximately HK$8,404,000).

Liquidity and Financial Resources

As at 30 June 2023, the total assets of the Group were approximately HK$718,692,000 (2022: approximately HK$780,508,000), including cash and bank balances of approximately HK$5,640,000 (2022: approximately HK$6,295,000).

The Group's total borrowings as at 30 June 2023 were approximately HK$74,148,000 (2022: approximately HK$68,215,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was approximately 15.6% as at 30 June 2023 (2022: approximately 12.7%).

As at 30 June 2023, the Group's net assets amounted to approximately HK$476,320,000 (2022: approximately HK$536,469,000).

The directors of the Company are of the view that the Group has sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

Significant Investments

As at 30 June 2023, the Group held investments at fair value through profit or loss of the invested stocks of approximately HK$725,000. Details of the significant investments are as follows:

Stock Name	Note	Stock Code	Place of incorporation	Net unrealized losses on listed securities	Market value	Approximate percentage of investments at fair value through profit or loss	Approximate percentage to the net assets of the Group
				HK$'000	*HK$'000*	*%*	*%*
GoFintech Innovation Limited (formerly known as China Fortune Financial Group Ltd	1	290	Cayman Islands	80	219	30.2	0.05
Dingyi Group Investment Ltd	2	508	Bermuda	5	113	15.6	0.02
Wai Chun Group Holdings Ltd	3	1013	Bermuda	125	144	19.9	0.03
Hang Sang (Siu Po) International Holding Co Ltd	4	3626	Cayman Islands	26	249	34.3	0.05
				236	725	100	0.15

Notes:

1. GoFintech Innovation Limited (formerly known as China Fortune Financial Group Ltd) is a Hong Kong-based investment holding company principally engaged in securities brokerage and margin financing. The Company operates its business through five segments. The Securities Brokerage and Margin Financing segment is engaged in securities brokerage and margin financing in Hong Kong. The Money Lending segment is engaged in the provision of money lending services in Hong Kong. The Corporate Finance segment is engaged in the provision of corporate finance services. The Asset Management segment is engaged in the provision of asset management and advisory services and financial investment management to professional investors. The Consultancy and Insurance Brokerage segment is engaged in the provision of consultancy services and insurance brokerage services in Hong Kong. No dividend was received for the year ended 30 June 2023. According to its latest published financial statements, it had a net asset value of approximately HK$296,469,000 as at 31 March 2023.

2. Dingyi Group Investment Limited is an investment holding company principally engaged in the business of loan financing. Together with its subsidiaries, the Company operates business through its five segments. The Loan Financing Business segment is involved in the loan financing through its surplus funds. The Properties Development Business segment is involved in the construction and sale of properties. The Food and Beverages Business segment is involved in the operation of a restaurant in Beijing, China. The Securities Trading Business segment is involved in the investment of securities trading business. Together with the Other Business segment. In addition, the Company is also involved in the trading of wine. No dividend was received for the year ended 30 June 2023. According to its latest published financial statements, it had a net asset value of approximately HK$1,256,731,000 as at 31 March 2023.

3. Wai Chun Group Holdings Limited is an investment holding company mainly engaged in the sale of mobile phones and electronic components. Along with subsidiaries, the Company operates its business through three segments. The General Trading segment is engaged in the distribution of mobile phones and electronic components. The Service Income segment is involved in the design, consultation and manufacturing of information system software and provides related management training services. The Sales and Integrated Services segment is engaged in the sale of computer and communication systems and provides related integration services. In addition, the Company also provides telecommunications infrastructure solution services. No dividend was received for the year ended 30 June 2023. According to its latest published financial statements, it had net liabilities of approximately HK$230,796,000 as at 31 March 2023.

4. Hang Sang (Siu Po) International Holding Company Limited is an investment holding company. The Company is principally engaged in the manufacturing and sale of apparel labels and packaging printing products. The Company's products include hangtags, size tapes, labels, such as woven labels, heat transfer labels and printed labels, header cards, stickers, price tickets, plastic packaging bags and packaging boxes. Its subsidiaries include Hang Sang (Siu Po) Holding Limited, Hang Sang (Siu Po) Press Company Limited and A W Printing & Packaging Limited. No dividend income was received for the year ended 30 June 2023. According to its latest published financial statements, it had a net asset value of approximately HK$56,708,000 as at 31 December 2022.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2023, the Group had 39 (2022: 60) employees. The Group implements remuneration policy, bonus and share option scheme to ensure that pay scales of its employees are rewarded on a performance related basis within the general framework of the Group's remuneration.

CHARGES ON THE GROUP ASSETS

As at 30 June 2023, the bank loans of approximately HK$74,148,000 were secured by (i) the car parking spaces with aggregate carrying amount of approximately HK$191,900,000; (ii) a deed of assignment of rental income from the car parking spaces; (iii) the keyman insurance contract classified under the investments at fair value through profit or loss with aggregate carrying amount of approximately HK$18,908,000; and (iv) personal guarantee from a director of the Company.

DIVIDEND

The directors of the Company do not recommend or declare the payment of any dividend in respect of the year ended 30 June 2023 (2022: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting will be held on Monday, 4 December 2023. For the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 29 November 2023 to Monday, 4 December 2023 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the annual general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 28 November 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducted most of its business in Great British Pound, Euro, Renminbi, United States Dollar, Nepalese Rupee and Hong Kong Dollars for the year ended 30 June 2023. The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 30 June 2023, the Group had a minimal exposure to foreign currency risk as most of its business transactions were principally denominated in the respective functional currencies used by the respective group entities.

The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

CONTINGENT LIABILITIES

As at 30 June 2023, the directors of the Company are not aware of any material contingent liabilities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rule Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 30 June 2023, except the followings:

Code provision C.2.1 of the CG Code provides that the roles of chairman of the board and chief executive should be separate and should not be performed by the same individual. This code provision also stipulate, inter alia, the role and responsibility of the chairman of the board and the chief executive.

Mr. Yeung Chi Hang was appointed as chairman of the Board and the chief executive officer of the Company on 27 January 2015. Thereafter, Mr. Yeung Chi Hang has assumed both roles. The directors were of the view that the vesting of the roles of chairman of the Board and chief executive officer in the same person can provide the Group with strong and consistent leadership and allow for more effective planning and execution of long-term business strategies, as well as ensuring effective oversight of management. The directors were also of the view that the present structure was considered to be appropriate under the circumstances of the Company. The Board would keep review of its current board structure from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's Code of Conduct regarding director's securities transactions.

Having made specific enquiry, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2023.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") with the term of references in compliance with the Listing Rules. Following the resignation of Mr. Ong Chi King as an independent non-executive director and the chairman of each of the Audit Committee, the remuneration committee and the nomination committee on 25 September 2023, the Audit Committee comprises two independent non-executive directors, namely, Mr. Wong Kwai Sang and Mr. Heung Chee Hang, Eric.

The Audit Committee has reviewed and discussed with the external auditor the auditing and financial reporting matters including the annual consolidated results of the Group for the year ended 30 June 2023.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 30 June 2023, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2023. The work performed by

ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on the Stock Exchange.

By Order of the Board
China Environmental Resources Group Limited
Yeung Chi Hang
Chairman and Chief Executive Officer

Hong Kong, 29 September 2023

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Yeung Chi Hang, Mr. Leung Kwong Choi, Mr. Wong Po Keung, Mr. Chung Siu Wah and Mr. Chik To Pan; and two independent non-executive directors namely Mr. Wong Kwai Sang and Mr. Heung Chee Hang, Eric.