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STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED

國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of State Energy Group International Assets Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024, together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

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

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	245,978	206,538
Cost of sales		(190,629)	(168,751)
Gross profit		55,349	37,787
Other gains and losses	5	(2,290)	(6,019)
Other income	5	2,550	905
Selling and distribution expenses		(16,166)	(8,339)
Administrative expenses		(30,956)	(17,414)
Impairment losses under expected credit loss model, net of reversal		(69,596)	(9,744)
Fair value loss on investment properties		(3,115)	(1,629)
Finance costs	6	(3,022)	(1,416)
Loss before taxation	7	(67,246)	(5,869)
Taxation	8	669	(876)
Loss for the year from continuing operations		(66,577)	(6,745)
DISCONTINUED OPERATION			
Profit (loss) for the year from discontinued operation	16	8,213	(17,907)
Loss for the year attributable to owners of the Company		(58,364)	(24,652)
Other comprehensive (expense) income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(3,583)	(350)
Release of exchange reserve upon disposal of subsidiaries		(938)	—
Item that will not be reclassified to profit or loss:			
Gain on revaluation of land and building held for own use		353	941
Total comprehensive expense for the year attributable to owners of the Company		(62,532)	(24,061)

	2024	2023
<i>Notes</i>	HK\$'000	HK\$'000 (Restated)
Loss for the year attributable to owners of the Company		
Loss from continuing operations	(66,577)	(6,745)
Profit (loss) from discontinued operation	<u>8,213</u>	<u>(17,907)</u>
Loss for the year	<u>(58,364)</u>	<u>(24,652)</u>
Total comprehensive expense for the year attributable to owners of the Company		
Total comprehensive expense from continuing operations	(70,116)	(6,024)
Total comprehensive income (expense) from discontinued operation	<u>7,584</u>	<u>(18,037)</u>
Total comprehensive expense for the year	<u>(62,532)</u>	<u>(24,061)</u>
Loss per share attributable to owners of the Company		
From continuing and discontinued operations		
— Basic and diluted (HK cents)	<u>(5.94)</u>	<u>(3.18)</u>
From continuing operations		
— Basic and diluted (HK cents)	<u>(6.77)</u>	<u>(0.87)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		32,288	31,957
Investment properties	<i>11</i>	95,858	100,527
Right-of-use assets		232	86
Goodwill		14,035	696
Other intangible assets		32,309	6,203
Other receivables	<i>12</i>	20,156	5,192
		194,878	144,661
Current assets			
Inventories		56,107	108,641
Trade and other receivables	<i>12</i>	126,751	219,355
Tax recoverables		420	3,954
Financial assets at fair value through profit or loss		350	524
Bank balances and cash		29,393	15,495
		213,021	347,969
Total assets		407,899	492,630
Current liabilities			
Trade and other payables	<i>13</i>	56,858	154,697
Contract liabilities		10,758	10,297
Amount due to a director	<i>13</i>	7,800	—
Bank and other borrowings	<i>14</i>	41,954	40,966
Lease liabilities		236	94
Tax payable		—	8,202
		117,606	214,256
Net current assets		95,415	133,713
Total assets less current liabilities		290,293	278,374

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Rental deposits received	<i>13</i>	174	387
Deferred tax liabilities		5,888	1,782
		6,062	2,169
Net assets		284,231	276,205
EQUITY			
Equity attributable to owners of the Company			
Share capital		11,141	7,737
Reserves		273,090	268,468
Total equity		284,231	276,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (the “**Group**”) are the wholesale of consumer products including timepieces and accessories and garment and sportswear products, the sale of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment.

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

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

NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts (including the relevant amendments)
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

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

³ Effective for annual periods beginning on or after 1 January 2025.

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

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

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

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

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

Based on the Group's outstanding liabilities as at 31 March 2024, the application of the amendments will not result in reclassification of the Group's liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products, sales of unmanned aerial vehicles and related parts for fire-fighting, logistics transportation, communication and agricultural use and property investment. Revenue mainly represents the consideration of goods sold, rental income received. An analysis of revenue is as follows:

(i) Analysis of revenue

	2024	2023
	HK\$'000	(Restated) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis		
Export sales of garment and sportswear products	31,642	48,469
Local sales of garment and sportswear products	—	39,141
Sales of Watch products	76,210	115,109
Sales of unmanned aerial vehicles and related parts	134,508	—
	<u>242,360</u>	<u>202,719</u>
Revenue from other sources		
Rental income	3,618	3,819
	<u>245,978</u>	<u>206,538</u>

(ii) Performance obligations for contracts with customers

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

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

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

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

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

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

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

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

- iv) Unmanned aerial vehicles business: Sales of unmanned aerial vehicles and related parts.

On 29 March 2023, the Group entered into a sale and purchase agreement to acquire the entire issued shares of Shandong Longyi Aviation Technology Co., Ltd (“**Longyi**”) at a total consideration of approximately HK\$30,946,000 (the “**Acquisition**”). The Acquisition was completed on 1 August 2023, the date on which the control of Longyi was passed to the Group. Longyi and its subsidiaries (“**Longyi Group**”) are principally carrying out the business of in research and development, design, production, sales, training and service of unmanned aerial vehicles for fire-fighting, logistics transportation, communication and agricultural use.

For the year ended 31 March 2023, the Group’s operating and reportable segments were: (i) Wholesale business – Watch business; (ii) Wholesale business – Garment business; (iii) Property investment; and (iv) the provision of marketing services (“**Marketing Services**”).

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

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, goodwill, other intangible assets, inventories, financial assets at FVTPL, bank balances and cash, trade receivables, deposits, prepayments and other receivables. They exclude assets used for corporate functions.

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

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	2024				
	Continuing operations				
	Wholesale business- Watch HK\$'000	Wholesale business- Garment HK\$'000	Property investment HK\$'000	Unmanned aerial vehicles business HK\$'000	Total HK\$'000
Revenue	76,210	31,642	3,618	134,508	245,978
Segment operating profit (loss)	(1,298)	(85,628)	(6,438)	35,377	(57,987)
Unallocated corporate income					2,550
Unallocated corporate expenses					(8,920)
Operating profit					(64,357)
Gain on disposal of subsidiaries					133
Finance costs					(3,022)
Loss before taxation					(67,246)
Income tax credit					669
Loss for the year from continuing operations					(66,577)

	2024					
	Continuing operations					
	Wholesale business - Watch HK\$'000	Wholesale business - Garment HK\$'000	Property investment HK\$'000	Unmanned aerial vehicles business HK\$'000	Corporate HK\$'000	Total HK\$'000
Amortisation of other intangible assets	2,326	—	—	2,476	—	4,802
Decrease in fair value of financial assets at FVTPL	174	—	—	—	—	174
Depreciation of property, plant and equipment	21	—	—	328	1,313	1,662
Depreciation of right-of-use assets	627	—	—	133	—	760
Fair value loss on investment properties	—	—	3,115	—	—	3,115
Loss on disposal of property, plant and equipment	—	—	—	—	—	—
Impairment losses under ECL model, net of reversal	371	61,838	5,615	1,772	—	69,596
Provision of inventories	—	26,114	—	—	—	26,114

	2023				Total HK\$'000
	(Restated)				
	Continuing operations				
	Wholesale business- Watch	Wholesale business- Garment	Property investment	Unmanned aerial vehicles business	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue	<u>115,109</u>	<u>87,610</u>	<u>3,819</u>	<u>—</u>	<u>206,538</u>
Segment operating profit (loss)	<u>10,733</u>	<u>(9,978)</u>	<u>1,962</u>	<u>—</u>	2,717
Unallocated corporate income					905
Unallocated corporate expenses					<u>(8,075)</u>
Operating loss					(4,453)
Finance costs					<u>(1,416)</u>
Loss before taxation					(5,869)
Income tax expense					<u>(876)</u>
Loss for the year from continuing operations					<u><u>(6,745)</u></u>

	2023				Corporate HK\$'000	Total HK\$'000
	(Restated)					
	Continuing operations					
	Wholesale business – Watch	Wholesale business – Garment	Property investment	Unmanned aerial vehicles business		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Amortisation of other intangible assets	1,939	—	—	—	—	1,939
Decrease in fair value of financial assets at FVTPL	311	—	—	—	—	311
Depreciation of property, plant and equipment	29	29	—	—	1,293	1,351
Depreciation of right-of-use assets	364	130	—	—	—	494
Fair value loss on investment properties	—	—	1,629	—	—	1,629
Loss on disposal of property, plant and equipment	—	20	—	—	—	20
Impairment losses under ECL model, net of reversal	<u>678</u>	<u>8,915</u>	<u>151</u>	<u>—</u>	<u>—</u>	<u>9,744</u>

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

	2024	
	Revenue from continuing operations HK\$'000	Non-current assets HK\$'000
Africa	31,642	—
Hong Kong	32,889	103,850
PRC	108,836	70,794
Taiwan	14,200	78
Middle East	58,411	—
	245,978	174,722
	245,978	174,722

	2023	
	Revenue from continuing operations HK\$'000 (Restated)	Non-current assets HK\$'000
Africa	48,469	—
Hong Kong	78,266	108,917
PRC	56,432	30,530
Taiwan	23,371	22
	206,538	139,469
	206,538	139,469

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

INFORMATION ABOUT MAJOR CUSTOMERS

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

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Customer A from the Wholesale business – Garment	29,322	38,963
Customer B ¹ from the Wholesale business – Watch	N/A	30,641
Customer C ¹ from the Wholesale business – Garment	N/A	21,705
Customer D ² from the unmanned aerial vehicles business	83,705	N/A
Customer E ² from the unmanned aerial vehicles business	27,277	N/A
	<u>27,277</u>	<u>N/A</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2024.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2023.

5. OTHER GAINS AND LOSSES/OTHER INCOME

	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
Other gains and losses		
Decrease in fair value of financial assets at FVTPL	(174)	(311)
Gain on disposal of a subsidiary	133	—
Net exchange loss	(2,249)	(5,708)
	<u>(2,290)</u>	<u>(6,019)</u>
Continuing operations		
Other income		
Interest income from loans to third parties	928	353
Bank interest income	194	49
Government grants	1,356	218
Sundry income	72	285
	<u>2,550</u>	<u>905</u>

During the year ended 31 March 2024, government subsidies of (a) HK\$1,356,000 (2023: Nil) represent incentives received and recognised upon completion of related research activities and development projects and (b) Nil (2023: HK\$217,000) in respect of COVID-19-related subsidies which were granted to the Group under the Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Continuing operations		
Interest on bank and other borrowings	2,995	1,405
Interest on lease liabilities	27	11
	<u>3,022</u>	<u>1,416</u>

7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
Cost of inventories recognised as an expense (including provision of inventories amounting to HK\$26,114,000 (2023: nil))	190,498	162,798
Auditor's remuneration	650	600
Amortisation of other intangible assets	4,802	1,939
Depreciation of property, plant and equipment	1,662	1,351
Depreciation of right-of-use assets	760	494
Legal and professional fees	2,093	1,995
Loss on disposal of property, plant and equipment	—	20
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	9,460	5,782
—Retirement benefits scheme contributions	711	383
Total staff costs	<u>10,171</u>	<u>6,165</u>

8. TAXATION

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

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Continuing operations		
Current tax		
Hong Kong Profits Tax	—	344
PRC Enterprise Income tax (the “EIT”)	15	776
	<u>15</u>	<u>1,120</u>
Over provision in prior years:		
Hong Kong Profits Tax	(130)	(1)
Taiwan profit-seeking enterprise income tax	664	—
EIT	(734)	—
Deferred tax		
Current year	(484)	(243)
	<u>(669)</u>	<u>876</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax was provided for the year ended 31 March 2024 as there was no chargeable profits under Hong Kong Profits Tax.

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

Under the applicable corporate tax law in Taiwan, income tax is charged at 20% of the estimated assessable profits. No provision for Taiwan profit-seeking enterprise income tax has been made in the consolidated financial statements as the subsidiary operating in Taiwan has no assessable profits for both years.

9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2024 and 2023.

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) From continuing and discontinued operations

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Loss attributable to owners of the Company	<u>(58,364)</u>	<u>(24,652)</u>
	Number of shares	
	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	<u>983,350</u>	<u>773,659</u>

(b) From continuing operations

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Loss attributable to owners of the Company	<u>(66,577)</u>	<u>(6,745)</u>
	Number of shares	
	<u>'000</u>	<u>'000</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	<u>983,350</u>	<u>773,659</u>

11. INVESTMENT PROPERTIES

	2024	2023
	HK\$'000	HK\$'000
At the beginning of the year	100,527	104,979
Changes in fair value included in profit or loss	(3,115)	(1,629)
Exchange adjustment	(1,554)	(2,823)
	<u>95,858</u>	<u>100,527</u>

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK\$'000	HK\$'000
Trade receivables		
– Contracts with customers	199,568	190,536
– Lease receivables	6,472	4,728
Less: Allowance for credit losses	(91,015)	(24,918)
	<u>115,025</u>	<u>170,346</u>
Trade receivables, net		
	<u>115,025</u>	<u>170,346</u>
Deposits paid to suppliers (note i)	4,950	36,845
Other receivables, net (note ii)	22,716	14,616
Prepayments	3,443	365
Rental, utility and sundry deposits	773	2,375
	<u>31,882</u>	<u>54,201</u>
Total trade and other receivables	<u>146,907</u>	<u>224,547</u>
Less: current portion	<u>126,751</u>	<u>219,355</u>
Non-current portion	<u>20,156</u>	<u>5,192</u>

Notes:

- (i) As at 31 March 2024, included in deposits paid to suppliers of approximately HK\$4,950,000 (2023: HK\$36,845,000) is deposits paid to suppliers of Unmanned aerial vehicles business (2023: Marketing services).

- (ii) As at 31 March 2024, other receivables comprised of a loan to a third party amounting to approximately HK\$5,184,000 (2023: HK\$5,192,000), net of loss allowance with repayment date after one year and interest bearing at 6% per annum, and a loan to a third party amounting to approximately HK\$14,972,000 (2023: HK\$4,910,000), net of loss allowance with repayment date after one year, interest bearing at 1% per month with personal guarantee by shareholders of the borrower (2023: repayment date within one year, interest bearing at 1% per month with personal guarantee by shareholders of the borrower).

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

	2024	2023
	HK\$'000	HK\$'000
0-30 days	5,770	11,096
31-60 days	11,481	7,498
61-180 days	57,711	7,468
181-365 days	27,413	61,362
Over 1 year	12,650	82,922
	115,025	170,346

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

The majority of the Group’s customers for overseas sales are generally on open account from 120 to 150 days (2023: 120 to 150 days) from the date of invoice. The credit period granted to local customers is 30 to 90 days (2023: 30 to 90 days).

13. TRADE AND OTHER PAYABLES AND AMOUNT DUE TO A DIRECTOR

	2024	2023
	HK\$'000	HK\$'000
Trade payables	38,314	121,880
Deposits received	372	732
Accrued expenses	5,794	5,898
Other tax payables	60	470
Other payables	12,492	26,104
	<u>57,032</u>	<u>155,084</u>
Total trade and other payables		
	<u>57,032</u>	<u>155,084</u>
Less: Current portion	56,858	154,697
	<u>56,858</u>	<u>154,697</u>
Non-current portion	174	387
	<u>174</u>	<u>387</u>

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

	2024	2023
	HK\$'000	HK\$'000
0 - 30 days	2,471	4,742
31 - 90 days	2,353	6,925
91 - 180 days	167	5,570
Over 180 days	33,323	104,643
	<u>38,314</u>	<u>121,880</u>

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

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2023: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2023: 30 days).

The amount due to a director is unsecured, interest-free and repayable on demand.

14. BANK AND OTHERS BORROWINGS

	2024	2023
	HK\$'000	HK\$'000
Fixed rate and unsecured other borrowings, repayable within one year	6,954	—
Variable rate and secured bank borrowings, repayable within one year	35,000	40,966
	<u>41,954</u>	<u>40,966</u>

At 31 March 2024, the other borrowings denominated in RMB carry interest at 5%.

At 31 March 2024, variable-rate bank borrowings denominated in HK\$ amounting to HK\$35,000,000 (2023: HK\$35,000,000) and US\$ amounting to HK\$ nil (2023: HK\$5,966,000) and carry interests at Hong Kong Interbank Offered Rate (“HIBOR”) + 2% (2023: HIBOR + 2%) per annum and N/A (2023: HIBOR + 1.8%) per annum, respectively.

The bank borrowings are secured and guaranteed by:

- (a) first legal charge over the Group’s investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK\$99,230,000 (2023: HK\$101,910,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries; and
- (c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company.

15. ACQUISITION OF A SUBSIDIARY

On 29 March 2023, the Group entered into a sale and purchase agreement with several independent third parties to acquire the entire issued shares of Longyi at a total consideration of approximately HK\$30,946,000, which shall be satisfied by the allotment and issue of 154,731,827 ordinary share of the Company (“**Consideration Shares**”) at the issue price of HK\$0.2 per Consideration Shares. The Acquisition was completed on 1 August 2023, the date on which the control of Longyi was passed to the Group. This consolidated financial statements include the results of Longyi Group for the period from 1 August 2023 to 31 March 2024.

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

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

	Longyi Group	Sinoforce Group
	HK\$'000	HK\$'000
Assets		
Property, plant and equipment	601	78
Other intangible assets	31,264	8,142
Right-of-use assets	—	453
Financial assets at FVTPL	—	835
Inventories	4,545	59,777
Trade and other receivables	1,176	34,223
Tax recoverable	—	1,131
Bank balances and cash	25,419	41,786
	<u>63,005</u>	<u>146,425</u>
Liabilities		
Trade and other payables	(29,731)	(96,710)
Bank borrowings	(5,024)	—
Deferred tax liabilities	(4,658)	—
Lease liabilities	—	(411)
	<u>(39,413)</u>	<u>(97,121)</u>
Total identifiable net assets at fair value	23,592	49,304
Goodwill arising on acquisition	13,544	696
	<u>37,136</u>	<u>50,000</u>
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary		
(included in cash flows from investing activities)	25,419	41,786
Cash paid	—	(50,000)
	<u>25,419</u>	<u>(8,214)</u>
Net cash flows on acquisition	<u><u>25,419</u></u>	<u><u>(8,214)</u></u>

16. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

On 17 May 2023, the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”), pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of GBR (HK) Limited (“GBR (HK)”), an indirect wholly-owned subsidiary of the Company, at the consideration of HK\$1,000,000. The disposal is completed on 31 May 2023 (“Date of Disposal”), the date on which the control of GBR (HK) was passed to the Purchaser. The Group’s discontinued operation for both years represented the business of the provision of marketing services operated by GBR (HK) and its subsidiary (“Disposal Group”).

On 5 December 2023, the Group entered into a sale and purchase agreement with two independent third parties (the “Buyers”), pursuant to which the Group has agreed to sell and the Buyer has agreed to purchase the entire issued share capital of Shandong Fengyi Intelligent Technology Co., Ltd. (山東豐翼智能科技有限責任公司) (“Fengyi”), an indirectly wholly-owned subsidiary of the Company, at the consideration of RMB 2 (approximately HK\$ 2). The disposal is completed on 27 December 2023, the date on which the control of Fengyi was passed to the Buyers.

- (a) The net liabilities of the Disposal Group and Fengyi and gain on disposal as the date of disposal were as follows:

Consideration received:

	Fengyi (date of disposal: 27 December 2023) HK\$’000	Disposal Group (date of disposal: 31 May 2023) HK\$’000
Cash received	<u>—</u>	<u>1,000</u>

Analysis of assets and liabilities over which control was lost:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Inventories	282	2
Trade and other receivables	129	49,538
Trade and other payables	(554)	(46,991)
Contract liabilities	—	(2,167)
Tax payable	—	(6,914)
Cash and cash equivalents	10	324
	<hr/>	<hr/>
Net liabilities disposed of	(133)	(6,208)

Gain on disposal of a subsidiary:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Consideration received	—	1,000
Net liabilities disposed of	133	6,208
Release of exchange reserve upon disposal	—	938
	<hr/>	<hr/>
Gain on disposal	133	8,146

Net cash inflow arising on disposal:

	Fengyi (date of disposal: 27 December 2023) HK\$'000	Disposal Group (date of disposal: 31 May 2023) HK\$'000
Cash consideration received	—	1,000
Less: cash and cash equivalents disposed of	(10)	(324)
	<u>(10)</u>	<u>(324)</u>
	<u><u>(10)</u></u>	<u><u>676</u></u>

- (b) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal and for the year ended 31 March 2023, which have been included in the consolidated profit or loss, are as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue	—	7,123
Cost of sales	—	(17,670)
	<u>—</u>	<u>(17,670)</u>
Gross profit	—	(10,547)
Other income	138	19
Selling and distribution expenses	(65)	(1,748)
Administrative expenses	(6)	(1,052)
Impairment losses under expected credit loss model, net of reversal		(3,090)
Gain on disposal of subsidiaries	8,146	—
	<u>8,146</u>	<u>—</u>
Profit (loss) before taxation from discontinued operation	8,213	(16,418)
Income tax expense	—	(1,489)
	<u>—</u>	<u>(1,489)</u>
Profit (loss) for the period from discontinued operation	<u>8,213</u>	<u>(17,907)</u>

No tax charge or credit arose on gain on disposal of the discontinued operation.

- (c) The results of the discontinued operation of the Disposal Group for the period from 1 April 2023 to the Date of Disposal and for the year ended 31 March 2023, which have been included in the condensed consolidated profit or loss, are as follows:

Cash flows from discontinued operation:

	2024	2023
	HK\$'000	HK\$'000
Net cash used in operating activities	(341)	(598)
Net cash outflow from investing activities	—	—
Net cash outflow from financing activities	—	—
	<u> </u>	<u> </u>

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Global Link CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Global Link CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Global Link CPA Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the year ended 31 March 2024 (the “**Year**”, “**Reporting Period**”), the Group is principally engaged in the wholesale of consumer products including timepieces and accessories (“**Watch products**”) and garment and sportswear products (the “**Wholesale Business**”), the sale of unmanned aerial vehicles and related parts (the “**Unmanned Aerial Vehicles Business**”) and property investment (the “**Property Investment Business**”).

WHOLESALE BUSINESS

Watch products

In June 2022, the Company completed the acquisition of the entire issued shares of Sinoforce Group Limited (“**Sinoforce**”), since then the Group commenced the wholesale of timepieces and accessories (“**Watch Products**”) through Sinoforce and its subsidiaries (“**Sinoforce Group**”). **Sinoforce Group**, being the exclusive distributor of the timepieces and accessories bearing the trademarks of GIRARD-PERREGAUX and JEANRICHARD, in Hong Kong, Taiwan and the People’s Republic of China (“**PRC**”). The Group believed that this new product line serves a lateral expansion of the Group’s business in sale, trading, distribution and processing of branded consumer products, creates a platform for business co-operation of the Group with international reputable brands of consumer products and help broaden the source of income of the Company.

Garment and sportswear products

The Group carries on the business of wholesale and trading of garment and sportswear products in the PRC which are then exported to overseas market and to Africa. The economy of the PRC, the world's second-largest economy, grew at 5.2% GDP in 2023 which marked a 0.3% pace of growth from the previous quarter. On a quarter-on-quarter basis, the fourth quarter's growth came to 1.0%, slowing from the 1.5% in the third quarter of 2023. Due to the declining export, ongoing property downturn, record high unemployment rates among young adults, and the possibility of disinflation, the temporary retardation of economic growth in the PRC. In addition, tighter monetary policy in the US and Europe and global hyperinflation, have not only dampened consumer sentiment but also hampered the pace of the economic recovery of the world. During the Reporting Period, both the PRC and Africa markets had shown a decrease in revenue due to the economic retardation over the world

UNMANNED AERIAL VEHICLES BUSINESS

On 29 March 2023, the Company entered into a sale and purchase agreement with independent third parties (the “**Vendors**”), pursuant to which the Group has agreed to acquire and the Vendors have conditionally agreed to sell the equity interest of Shandong Longyi Aviation Technology Co., Ltd (“**Longyi**”), a company established under the laws of the PRC, at a consideration of approximately HK\$30,946,000 (the “**Acquisition**”). The Acquisition was completed on 1 August 2023, the date on which the control of Longyi was passed to the Company. Longyi and its subsidiary are established under the laws of the PRC and are principally carrying out the business in research and development, design, production, sales, training and service of unmanned aerial vehicles for fire-fighting, logistics transportation, communication and agricultural use. The Longyi Group is based at High-tech Zone, Jining City, Shandong Province, Shandong, the PRC. The Longyi Group is also recognised as a specialised and innovative enterprise in Shandong Province and scientific innovation and technology-based enterprise. The Group believed that it is an opportunity for the Group to tap into the high technology business in unmanned aerial vehicles which have a variety of applications including surveying and mapping, inspection, security, logistics, tethering and environmental protection in order to capture the prospective return on investment.

PROPERTY INVESTMENT BUSINESS

As at 31 March 2024, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the “**Investment Properties**”). As at 31 March 2024, other than one car parking space, all the remaining investment properties were fully leased out.

The value of the Investment Properties amounted to approximately HK\$95.9 million based on the independent valuation of the Investment Properties as at 31 March 2024 (2023: approximately HK\$100.5 million).

FINANCIAL REVIEW

REVENUE

The Group recorded a revenue of approximately HK\$246.0 million for the Year, representing an increase of 19.1% as compared to that of approximately HK\$206.5 million for the year ended 31 March 2023 (the “**Previous Year**”).

Revenue derived from the Wholesale Business decreased by approximately 46.8% from approximately HK\$202.7 million for the Previous Year to approximately HK\$107.9 million for the Year. The decrease was due to decrease in revenue in sale of garment and sportswear products by approximately 63.9% from approximately HK\$87.6 million for the Previous Year to approximately HK\$31.6 million for the Year.

Revenue from Unmanned Aerial Vehicles Business was in the sum of approximately HK\$134.5 million for the Year from the completion of the Acquisition to the end of the Year.

Revenue derived from Property Investment Business was steady with approximately HK\$3.6 million for the Year (Previous Year: HK\$3.8 million).

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK\$55.3 million, representing an increase of approximately 46.2% as compared to approximately HK\$37.8 million for the Previous Year. The gross profit margin for the Year was approximately 22.5%, as compared to the gross profit margin of 18.3% for the Previous Year. The increase was mainly attributable from increase in revenue in Unmanned Aerial Vehicles Business.

The Group recorded a gross loss and gross loss margin of approximately HK\$5.8 million and -5.4% respectively in the Wholesale Business for the Year, representing a decrease of approximately 117.1% as compared to gross profit of approximately HK\$34.0 million for the Previous Year. The decrease was in line with the decrease in revenue and increase in provision of inventories due to stagnant movement of certain aged garment inventories.

The Group recorded a gross profit and gross profit margin of approximately HK\$57.5 million and 42.8% respectively of the Unmanned Aerial Vehicles Business for the period from the completion of the Acquisition to the end of the Reporting Period.

The Group recorded a gross profit of approximately HK\$3.6 million in respect of the property investment business for the Year, representing steady performance as compared to approximately HK\$3.8 million for the Previous Year.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses increased by approximately 95.2% from approximately HK\$8.3 million for the Previous Year to approximately HK\$16.2 million for the Year. The increase was mainly attributable to the new subsidiaries acquired upon the Acquisition as discussed above during the Year.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 78.2% from approximately HK\$17.4 million for the Previous Year to approximately HK\$31.0 million for the Year. The increase was mainly attributable from new subsidiaries acquired upon the Acquisition as discussed above during the Year.

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

Impairment losses under ECL model, net of reversal represented the net impairment losses on trade and other receivables, which increased by 617.5% from approximately HK\$9.7 million for the Previous Year to approximately HK\$69.6 million for the Year. In assessing the ECL of the Group’s trade and other receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information of the Group’s receivables at the end of the Year. In particularly important to mention five customers, which are primarily engaged in the sales of consumer products (the “**Five Customers**”). During the Year, due to the repayment difficulties faced by such Five Customers, the Group extended the repayment terms to such Five Customers and obtained confirmations from such Five Customers with agreed repayment schedule (“**Repayment Confirmations**”). Unfortunately, such Five Customers defaulted the repayment as agreed in the Repayment Confirmations, as such the Group considered that these Five Customers are unlikely to repay their creditors, including the Group, full impairment on these Five Customers in the amount of approximately HK\$69.1 million were provided as at 31 March 2024, whereas approximately HK\$59.9 million were recognised as loss allowance on trade receivables in profit or loss for the Year.

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net loss on fair value change of investment properties of approximately HK\$3.1 million (Previous Year: net loss of approximately HK\$1.6 million) represented fair value adjustment of the Group’s properties located in Hong Kong and the PRC as at 31 March 2024.

These properties were revalued based on their open market value as at 31 March 2024 by Vincorn Consulting and Appraisal Limited, an independent qualified professional valuer.

FINANCE COSTS

Finance costs increased by approximately 114.3% from approximately HK\$1.4 million for the Previous Year to approximately HK\$3.0 million for the Year. The finance costs in the Year was predominantly contributed by bank borrowings in Hong Kong, which were in floating rate loans in Hong Kong dollars, changes in the international financial market environment affected by the US dollar interest rate hike eventually the increase in floating interest rate in Hong Kong.

PROSPECTS

Despite the expectation of strong rebound in consumption did not realise throughout the Year, the Group anticipates improving consumption in coming year. The economy in China is more settled after the Chinese government and private enterprises taking months of adjustment. Recently, the Chinese government has put forward a list of initiatives to stimulate domestic consumption. Also, the US federal reserve might start interest rate reduction in the second half of year 2024. All these will motivate consumers to spend more and save less. The Group will regularly review the product range of the Wholesale Business in order to maintain existing profit margin and to retain the current customer base. During the Year, the Group commenced Unmanned Aerial Vehicles Business through the Acquisition, the Group believed that the Acquisition serves a lateral expansion of the Group to tap into the high technology business. The unmanned aerial vehicles which have a variety of applications including surveying and mapping, inspection, security, logistics, tethering and environmental protection in order to capture the prospective return on investment and help broaden the source of income of the Company.

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

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

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

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

CASH POSITION

The Group had total cash and bank balances of approximately HK\$29.4 million as of 31 March 2024 (31 March 2023: approximately HK\$15.5 million).

BANK AND OTHER BORROWINGS

As of 31 March 2024, bank and other borrowings of the Group amounted to approximately HK\$42.0 million (31 March 2023: approximately HK\$41.0 million). All bank and other borrowings are repayable within one year or on demand.

LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 1.8 as at 31 March 2024, which was steady as compared to approximately 1.6 as at 31 March 2023. The Group's gearing ratio as at 31 March 2024 was approximately 14.8% (31 March 2023: approximately 14.8%), which is calculated based on the Group's bank and other borrowings of approximately HK\$42.0 million (31 March 2023: approximately HK\$41.0 million) and the Group's total equity approximately HK\$284.2 million (31 March 2023: approximately HK\$276.2 million). The gearing ratio was steady as compared with the Previous Year.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars (“**HK\$**”), Renminbi (“**RMB**”) and United States dollars (“**US\$**”). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Year. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and the Group mitigates the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2024 and 2023, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group’s foreign currency exposure and take actions as appropriate.

CREDIT RISK

The Group’s credit exposure generally arises from counterparty risk in the course of engaging in the Wholesale Business, the Unmanned Aerial Vehicles Business and the Property Investment Business. As at 31 March 2024, trade receivables and trade payables of the Group were approximately HK\$115.0 million and approximately HK\$38.3 million (31 March 2023: approximately HK\$170.3 million and approximately HK\$121.9 million) respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

LIQUIDITY RISK

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

TREASURY POLICIES

As at 31 March 2024, bank and other borrowings of approximately HK\$35.0 million, HK\$7.0 million and HK\$Nil (31 March 2023: approximately HK\$35.0 million, HK\$Nil and HK\$6.0 million) were denominated in HK\$, RMB and US\$ respectively. The Group’s bank borrowings are subject to floating interest rates and the other borrowing is subject to fixed interest rate.

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

CHARGE OF ASSETS

As at 31 March 2024, the investment properties and leasehold land and building in Hong Kong held by the Group with an aggregate carrying value of approximately HK\$99.2 million (31 March 2023: approximately HK\$101.9 million) were pledged as first legal charges for the Group's banking facilities.

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

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

SIGNIFICANT INVESTMENT

The Group had no significant investment during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 29 March 2023, the Group entered into a sale and purchase agreement to acquire the entire issued shares of Longyi at a total consideration of HK\$30,946,365.40. The Acquisition was completed on 1 August 2023, the date on which the control of Longyi was passed to the Group.

On 17 May 2023, the Group entered into a sale and purchase agreement to dispose the entire issued shares of GBR (HK) Limited ("GBR HK") at a consideration of HK\$1,000,000. The disposal was completed on 31 May 2023, the date on which the control of GBR HK was no longer belonging to the Group.

Save as disclosed above, the Group had no other material acquisition and disposal of subsidiaries or associated companies during the Year.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the Year are set out in note 6 to the consolidated financial statements attached to this annual report.

CAPITAL COMMITMENTS

The Group did not have any material capital commitment as at 31 March 2024.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 31 March 2024, the utilised facilities amounted to approximately HK\$35.0 million (31 March 2023: approximately HK\$40.1 million).

Except for the foregoing, as at 31 March 2024, the Group had no other significant contingent liabilities or pending litigation.

EVENTS AFTER THE REPORTING PERIOD

As from 31 March 2024 to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

STAFF AND REMUNERATION POLICIES

As of 31 March 2024, the Group had a total of 106 employees (2023: 34 employees). Total staff costs (including directors' emoluments) for the Year amounted to approximately HK\$10.2 million (Previous Year: approximately HK\$6.2 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2024, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the “**Audit Committee**”) include reviewing and supervising of the Group’s financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2024 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three independent non-executive directors, namely Ms. Choi Ka Ying, Mr Jie Yinghan (appointed on 29 April 2024) and Ms. He Xiaodong.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2024 (the “**Year**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2024, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2024.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.seiah.com. The annual report for the year ended 31 March 2024 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board

State Energy Group International Assets Holdings Limited

Zhang Jinbing

Chairman

Hong Kong, 24 June 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Jinbing, Mr. Wang Yuelai, Mr. Yang Zeyun and Mr. Wang Jian; and the independent non-executive Directors of the Company are Ms. Choi Ka Ying, Ms. He Xiaodong and Mr. Jie Yinghan.