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Huasheng International Holding Limited

華盛國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1323)

PRELIMINARY ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations decreased by approximately 14.3% to approximately HK\$565.9 million.
- Gross profit from continuing operations decreased by approximately 18.9% to approximately HK\$154.5 million.
- Gross profit margin from continuing operations decreased from approximately 28.8% to approximately 27.3%.
- Loss for the year attributable to owners of the Company amounted to approximately HK\$31.4 million.
- Basic and diluted loss per share from continuing and discontinued operations amounted to approximately HK6.21 cents.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Director(s)”) of Huasheng International Holding Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2024 with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Continuing operations			
Other revenue		547,762	633,596
Interest revenue		18,144	26,775
Total revenue	<i>3</i>	565,906	660,371
Cost of sales		(411,449)	(470,016)
Gross profit		154,457	190,355
Other income	<i>4</i>	9,214	12,645
Other gains and losses, net	<i>5</i>	(63,014)	(93,804)
Selling and distribution expenses		(52,756)	(81,196)
Administrative expenses		(55,063)	(54,141)
Finance costs	<i>6</i>	(18,401)	(20,607)
Share of results of associates		(1,290)	(523)
Loss before income tax from continuing operations		(26,853)	(47,271)
Income tax (expense) credit	<i>7</i>	(4,588)	2,223
Loss for the year from continuing operations	<i>8</i>	(31,441)	(45,048)
Discontinued operation			
Loss for the year from discontinued operation	<i>9</i>	–	(9,726)
Loss for the year attributable to the owners of the Company		(31,441)	(54,774)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other comprehensive (loss) income:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(13,412)	(13,416)
– Share of other comprehensive (loss) income of associates		(750)	138
		(14,162)	(13,278)
Item that was reclassified to profit or loss:			
– Exchange differences reclassified to profit or loss upon disposal of subsidiaries		–	5,427
Item that will not be reclassified to profit or loss:			
– Fair value changes on equity investment at fair value through other comprehensive income (“FVTOCI”)		1,072	259
Other comprehensive loss for the year, net of income tax			
		(13,090)	(7,592)
Total comprehensive loss for the year attributable to the owners of the Company			
		(44,531)	(62,366)
			(Restated)
Loss per share attributable to owners of the Company			
	<i>10</i>		
From continuing and discontinued operations			
Basic and diluted (<i>HK cents</i>)		(6.21)	(12.46)
From continuing operations			
Basic and diluted (<i>HK cents</i>)		(6.21)	(10.25)
From discontinued operation			
Basic and dilutes (<i>HK cents</i>)		NA	(2.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>12</i>	34,159	38,320
Right-of-use assets		6,747	4,990
Other intangible assets	<i>13</i>	33,702	45,957
Goodwill	<i>14</i>	125,821	145,535
Interests in associates		53,632	56,850
Equity investment at fair value through other comprehensive income	<i>16</i>	118,054	116,982
Retention receivables	<i>18</i>	83,050	124,967
Deferred tax assets		9,559	8,015
		464,724	541,616
CURRENT ASSETS			
Inventories		8,002	9,151
Loan receivables	<i>17</i>	97,418	164,828
Trade, retention and other receivables and prepayments	<i>18</i>	888,725	968,751
Promissory note receivable		13,750	27,500
Convertible bonds receivables		–	17,465
Bank balances and cash		163,360	69,491
		1,171,255	1,257,186

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables and accruals	<i>19</i>	331,929	450,703
Lease liabilities		7,338	6,532
Borrowings	<i>20</i>	94,865	117,157
Bonds payable	<i>22</i>	25,918	25,826
Tax payable		754	1,751
		460,804	601,969
NET CURRENT ASSETS			
		710,451	655,217
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,175,175	1,196,833
NON-CURRENT LIABILITIES			
Lease liabilities		2,434	1,941
Borrowings	<i>20</i>	58,252	61,457
Promissory notes	<i>21</i>	–	7,679
Bonds payable	<i>22</i>	149,590	155,712
Deferred tax liabilities		4,502	5,742
		214,778	232,531
NET ASSETS			
		960,397	964,302
CAPITAL AND RESERVES			
Share capital		75,565	41,981
Reserves		884,832	922,321
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		960,397	964,302

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note (i))	Exchange reserve HK\$'000	Other reserves HK\$'000 (Note (ii))	Fair value through other comprehensive income reserves HK\$'000	Accumulated losses HK\$'000	
At 1 April 2022	34,991	1,677,684	678	10,560	(6,000)	-	(762,438)	955,475
Loss for the year	-	-	-	-	-	-	(54,774)	(54,774)
Other comprehensive (loss) income, net of income tax:								
- Exchange differences arising on translation of foreign operations	-	-	-	(13,416)	-	-	-	(13,416)
- Share of other comprehensive income of associates	-	-	-	138	-	-	-	138
- Exchange differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	5,427	-	-	-	5,427
- Fair value changes on equity investment at FVTOCI	-	-	-	-	-	259	-	259
Total comprehensive loss for the year	-	-	-	(7,851)	-	259	(54,774)	(62,366)
Issue shares pursuant to placing agreement	6,990	66,405	-	-	-	-	-	73,395
Transaction cost attributable to issue of placing shares	-	(2,202)	-	-	-	-	-	(2,202)
Transactions with owners	6,990	64,203	-	-	-	-	-	71,193
At 31 March 2023	41,981	1,741,887	678	2,709	(6,000)	259	(817,212)	964,302
Loss for the year	-	-	-	-	-	-	(31,441)	(31,441)
Other comprehensive (loss) income, net of income tax:								
- Exchange differences arising on translation of foreign operations	-	-	-	(13,412)	-	-	-	(13,412)
- Share of other comprehensive loss of associates	-	-	-	(750)	-	-	-	(750)
- Fair value changes on equity investment at FVTOCI	-	-	-	-	-	1,072	-	1,072
Total comprehensive loss for the year	-	-	-	(14,162)	-	1,072	(31,441)	(44,531)
Issue shares pursuant to placing agreement	8,396	5,038	-	-	-	-	-	13,434
Issue shares pursuant to rights issue	25,188	3,778	-	-	-	-	-	28,966
Transaction cost attributable to issue of rights issue shares	-	(1,505)	-	-	-	-	-	(1,505)
Transaction cost attributable to issue of placing shares	-	(269)	-	-	-	-	-	(269)
Transactions with owners	33,584	7,042	-	-	-	-	-	40,626
At 31 March 2024	75,565	1,748,929	678	(11,453)	(6,000)	1,331	(848,653)	960,397

Notes:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

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

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

Basis of preparation

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

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

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 New and revised to HKFRSs that is effective for annual period beginning or after 1 April 2023

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 April 2023. HKFRSs comprise HKFRS, HKAS 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 financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The nature and impact of the new and revised HKFRSs that are applicable to the Group are describe below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide nonmandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition, or presentation of any items in the Group’s consolidated financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.

- (d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December, 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ^{1,4}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ^{1,4}
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

^{1.} Effective for annual periods beginning on or after 1 January 2024.

^{2.} Effective for annual periods beginning on or after 1 January 2025.

^{3.} No mandatory effective date yet determined but available for adoption.

^{4.} As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding, wording with no change in conclusion.

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

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

Revenue

Disaggregation of revenue from contracts with customers from continuing operations:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Revenue from contracts with customers:		
Sales of goods from Concrete Business	<u>547,762</u>	<u>633,596</u>
Revenue from other source:		
Interest income from Money Lending Business	<u>18,144</u>	<u>26,775</u>
	<u>565,906</u>	<u>660,371</u>
Timing of revenue recognition:		
At a point in time	<u>547,762</u>	<u>633,596</u>
Revenue from contracts with customers	<u>547,762</u>	<u>633,596</u>
Geographical market:		
The People's Republic of China (the "PRC")		
– Mainland China	<u>547,762</u>	<u>633,596</u>
Revenue from contracts with customers	<u>547,762</u>	<u>633,596</u>

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

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

Segment revenues and results

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

	Continuing operations		Total <i>HK\$'000</i>
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	
For the year ended 31 March 2024			
Revenue from external customers	<u>547,762</u>	<u>18,144</u>	<u>565,906</u>
Segment profit (loss)	<u>51,298</u>	<u>(4,032)</u>	47,266
Bank interest income			226
Exchange differences			562
Fair value loss on convertible bonds receivables			(2,489)
Gain on discounting of bonds payable			6,054
Impairment loss on goodwill			(19,714)
Impairment loss on promissory note receivable			(13,750)
Loss on early redemption of promissory notes			(111)
Loss on early redemption of bonds payable			(823)
Amortisation of other intangible assets			(12,255)
Share of results of associates			(1,290)
Central administration costs			<u>(30,529)</u>
Loss before income tax from continuing operations			<u>(26,853)</u>
	Continuing operations		Total <i>HK\$'000</i>
	Concrete Business <i>HK\$'000</i>	Money Lending Business <i>HK\$'000</i>	
For the year ended 31 March 2023			
Revenue from external customers	<u>633,596</u>	<u>26,775</u>	<u>660,371</u>
Segment profit (loss)	<u>43,370</u>	<u>(12,848)</u>	30,522
Bank interest income			350
Exchange differences			1,061
Realised gain on disposal of investments at fair value through profit and loss ("FVTPL")			362
Fair value gain on convertible bonds receivables			312
Impairment loss on goodwill			(30,765)
Amortisation of other intangible assets			(12,255)
Share of results of associates			(523)
Central administration costs			<u>(36,335)</u>
Loss before income tax from continuing operations			<u>(47,271)</u>

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

Segment assets and liabilities

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

Segment assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Concrete Business	847,519	948,734
Money Lending Business	<u>99,258</u>	<u>166,824</u>
Total segment assets	946,777	1,115,558
Other intangible assets	33,702	45,957
Goodwill	125,821	145,535
Convertible bonds receivables	–	17,465
Promissory note receivable	13,750	27,500
Interests in associates	53,632	56,850
Equity investment at FVTOCI	118,054	116,982
Deferred tax assets	9,559	8,015
Bank balances and cash	163,360	69,491
Unallocated corporate assets	<u>171,324</u>	<u>195,449</u>
Consolidated total assets	<u><u>1,635,979</u></u>	<u><u>1,798,802</u></u>

Segment liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Concrete Business	322,801	428,636
Money Lending Business	<u>1,732</u>	<u>1,111</u>
Total segment liabilities	324,533	429,747
Tax payable	754	1,751
Borrowings	153,117	178,614
Promissory notes	–	7,679
Bonds payable	175,508	181,538
Deferred tax liabilities	4,502	5,742
Unallocated corporate liabilities	<u>17,168</u>	<u>29,429</u>
Consolidated total liabilities	<u><u>675,582</u></u>	<u><u>834,500</u></u>

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

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

Other segment information

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

	Continuing operations			Total HK\$'000
	Concrete Business HK\$'000	Money Lending Business HK\$'000	Unallocated Corporate Office HK\$'000	
For the year ended 31 March 2024				
Capital additions	6,049	-	-	6,049
Depreciation of property, plant and equipment	7,044	525	450	8,019
Impairment loss on trade, retention and other receivables	13,738	-	-	13,738
Impairment loss on loan receivables	-	18,107	-	18,107
Depreciation of right-of-use assets	1,857	805	3,904	6,566
Written-off of trade receivables	49	-	-	49
	<u>6,049</u>	<u>-</u>	<u>-</u>	<u>6,049</u>

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

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

Revenue from major products and services

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

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Sales of goods from Concrete Business	547,762	633,596
Interest income from Money Lending Business	18,144	26,775
	<u>565,906</u>	<u>660,371</u>

Information about geographical areas

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

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

	Revenue by geographical market	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
The PRC		
– Mainland China	547,762	633,596
– Hong Kong	18,144	26,775
	<u>565,906</u>	<u>660,371</u>

As at 31 March 2024, approximately HK\$246,746,000 and HK\$7,315,000 of the non-financial assets classified as non-current assets are located in the Mainland China and Hong Kong, respectively.

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

Information about major customers

During the years ended 31 March 2024 and 2023, none of the Group's single customer attributed to more than 10% of the total revenue of the Group from continuing operations.

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Bank interest income	226	350
Rental income	732	2,049
Interest income from convertible bonds receivables	630	1,256
Litigation income (<i>Note 1</i>)	383	669
Government grants/subsidies (<i>Note 2</i>)	2,540	915
Commission income	4,306	5,760
Sundry income	397	1,646
	<u>9,214</u>	<u>12,645</u>

Notes:

1. There were litigation claims initiated by the Group against certain trade debtors to demand for immediate repayment of the unsettled trade and retention receivables. Pursuant to the respective judgements of the courts, approximately HK\$383,000 (2023: HK\$669,000) in aggregate amount of interests, penalties and recharges of corresponding legal costs received from those trade debtors during the year ended 31 March 2024.
2. During the year ended 31 March 2024, the Group did not have government grants from the Employment Support Scheme under the Anti-Epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region (2023: HK\$576,000). There are no unfulfilled conditions or contingencies relating to the grants/subsidies.

5. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Exchange differences	562	1,061
Loss on disposals of property, plant and equipment	(849)	(13,767)
Loss on early redemption of promissory notes	(111)	–
Loss on early redemption of bonds payable	(823)	–
Fair value (loss) gain on convertible bonds receivables	(2,489)	312
Gain on discounting of bonds payable	6,054	–
Impairment loss on goodwill	(19,714)	(30,765)
Impairment loss on trade, retention and other receivables	(13,738)	(15,313)
Impairment loss on loan receivables	(18,107)	(34,803)
Impairment loss on promissory note receivable	(13,750)	–
Written-off of trade receivables	(49)	(891)
Realised gain on disposal of investments at FVTPL	–	362
	<u>(63,014)</u>	<u>(93,804)</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Effective interest on bonds payable	7,971	8,611
Interest on borrowings	9,998	7,693
Interest on promissory notes	60	3,901
Interest on lease liabilities	372	402
	<u>18,401</u>	<u>20,607</u>

7. INCOME TAX (EXPENSE) CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Current tax:		
– Hong Kong Profits Tax	(59)	(47)
– PRC Enterprise Income Tax (“PRC EIT”)	<u>(8,601)</u>	<u>(5,570)</u>
	<u>(8,660)</u>	<u>(5,617)</u>
Over (under) provision in respect of prior years:		
– Hong Kong Profits Tax	–	(33)
– PRC EIT	<u>1,204</u>	<u>1,553</u>
	<u>1,204</u>	<u>1,520</u>
Deferred taxation:		
– Current year	<u>2,868</u>	<u>6,320</u>
	<u>2,868</u>	<u>6,320</u>
Income tax (expense) credit	<u><u>(4,588)</u></u>	<u><u>2,223</u></u>

(i) Hong Kong

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits arising in Hong Kong for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of qualifying entities are taxed at 8.25% (2023: 8.25%), and the profits above HK\$2,000,000 (2023: HK\$2,000,000) are taxed at 16.5% (2023: 16.5%).

(ii) Mainland China

PRC EIT is calculated at 25% (2023: 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for subsidiaries of the Company which were recognised as a high and new technology enterprise (“HNTE”) and in accordance with relevant laws and regulations in the PRC, the subsidiaries are entitled to the preferential tax rate of 15% (2023: 15%) corporate income tax rate for HNTE during the year.

(iii) **Other jurisdictions**

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

8. LOSS FOR THE YEAR

	2024	2023
	HK\$'000	HK\$'000
Continuing operations		
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration (<i>Note a</i>)	4,316	8,877
Other staff costs	26,878	30,429
Retirement benefit scheme contributions (<i>Note b</i>)	4,019	3,111
	<hr/>	<hr/>
Total staff costs	35,213	42,417
	<hr/>	<hr/>
Auditor's remuneration		
– Audit services	1,500	1,500
– Non-audit services	15	15
Cost of inventories sold (<i>Note c</i>)	408,821	467,187
Depreciation of property, plant and equipment	8,019	5,265
Depreciation of right-of-use assets (<i>Note a</i>)	6,566	7,024
Amortisation of other intangible assets	12,255	12,255
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Upon application of HKFRS 16, the lease of director's quarter was classified as the right-of-use assets. The depreciation of right-of-use assets related to the director's quarter for the year ended 31 March 2024 was HK\$Nil (2023: approximately HK\$2,873,000) which is included in both the director's remuneration and depreciation of right-of-use assets. The rental payments for the year ended 31 March 2024 was HK\$Nil (2023: approximately HK\$3,000,000).
- (b) No forfeited contributions available for offset against existing contributions during the year (2023: Nil).

- (c) Cost of inventories sold included approximately HK\$17,875,000 (2023: HK\$19,252,000) relating to staff costs and depreciation expenses, in which these amounts are also included in the respective total amounts disclosed separately in this note for each of these expenses.

9. DISCONTINUED OPERATION

On 28 September 2022, the Group through its direct wholly-owned subsidiary, Star World International Holdings Limited, entered into a share purchase agreement with Spencer Goldsmith Ltd. (a connected person of the Group) in relation to the disposal of entire equity interest in S&J Distribution Limited, (“S&J”, together with its subsidiaries are referred to as the “S&J Group”) at a total consideration of British Pound (“GBP”) 1,900,000 (equivalent to approximately HK\$16,509,000) (the “S&J Disposal”). The S&J Group, represents the entire Household Consumables Business segment of the Group and upon completion of the S&J Disposal, the Group’s Household Consumables Business would be discontinued.

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

The financial performance and cash flows of Household Consumables Business for the period from 1 April 2022 to the date of disposal are classified and included as part of discontinued operation for the year ended 31 March 2023 and have been presented separately as a single line item in the consolidated statement of profit or loss and other comprehensive income, details of which are as follows:

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

10. LOSS PER SHARE

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

As at 31 March 2024 and 2023, the diluted loss per share is the same as the basic loss per share, as the Group has no dilutive potential ordinary shares during the years.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company		
(i) Continuing and discontinued operations	(31,441)	(54,774)
(ii) Continuing operations	(31,441)	(45,048)
(iii) Discontinued operation	–	(9,726)
	<u> </u>	<u> </u>
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share (<i>Note</i>)	<u>506,124,429</u>	<u>439,757,417</u>

Note:

The weighted average number of ordinary shares in issue has taken into account of the effect of rights issue during the year and share consolidation on the basis that every 10 ordinary shares of HK\$0.01 each in the capital of the Company would be consolidated into one ordinary share of HK\$0.1 each as if they had occurred at 1 April 2022, the beginning of the earliest period reported.

11. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the years ended 31 March 2024 and 2023.

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2022	30,631	30,639	3,957	3,288	4,650	73,165
Additions	227	3,334	-	177	1,004	4,742
Disposals	-	(19,564)	-	-	-	(19,564)
Disposal of subsidiaries (<i>Note 24</i>)	(901)	-	-	(552)	-	(1,453)
Transfer	2,122	-	-	-	(2,122)	-
Exchange realignment	(3,172)	(3,581)	-	(299)	(345)	(7,397)
At 31 March 2023	28,907	10,828	3,957	2,614	3,187	49,493
Additions	252	681	-	59	5,057	6,049
Disposals	-	(4,002)	-	-	-	(4,002)
Transfer	4,323	-	-	397	(4,720)	-
Exchange realignment	(1,123)	(980)	-	(69)	(108)	(2,280)
At 31 March 2024	<u>32,359</u>	<u>6,527</u>	<u>3,957</u>	<u>3,001</u>	<u>3,416</u>	<u>49,260</u>
ACCUMULATED DEPRECIATION						
At 1 April 2022	5,825	5,950	1,060	1,142	-	13,977
Charge for the year	1,215	2,723	848	586	-	5,372
Elimination on disposals	-	(5,093)	-	-	-	(5,093)
Elimination on disposal of subsidiaries (<i>Note 24</i>)	(349)	-	-	(212)	-	(561)
Exchange realignment	(777)	(1,654)	-	(91)	-	(2,522)
At 31 March 2023	5,914	1,926	1,908	1,425	-	11,173
Charge for the year	3,048	3,661	848	462	-	8,019
Elimination on disposals	-	(3,032)	-	-	-	(3,032)
Exchange realignment	(353)	(669)	-	(37)	-	(1,059)
At 31 March 2024	<u>8,609</u>	<u>1,886</u>	<u>2,756</u>	<u>1,850</u>	<u>-</u>	<u>15,101</u>
NET CARRYING VALUE						
At 31 March 2024	<u>23,750</u>	<u>4,641</u>	<u>1,201</u>	<u>1,151</u>	<u>3,416</u>	<u>34,159</u>
At 31 March 2023	<u>22,993</u>	<u>8,902</u>	<u>2,049</u>	<u>1,189</u>	<u>3,187</u>	<u>38,320</u>

13. OTHER INTANGIBLE ASSETS

	Customer Network HK\$'000
COST	
At 1 April 2022	94,137
Disposal of subsidiaries	(7,096)
Exchange realignment	<u>(1,254)</u>
At 31 March 2023 and 31 March 2024	<u>85,787</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 April 2022	35,924
Charge for the year	12,255
Disposal of subsidiaries	(7,096)
Exchange realignment	<u>(1,253)</u>
At 31 March 2023	39,830
Charge for the year	<u>12,255</u>
At 31 March 2024	<u>52,085</u>
NET CARRYING VALUE	
At 31 March 2024	<u>33,702</u>
At 31 March 2023	<u>45,957</u>

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

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

14. GOODWILL

	Concrete Business CGU HK\$'000	Household Consumables Business CGU HK\$'000	Money Lending Business CGU HK\$'000	Total HK\$'000
COST				
At 1 April 2022	154,505	9,774	21,795	186,074
Disposal of subsidiaries (<i>Note 24</i>)	—	(9,774)	—	(9,774)
At 31 March 2023 and 31 March 2024	<u>154,505</u>	<u>—</u>	<u>21,795</u>	<u>176,300</u>
ACCUMULATED IMPAIRMENT LOSSES				
At 1 April 2022	—	—	—	—
Impairment loss recognised	<u>28,684</u>	<u>—</u>	<u>2,081</u>	<u>30,765</u>
At 31 March 2023	28,684	—	2,081	30,765
Impairment loss recognised	<u>—</u>	<u>—</u>	<u>19,714</u>	<u>19,714</u>
At 31 March 2024	<u>28,684</u>	<u>—</u>	<u>21,795</u>	<u>50,479</u>
NET CARRYING VALUE				
At 31 March 2024	<u>125,821</u>	<u>—</u>	<u>—</u>	<u>125,821</u>
At 31 March 2023	<u>125,821</u>	<u>—</u>	<u>19,714</u>	<u>145,535</u>

As at 31 March 2024, goodwill arising in prior years related to (i) the acquisition of Chengxin Finance Limited (“Chengxin Finance”) and has been allocated to the Money Lending Business CGU; and (ii) the acquisition of Alpha Youth Group and has been allocated to the Concrete Business CGU.

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

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

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

15. IMPAIRMENT TESTING ON OTHER INTANGIBLE ASSETS AND GOODWILL

For the purpose of impairment testing as at 31 March 2024 and 2023, other intangible assets and goodwill set out in Notes 13 and 14 respectively have been allocated to two individual CGUs. The carrying amounts of other intangible assets and goodwill as at 31 March 2024 and 2023 allocated to these units are as follows:

	Customer Network		Goodwill	
	with finite useful life			
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Money Lending Business CGU (Unit A)	–	–	–	19,714
Concrete Business CGU (Unit B)	33,702	45,957	125,821	125,821
	33,702	45,957	125,821	145,535

During the year ended 31 March 2024, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the Concrete Business CGU (2023: impairment of goodwill in respect of Concrete Business CGU approximately HK\$28,684,000). There is impairment of goodwill in respect of the Money Lending Business CGU of approximately HK\$19,714,000 for the year ended 31 March 2024 (2023: HK\$2,081,000). The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

Unit A

The recoverable amount of this unit as 31 March 2024 has been determined to be approximately HK\$45,085,000 (2023: HK\$68,267,000) based on the value-in-use calculation (2023: value-in-use calculation) with reference to a professional valuation performed by Asset Appraisal Limited (“AAL”) (2023: AAL). The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2023: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2023: 0%). The pre-tax rate used to discount the forecast cash flows is 15.31% (2023: 20.44%).

Based on the impairment assessment of Money Lending Business CGU, the goodwill allocated to Money Lending Business CGU was determined to be impaired. An impairment loss of approximately HK\$19,714,000 (2023: HK\$2,081,000) against goodwill was recognised in consolidated profit or losses under other gains and losses, net in the current year. The impairment loss recognised during the year ended 31 March 2024 was mainly attributable to the unfavourable changes towards the expected return of the loan portfolio and increase in operating cost over the five-year forecast period due to the increase in competition among other market participants.

Unit B

The recoverable amount of this unit as at 31 March 2024 have been determined based on a value-in-use calculation (2023: value-in-use calculation) with reference to a professional valuation performed by AAL (2023: Kroll (HK) Limited). The calculation covered an indefinite period as estimated by the Group as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period (2023: five-year period). Cash flows beyond the projection period are extrapolated using zero growth rate (2023: 2.5%). The pre-tax rate used to discount the forecast cash flows is 18.5% (2023: 18.2%).

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

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

16. EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted equity investment	<u>118,054</u>	<u>116,982</u>

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

As at 31 March 2024 and 31 March 2023, the Group engages independent professional valuer to perform the valuation of the equity investment. The fair value of the equity investment has been determined by income-based approach valuation technique using discounted cash flow method. Cash flows beyond the projection period are extrapolated using estimated growth rate of 2% (2023: 2%). The pre-tax rate used to discount the forecast cash flow is 22.63% (2023: 24.04%).

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

Should the discount rate increase or decrease by 1%, the fair value of 13.4% Class A shares equity interest in Wisdom Moon would be decreased by approximately HK\$8,174,000 or increased by approximately HK\$9,112,000. Should the growth rate increase or decrease by 1%, the fair value of 13.4% Class A shares equity interest in Wisdom Moon would be increased by approximately HK\$4,422,000 or decreased by approximately HK\$4,020,000.

17. LOAN RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables		
– Collateralised	19,000	53,000
– Non-collateralised	<u>144,326</u>	<u>166,346</u>
	163,326	219,346
Accrued interest receivables	<u>42,139</u>	<u>35,422</u>
	205,465	254,768
<i>Less: impairment loss recognised</i>	<u>(108,047)</u>	<u>(89,940)</u>
	<u><u>97,418</u></u>	<u><u>164,828</u></u>

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

The loans provided to customers bore fixed monthly interest rate ranging from 8% to 18% (2023: 8% to 30%) per annum. The effective interest rates of the above loan receivables ranging from 8% to 20% (2023: 8% to 35%) per annum.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-90 days	–	–
91-180 days	–	–
181-365 days	–	3,700
Over 365 days	<u>69,215</u>	<u>139,643</u>
	<u>69,215</u>	<u>143,343</u>

18. TRADE, RETENTION AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross	397,500	373,560
<i>Less: impairment loss recognised</i>	<u>(30,151)</u>	<u>(21,233)</u>
Trade receivables, net	367,349	352,327
Retention receivables, gross	359,048	437,899
<i>Less: impairment loss recognised</i>	<u>(23,408)</u>	<u>(20,377)</u>
Retention receivables, net	335,640	417,522
Bills receivables	22,038	15,678
Prepayments and deposits	124,092	301,325
Other receivables	<u>122,656</u>	<u>6,866</u>
Trade, retention and other receivables and prepayments	<u>971,775</u>	<u>1,093,718</u>
Analysed for reporting purposes as:		
Current	888,725	968,751
Non-current		
– Retention receivables	<u>83,050</u>	<u>124,967</u>
	<u>971,775</u>	<u>1,093,718</u>

Note:

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

Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2023: 30 to 90 days) to its trade customers. However, certain portion of the trade receivables from Concrete Business (i.e. the retention portion) would be allowed to settle until 30 to 90 days after the completion of the construction by its trade customers.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	33,029	52,463
31-60 days	8,646	15,431
61-90 days	29,638	27,362
Over 90 days	296,036	257,071
	<u>367,349</u>	<u>352,327</u>

All bills receivables were aged within 180 days as at the years ended 31 March 2024 and 2023.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers.

The Group applies the simplified approach under HKFRS 9 (2014) to provide for expected credit loss ("ECL") using the lifetime expected loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward-looking information.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Current <i>HK\$'000</i>	1-30 days past due <i>HK\$'000</i>	31-60 days past due <i>HK\$'000</i>	61-90 days past due <i>HK\$'000</i>	Over 90 days past due <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2024						
Weighted average expected loss rate	2.95%	2.20%	2.51%	2.79%	9.75%	
Receivable amount	34,246	9,423	30,970	47,817	275,044	397,500
Loss allowance	(1,010)	(207)	(777)	(1,332)	(26,825)	(30,151)
At 31 March 2023						
Weighted average expected loss rate	1.22%	1.95%	2.12%	2.13%	7.58%	
Receivable amount	53,425	16,021	27,852	23,053	253,209	373,560
Loss allowance	(650)	(312)	(590)	(490)	(19,191)	(21,233)

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	21,233	16,715
Impairment loss recognised, net	9,947	5,783
Bad debts written off	(328)	(49)
Exchange realignment	(701)	(1,216)
At the end of the year	30,151	21,233

Trade receivables that were neither past due nor impaired related to customers for whom were no recently history of default.

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

At 31 March 2024, trade receivables which have been impaired previously, amounting to approximately HK\$328,000 (2023: HK\$49,000) were individually determined to be written off. These receivables have been long outstanding and management assessed them to be irrecoverable.

Retention receivables

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

As at 31 March 2024, retention receivables amounting to approximately HK\$335,640,000 (2023: HK\$417,522,000), which are entitled by the Group subject to the Group's goods satisfactorily passing inspection as the Group's entitlement to this final payment is conditional on the Group's goods satisfactorily passing inspection.

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

	2024	2023
	HK\$'000	HK\$'000
0-30 days	251,982	297,899
31-60 days	229	1,246
61-90 days	3,186	5,932
Over 90 days	80,243	112,445
	335,640	417,522

The Group applies the simplified approach under HKFRS 9 (2014) to provide for ECL using the lifetime expected loss provision for all retention receivables. To measure the ECL, retention receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporates forward-looking information.

The following table provides information about the exposure to credit risk for retention receivables which are assessed based on provision matrix as at 31 March 2024 within lifetime ECL (not credit impaired).

	Current	1-30 days	31-60 days	61-90 days	Over 90 days	Total
	<i>HK\$'000</i>	<i>past due</i>	<i>past due</i>	<i>past due</i>	<i>past due</i>	<i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 31 March 2024						
Weighted average expected						
loss rate	2.38%	1.77%	1.76%	4.83%	17.30%	
Receivable amount	232,892	14,645	10,530	414	100,567	359,048
Loss allowance	(5,541)	(259)	(185)	(20)	(17,403)	(23,408)
At 31 March 2023						
Weighted average expected						
loss rate	1.42%	2.01%	1.80%	2.18%	11.95%	
Receivable amount	290,556	2,142	9,803	1,421	133,977	437,899
Loss allowance	(4,119)	(43)	(176)	(31)	(16,008)	(20,377)

The movement of loss allowance in respect of retention receivables was as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	20,377	11,721
Impairment loss recognised	3,791	9,495
Bad debts written off	(72)	–
Exchange realignment	(688)	(839)
At the end of the year	23,408	20,377

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note a</i>)	105,013	239,016
Bills payable	105,105	100,524
Contract liabilities (<i>Note b</i>)	8,321	5,936
Other payables and accruals	113,490	105,227
	331,929	450,703

Notes:

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	15,847	80,163
31-60 days	5,026	26,810
61-90 days	–	29,329
Over 90 days	84,140	102,714
	105,013	239,016

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

- (b) At 31 March 2024 and 2023, customer deposits are contract liabilities and the Group does not expect to refund any of the advance payments. Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

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

Movements in contract liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	5,936	16,554
Increase in contract liabilities as a result of receipt of customer deposits during the year	5,377	1,178
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,831)	(11,055)
Exchange realignment	(161)	(741)
At the end of the year	<u>8,321</u>	<u>5,936</u>

20. BORROWINGS

	2024		2023	
	Maturity	<i>HK\$'000</i>	Maturity	<i>HK\$'000</i>
Current				
Secured				
– Factoring loans (<i>Note (i)</i>)	2024	94,865	2023	85,560
Unsecured				
– Current portion of Loans (<i>Note (ii)</i>)		<u>–</u>	2024	<u>31,597</u>
		<u>94,865</u>		<u>117,157</u>
Non-current				
Unsecured – Loans (<i>Note (ii)</i>)	2025-2029	<u>58,252</u>	2025-2029	<u>61,457</u>
Total borrowings		<u>153,117</u>		<u>178,614</u>

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

	2024	2023
	HK\$'000	HK\$'000
Analysed into:		
On demand or within one year	94,865	117,157
In the second year	21,183	–
In the third to fifth year, inclusive	37,069	49,030
After five years	–	12,427
	<u>153,117</u>	<u>178,614</u>

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

Notes:

- (i) During the year ended 31 March 2024, an indirectly wholly-owned subsidiary of the Company entered into several factoring agreements with independent third parties for recourse factoring loans amounting to approximately Renminbi (“RMB”) 89,100,000 (equivalent to approximately HK\$94,865,000 (2023: RMB74,900,000 (equivalent to approximately HK\$85,349,000)). The factoring loans are denominated in RMB and bear interest at rates ranged from 6% to 15% per annum (2023: 2.48% to 6.40% per annum). As at 31 March 2024, all the outstanding factoring loans were aged within one year and are secured by trade receivables amounted to approximately HK\$123,575,000 (2023: HK\$107,455,000).
- (ii) Alpha Youth Group entered into several loan agreements with the ex-shareholder and companies associated with the ex-shareholder, to convert the amount due to them into unsecured long term loans (the “Loans”) in previous years.

The Loans are denominated in RMB and are unsecured and mature between 2 to 10 years from the date of the loan agreements. Initially the Loans bear fixed rate interest of 1% per annum and payable annually. The weighted average effective interest rate of the Loans is 6.96% per annum. During the year ended 31 March 2021, the interest rate was modified from 1% per annum to Nil. There is no early redemption of the Loans during the years ended 31 March 2024 and 2023.

21. PROMISSORY NOTES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	7,679	49,254
Fair value of promissory note issue for acquisition of equity investment	–	7,524
Redemption during the year	(7,850)	(31,800)
Loss on early redemption	111	–
Effective interest expenses	60	3,901
Transfer to other payable	–	(21,200)
	<u>–</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>7,679</u>
Analysed for reporting purposes as:		
Non-current liabilities	<u>–</u>	<u>7,679</u>

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

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

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

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

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

During the year ended 31 March 2024, the promissory note was early redeemed in full by the Company resulting in loss on early redemption of approximately HK\$111,000. As of 31 March 2024, there is no outstanding promissory notes and the retained share certificate in respect of 0.089 Class A shares of Wisdom Moon was released by the vendor.

22. BONDS PAYABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	181,538	181,529
Issuance of bonds	56,946	–
Interest expenses incurred	7,971	8,611
Interest paid	(8,141)	(8,602)
Redemption	(63,000)	–
Loss on early redemption	823	–
Exchange realignment	(629)	–
	<u>175,508</u>	<u>181,538</u>
At the end of the year	<u>175,508</u>	<u>181,538</u>
Analysed for reporting purposes as:		
Current liabilities	25,918	25,826
Non-current liabilities	149,590	155,712
	<u>175,508</u>	<u>181,538</u>

7-year Bond 2028

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

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

During the year ended 31 March 2024, the Company early redeemed partial of the 7-year Bond 2028 amounted to US\$8,063,000 (2023: HK\$Nil). As a result, the Company recognised a loss on early redemption of bonds payable amounted to approximately HK\$823,000.

At the end of the reporting period, the carrying amount of the 7-year Bond 2028 comprised of principal amount and accrued interest amounted to US\$11,581,000 (2023: US\$20,000,000) and US\$30,285 (2023: US\$50,630) respectively.

3-year Bond 2024

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

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

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

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

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

6-year Bond 2030

On 25 March 2024, the Company issued six-year corporate bond with a principal amount of HK\$63,000,000 to an independent third party at an issue price equal to the face value of the bonds (the “6-year Bond 2030”). The 6-year Bond 2030 is unsecured and is denominated in HK\$. The principal of 6-year Bond 2030 bears interest and interest is payable semi-annually in arrears. Interest rate is set out as below:

- 3.5% per annum for the first and second anniversary of the issue date;
- 7.0% per annum from the date immediate after the second anniversary of the issue date up to the fourth anniversary date of the issue date; and
- 10.5% per annum from the date immediate after the fourth anniversary date of the issue date up to the maturity date.

The Company may at any time after the issue date of the 6-year Bond 2030 and before the maturity date to early redeem the 6-year Bond 2030 payable, with a prior written consent from the bond holder provided that not less than one-month advance notice of such redemption intention shall have been given to the bond holders.

During the year ended 31 March 2024, there is no early redemption of the 6-year Bond 2030 by the Company.

23. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year Bond 2028 payable amounted to approximately HK\$92,644,000 issued by the Company (2023: HK\$155,712,000). Besides, assets with the following carrying amounts have been pledged to secure the bills payable and factoring loans of the Group:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Equity investment at FVTOCI	–	7,770
Pledged bank balances	52,533	54,399
Trade and retention receivables	123,575	107,455
	<u>176,108</u>	<u>169,624</u>

24. DISPOSAL OF SUBSIDIARIES

Disposal of S&J Group

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

Details of the disposal of S&J Group were set out in the announcement of the Company dated 28 September 2022.

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

	2023 <i>HK\$'000</i>
Consideration satisfied by:	
Cash	14,765
Deferred receivables	<u>1,744</u>
	<u><u>16,509</u></u>

The net assets of S&J Group at the date of disposal were as follows:

	2023 <i>HK\$'000</i>
Property, plant and equipment (<i>Note 12</i>)	892
Right-of-use assets	420
Goodwill (<i>Note 14</i>)	9,774
Inventories	6,191
Trade and other receivables, prepayments and deposits	16,606
Bank balances and cash	1,198
Trade and other payables and accruals	(9,646)
Lease liabilities	(350)
Tax payable	(793)
Deferred tax liabilities	(242)
	<hr/>
Net assets disposed of	24,050
Reclassification adjustment of exchange reserve on disposal of S&J Group	5,427
Loss on disposal of subsidiaries	(12,968)
	<hr/>
Total consideration received	<u>16,509</u>
Net cash inflow arising on disposal:	
Cash consideration	14,765
Bank balances and cash disposed of	(1,198)
	<hr/>
	<u>13,567</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in (i) production and sales of ready-mixed commercial concrete (“Concrete Business”); and (ii) provision of money lending services (“Money Lending Business”) during the year ended 31 March 2024 (the “Year”). During the Year, no business segment was disposed. Details of the business disposed of during the year ended 31 March 2023 (the “Previous Year”) is disclosed in Note 9 to the consolidated financial statements of this announcement.

The Group recorded a net loss attributable to owners of the Company of approximately HK\$31.4 million for the Year as compared to approximately HK\$54.8 million for the Previous Year.

Continuing Operations

Revenue

The Group’s revenue from continuing operations decreased by approximately HK\$94.5 million or 14.3% from approximately HK\$660.4 million for the Previous Year to approximately HK\$565.9 million for the Year.

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

	Year ended 31 March			
	2024	2024	2023	2023
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
By segment:				
Concrete Business	547,762	96.8	633,596	95.9
Money Lending Business	18,144	3.2	26,775	4.1
Total	<u>565,906</u>	<u>100.0</u>	<u>660,371</u>	<u>100.0</u>

	Year ended 31 March			
	2024	2024	2023	2023
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
By geographical location:				
The People's Republic of China (the "PRC")				
– the Mainland China	547,762	96.8	633,596	95.9
– Hong Kong	18,144	3.2	26,775	4.1
Total	<u>565,906</u>	<u>100.0</u>	<u>660,371</u>	<u>100.0</u>

During the Year, revenue from the Concrete Business accounts for approximately 96.8% of the Group's total revenue from continuing operations. The Group's revenue from the Concrete Business decreased by approximately HK\$85.8 million or 13.5% from approximately HK\$633.6 million for the Previous Year to approximately HK\$547.8 million for the Year which was mainly due to reduction in sales volume for the second half of the Year as compared with the corresponding period of the Previous Year. Due to the ease of all COVID-19 restrictions in PRC during the early February 2023, business operations were just resumed and recorded a remarkable rebound in demand for concrete resulted in the last quarter of the Previous Year which led to our sales volume were approximately 35% more than that in the same quarter of the Year.

Revenue from the Money Lending Business decreased by approximately HK\$8.6 million or 32.2% from approximately HK\$26.8 million for the Previous Year to approximately HK\$18.1 million during the Year. The drop in revenue was due to the reduction in average gross loan portfolio to customers from approximately HK\$230.5 million for the Previous Year to approximately HK\$191.3 million for the Year.

Gross Profit and Gross Profit Margin

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

	Year ended 31 March			
	2024	2024	2023	2023
	<i>HK\$'000</i>	<i>GP%</i>	<i>HK\$'000</i>	<i>GP%</i>
By segment:				
Concrete Business	136,313	24.9	163,580	25.8
Money Lending Business	18,144	100.0	26,775	100.0
Overall	<u>154,457</u>	27.3	<u>190,355</u>	28.8

Gross profit from continuing operations decreased by approximately HK\$35.9 million or 18.9% from approximately HK\$190.4 million for the Previous Year to approximately HK\$154.5 million year-on-year. The decrease in gross profit was primarily driven by decrease in sales volume of Concrete Business and drop in gross loan portfolio of Money Lending Business.

The Group's gross profit margin from Concrete Business remained similar level for both years ended 31 March 2024 and 2023 at approximately 25%. The Group continued its disciplined approach towards cost control, more efficient use of resources and lowering the raw materials pricing throughout the Year.

The gross profit margin for Money Lending Business was 100% for both years ended 31 March 2024 and 2023 and continue to contribute a positive impact to the Group's gross profit margin.

Other Income

Other income from continuing operations mainly consists of rental income, interest income from convertible bonds receivables, commission income and litigation income. Other income decreased by approximately HK\$3.4 million from approximately HK\$12.6 million for the Previous Year to approximately HK\$9.2 million for the Year mainly due to decrease in rental income from mixer trucks of the Concrete Business.

Other Gains and Losses, Net

Other gains and losses, net from continuing operations for the Year mainly comprise of impairment loss on trade, retention and other receivables of approximately HK\$13.7 million; impairment loss on promissory note receivable of approximately HK\$13.8 million; impairment loss on loan receivables of approximately HK\$18.1 million and impairment loss on goodwill of approximately HK\$19.7 million.

The Group resulted in a net other losses amounted to approximately HK\$63.0 million during the Year as compared to approximately HK\$93.8 million during the Previous Year. The decrease in net other losses was mainly due to the combined effect of (i) decrease in impairment loss on loan receivables by approximately HK\$16.7 million as compared to Previous Year; (ii) decrease in impairment loss on goodwill by approximately HK\$11.1 million as no impairment loss for the goodwill was allocated to Concrete Business; (iii) decrease in loss on disposal of property, plant and equipment by approximately HK\$12.9 million as compared with Previous Year.

Selling and Distribution Expenses

Selling and distribution expenses from continuing operations mainly consist of transportation expenses, staff cost for distribution unit and commissions paid to sales agents. Selling and distribution expenses decreased by approximately HK\$28.4 million or 35.0% for the Year as compared with the Previous Year primarily due to remarkable decrease in transportation cost resulted from the reduction in price charged by transportation services providers after using more eco-friendly electric vehicles.

Administrative Expenses

Administrative expenses from continuing operations mainly consist of staff costs (including directors' remuneration), legal and professional fees, consultancy fees and depreciation charges for owned assets and right-of-use assets. Administrative expenses increased by approximately 1.7% to approximately HK\$55.1 million for the Year. There was no significant fluctuation comparing with Previous Year.

Finance Costs

Finance costs from continuing operations mainly represent interest expenses on bonds payable, promissory notes, borrowings and lease liabilities. The finance costs decreased by approximately HK\$2.2 million or 10.7% from approximately HK\$20.6 million for the Previous Year to approximately HK\$18.4 million for the Year due to repayment of borrowings and promissory notes during the Year. The Group's indebtedness which is comprising of bonds payable, promissory notes and borrowings was decreased by approximately HK\$39.2 million or 10.7% from approximately HK\$367.8 million as of 31 March 2023 to approximately HK\$328.6 million as at 31 March 2024.

Loss before Income Tax

The Group recorded a loss before income tax from continuing operations of approximately HK\$26.9 million for the Year as compared to approximately HK\$47.3 million for the Previous Year. The decrease in loss before income tax during the Year mainly due to the combined effect of: (i) the remarkable reduction in selling and distribution expenses by approximately HK\$28.4 million by using more eco-friendly electric vehicles; (ii) reduction in other gains and losses by approximately HK\$30.8 million; (iii) reduction in finance cost by approximately HK\$2.2 million related to the decrease in the Group's indebtedness as compared with Previous Year; whereas net off by; and (iv) the decrease in gross profit of approximately HK\$35.9 million.

Income Tax (Expense)/Credit

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

The Group recorded income tax expense from continuing operations of approximately HK\$4.6 million during the Year as compared to an income tax credit of approximately HK\$2.2 million for the Previous Year. There was no significant change in applicable tax rates of the Company's subsidiaries during the Year. The increase in income tax expense was primarily due to the utilisation of recognised tax losses from an operating subsidiary of the Group during the Year.

Impairments

During the Year, the Group had the following impairments:

- (a) Impairment loss on goodwill of approximately HK\$19.7 million was allocated to Money Lending Business. Independent professional valuers were engaged for the impairment assessment and found that the recoverable amount of the cash generating units were less than the carrying amount of the respective business segment. Impairment on goodwill is considered necessary. The impairment loss on goodwill allocated to Money Lending Business was mainly attributable to the increase in competition among other market participants and increase in cost of operation, which led to a reduction in the expected return of the loan portfolio in the cash flow projection.
- (b) Impairment loss on trade, retention and other receivables of approximately HK\$13.7 million were related to expected credit loss on trade and retention receivables from Concrete Business. Provision matrix was applied to calculate the expected credit loss. Provision rates were based on the Group's historical settlement experience and historical recoverability rate by groupings of various debtors that have similar loss patterns, taking into account forward-looking information.
- (c) Impairment loss on loan receivables of approximately HK\$18.1 million was recognised for overdue loans with credibility issue. The Group considered that the default risk of those borrowers was relatively high and thus impairment on loan receivables was considered necessary. The Group has adopted various measures in recovering the overdue loans including negotiation for sale of loan portfolio and conducting legal proceedings against the overdue borrowers in accordance with the prescribed internal procedures.

- (d) Impairment loss on promissory note receivable of approximately HK\$13.8 million was recognised for prolonged delay in repayment. The Group considered that the default risk of the debtor was relatively high and thus impairment on promissory note receivable was considered necessary. The Group has adopted various measures in recovering the outstanding receivable including negotiation for sales of the receivables.

Total Comprehensive Loss for the Year Attributable to Owners of the Company

The total comprehensive loss for the year attributable to owners of the Company was approximately HK\$44.5 million for the Year as compared to approximately HK\$62.4 million for the Previous Year.

Liquidity and Financial Resources

As at 31 March 2024, the Group had indebtedness comprising, bonds payable and borrowings (2023: bonds payable, promissory notes and borrowings) amounted to approximately HK\$328.6 million (2023: approximately HK\$367.8 million).

As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$163.4 million (2023: approximately HK\$69.5 million) which were denominated in Hong Kong Dollar (“HK\$”), Renminbi (“RMB”) and United States Dollar (“US\$”).

As at 31 March 2024, the Group’s current ratio, calculated based on current assets over current liabilities, was approximately 2.5 (2023: approximately 2.1), reflecting the abundance of financial resources. The Group’s gearing ratio was approximately 34.2% (2023: approximately 38.1%), calculated based on the total debts of approximately HK\$328.6 million (2023: approximately HK\$367.8 million) over shareholders’ equity of approximately HK\$960.4 million (2023: approximately HK\$964.3 million).

Capital Structure

The capital structure of the Group as at 31 March 2024 are summarised as follows:

(A) *Share Capital*

As at 31 March 2024, the Company has 755,654,743 ordinary shares (2023: 419,809,829 ordinary shares (restated) (adjusted for Share Consolidation (as defined below)) in issue with total shareholders' equity of the Group amounted to approximately HK\$960.4 million (2023: approximately HK\$964.3 million).

Placing of shares under general mandate

On 6 October 2023, the Company has successfully placed 839,600,000 shares by way of placing (the "Placing"). Further details are set out in the announcements of the Company dated 6 October 2023, 25 October 2023 and 3 November 2023.

Share Consolidation and Change of Board Lot Size

On 23 November 2023, the Board proposed the consolidation of every ten (10) issued and unissued then existing shares of par value HK\$0.01 each in the share capital of the Company into one (1) consolidated share of par value HK\$0.1 each (the "Consolidated Share(s)") (the "Share Consolidation") and the change in board lot size for trading on the Stock Exchange from 2,000 then existing shares to 20,000 Consolidated Shares.

On 13 December 2023, the shareholders of the Company (the "Shareholders") approved the Share Consolidation at the extraordinary general meeting, and the Share Consolidation became effective on 15 December 2023.

Immediately after the Share Consolidation which became effective on 15 December 2023, the authorised share capital of the Company became HK\$100,000,000 and was divided into 1,000,000,000 Consolidated Shares of par value HK\$0.1 each, of which 503,769,829 Consolidated Shares were in issue as fully paid or credited as fully paid and the board lot size for trading on the Stock Exchange became 20,000 Consolidated Shares.

For details, please refer to announcements of the Company dated 15 November 2023 and 13 December 2023 and the circular of the Company dated 23 November 2023.

Rights Issue of shares

On 28 December 2023, the Company proposed to issue a total of 251,884,914 ordinary shares of the Company at a subscription price of HK\$0.115 per rights issue to the Shareholders on the basis of one (1) rights share (the “Rights Share(s)”) for every two (2) existing shares held on the record date 19 January 2024 (the “Rights Issue”). On 21 February 2024, the Rights Issue was completed and 251,884,914 ordinary shares were issued.

For details, please refer to announcements of the Company dated 28 December 2023, 14 February 2024 and 20 February 2024 and the prospectus of the Company dated 22 January 2024.

(B) Promissory Notes

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

Date of issue	Maturity date	Interest rate per annum	Principal amount			
			As at 01.04.2023	Issued during the year	Redeemed during the year	As at 31.03.2024
13 January 2023 ^(Note)	13 January 2025	8%	<u>US\$1,000,000</u>	<u>-</u>	<u>US\$1,000,000</u>	<u>-</u>

Note:

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

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

(C) Bonds Payable

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

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

On 25 March 2024, the Company issued a six-year corporate bond with a principal amount of HK\$63 million to an independent third party at an issue price equal to the face value of the bond. The corporate bond is denominated in HK\$. The principal of the corporate bonds payable bears interest at rates ranged from 3.5% to 10.5% per annum and is payable semi-annually in arrears.

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

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

Currency and Interest Rate Exposure

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

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

Loan Portfolio of Money Lending Business

As at 31 March 2024, before taking into account the impairment loss recognised, the Group had total outstanding loan principal amounts of approximately HK\$163.3 million (2023: HK\$219.3 million). After taking into account the impairment loss recognised in the amount of approximately HK\$108.0 million (2023: HK\$89.9 million) (among which approximately HK\$94.1 million (2023: HK\$76.0 million) is in relation to the outstanding loan principal amounts), the Group had total outstanding loan principal amounts of approximately HK\$69.2 million (2023: HK\$143.3 million) which is in relation to 10 (2023: 13) active loan accounts which comprised of 4 corporate loans and 6 individual loans (2023: 4 corporate loans and 9 individual loans). The corporate loans accounted for approximately 31.9% (2023: 19.2%) while individual loans accounted for approximately 68.1% (2023: 80.8%) of the outstanding principal of the loan receivables. The average outstanding principal amount per active loan accounts was approximately HK\$6.9 million (2023: HK\$11.0 million).

The interest rate of the outstanding principal amounts of the active loan accounts ranged from 12% to 18% per annum (2023: 8% to 30%). Out of the aggregate outstanding principal amount of approximately HK\$69.2 million of the active loan accounts as at 31 March 2024 (2023: HK\$143.3 million), collaterals were provided by 2 (2023: 3) active loan accounts and thus, approximately HK\$9.0 million (2023: HK\$53.0 million) were collateral-backed by properties in Hong Kong and the Mainland China and the remaining principal amount of approximately HK\$60.2 million (2023: HK\$90.3 million) were unsecured.

For the concentration of the Group's loan portfolio as at 31 March 2024, the outstanding loan balance and accrued interest receivables net of impairment, amounts of the top borrower and the top five borrowers amounted to approximately HK\$20.0 million (2023: HK\$26.9 million) and HK\$67.7 million (2023: HK\$108.6 million) respectively, which represented approximately 21% (2023: 16%) and 69% (2023: 66%) of the Group's loan and accrued interest receivables net of impairment. Out of which, approximately HK\$12.0 million (2023: HK\$53.6 million) or 18% (2023: 49%) of the outstanding loan and accrued interest receivables amounts of the top five borrowers were collateral-backed by properties in Hong Kong and the interest rate of the top five borrowers ranged from 12% to 18% (2023: 12% to 18%) for the Year.

Set out below is the summary of the top five borrowers of Money Lending Business as at 31 March 2024 arranged in the descending order of their respective outstanding loan amount:

Ranking	Borrower	Term of loan <i>Months</i>	Interest rate <i>Per annum</i>	Latest market value of the collateral <i>HK\$ million</i> <i>(Approximately)</i>	Book value of loan receivables as at 31 March 2024 <i>HK\$ million</i> <i>(Approximately)</i>	Proportion of the Group's total loan receivables as at 31 March 2024 <i>%</i> <i>(Approximately)</i>
1	Borrower A	12	17%	N/A	20	21%
2	Borrower B	12	18%	N/A	15	15%
3	Borrower C	24	12%	17	12	12%
4	Borrower D	24	18%	N/A	11	11%
5	Borrower E	12	12%	N/A	10	10%

All top five borrowers are individual clients and were introduced to the Group by referral from existing clients and/or management of the Group. They are all businessmen and are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Approximately HK\$2.7 million (2023: Nil) accumulated impairment losses were recognised for one of the top five borrowers.

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

Charge on Assets

As at 31 March 2024 and 31 March 2023, the Group has pledged its equity interests of certain subsidiaries to secure the repayment obligations under the 7-year corporate bond due 2028 with initial principal amount of US\$20,000,000 issued by the Company. Certain amount of assets is also pledged to secure the Group's bills payable and factoring loans. Further details are set out in Note 23 to the consolidated financial statements of this announcement.

Contingent Liabilities

As at 31 March 2024, the Group did not have any contingent liabilities or guarantee that would have a material impact on the financial position or results of operations (2023: Nil).

Capital Commitment

As at 31 March 2024, the Group did not have any significant capital commitments (2023: Nil).

Employee Information and Remuneration Policy

As at 31 March 2024, the Group employed a total of 174 (2023: 200) employees. During the Year, staff costs, including directors' emoluments under the continuing operations, amounted to approximately HK\$35.2 million (2023: HK\$42.4 million).

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

The Company adopted the share option scheme on 26 February 2015 (the "Share Option Scheme"), where options to subscribe for shares of the Company may be granted to the eligible participants as recognition of their contributions to the Group. No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 31 March 2024 (2023: Nil).

Fund Raising Activities

The Group has conducted (i) a placing of ordinary shares; and (ii) rights issue of ordinary shares under the general mandate during the Year.

(i) Placing of 839,600,000 ordinary shares (before Share Consolidation)

Shares of the Placing were allotted and issued at the Placing price of HK\$0.016 per Placing share to not less than six placees, who and whose ultimate beneficial owners (if applicable) are independent third parties as defined under the Listing Rules. Further details are set out in the announcements of the Company dated 6 October 2023, 25 October 2023 and 3 November 2023.

(ii) Rights issue of 251,884,914 new ordinary shares

On 28 December 2023, the Company proposed to issue a total of 251,884,914 ordinary shares of the Company at a subscription price of HK\$0.115 per rights share to the Shareholders on the basis of one Rights Share for every two then existing shares held on the record date 19 January 2024. On 21 February 2024, the Rights Issue was completed. Further details are set out in the prospectus of the Company dated 22 January 2024 and announcements of the Company dated 28 December 2023, 14 February 2024 and 20 February 2024 respectively.

All newly issued placing shares ranked pari passu in all respects with the existing shares. The Directors considered that the Placing and Rights Issue represented an opportunity to raise additional funding through the equity market and would strengthen the Group's financial position.

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

Date and particulars of the fund raising activities	Aggregate nominal value (HK\$)	Closing market price per share of the Company on the date on which the terms of the issue were fixed (HK\$)	Gross and net proceeds raised	Intended use of proceeds	Actual use of proceeds as at 31 March 2024
Placing of 839,600,000 ordinary shares under general mandate on 3 November 2023 at placing price of HK\$0.016 per share	8,396,000	0.019	approximately HK\$13.43 million (Gross) HK\$13.12 million (Net) (approximately HK\$0.0156 per share)	All the net proceeds were intended to be used for the repayment of outstanding short-term liabilities of the Group	Fully utilised as intended
Rights Issue of 251,884,914 ordinary shares at subscription price of HK\$0.115 per Rights Share	25,188,491	0.131	approximately HK\$29.0 million (Gross) HK\$27.2 million (Net) (approximately HK\$0.108 per share)	All the net proceeds were intended to be used for repayment of outstanding short-term liabilities of the Group.	Fully utilised as intended

Significant Investments, Material Acquisitions or Disposals

The Group did not have any significant investment, material acquisition and disposal for the Year.

Events After the Reporting Period

As at the date of this announcement, there was no significant event relating to the business or financial performance of the Group that came to the attention of the Directors after 31 March 2024.

Future Plans for Material Investments or Capital Assets

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

Prospects

Moving forward, our business is expected to remain in a challenging economic environment. The business environment continues to be undermined by the high interest rate monetary policy and uncertain economic growth momentum. It is believed that the PRC government will launch various measures to stimulate its economic growth which are in favour to our Concrete Business, but its growth remains uncertain due to other adverse economic factors such as ongoing geopolitical tensions and liquidity crisis of certain PRC property developers. Therefore, the Group will continue to closely follow the national policies, keep closer eyes on changes in market demand, proactively adapt to the environmental changes; and explore new business opportunities to broaden and diversify our income streams as well as strengthen the cost savings measures in view of the challenging conditions.

Concrete Business

Concrete Business continue to be the main growth driver of the Group. With the positive policies implemented by the PRC Government towards the development of Hainan Province as a free trade port, the Group is still confident that Concrete Business will continue to contribute a stable revenue to the Group and sustain profitability of the Group in the long-term. Resources will be allocated to support further exploration of new opportunities, including potential cooperation with different business partners or market participants in the concrete and construction industries in the PRC, with the aim to strengthen the Group's capabilities and positions in the concrete market in Hainan Province for the upcoming years.

Money Lending Business

High interest rate environment together with the global economic downturn which witness the high risk of loan default in Money Lending Business. According to the statistical data from the Companies Registry, the number of licensed money lenders decreased by approximately 140 year-on-year between calendar year 2022 to 2023. In view of stringent regulatory imposed by regulators, continuous increase in operating costs and progressively decline in credit quality and pledged asset quality, those factors further depressed the market demand and the net profit margins of our Money Lending Business, the Group has gradually scaled down the loan portfolio during the Year. In the coming financial years, the Group will continue to closely monitor the volatile market environment and to adopt prudent credit control procedures and would further lessen its loan portfolio.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Code provision C.2.1

Throughout the Year and up to the date of this announcement, the Company has complied with all the code provisions contained in Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Listing Rules, with the exception of the following deviation:

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

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

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

On 30 November 2023, Mr. Wong resigned as executive Director and the Chairman. Mr. Li Renjie has been appointed as the non-executive Director and the Chairman in place of Mr. Wong on 1 December 2023. Following the change of Chairman, the Company has complied with code provision C.2.1 of the CG Code.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding directors' securities transactions with terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code"). The Company had made specific enquiries to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions throughout the Year.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE AND FINANCIAL INFORMATION

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

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

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

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

PUBLICATION OF FURTHER FINANCIAL INFORMATION

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

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

Hong Kong, 21 June 2024

As at the date of this announcement, the executive Directors are Mr. Wong Jeffrey and Mr. Kong Chi Keung; the non-executive Director is Mr. Li Renjie; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Tso Ping Cheong, Brian and Ms. Zhu Xiaojia.