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**CNCG**

**CHINA NATIONAL CULTURE GROUP LIMITED**

**中國國家文化產業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 745)**

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

The board of directors (the “Board”) of China National Culture Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2024, together with the comparative figures, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 March 2024*

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>27,883</b>	43,019
Cost of sales		<u>(22,444)</u>	<u>(24,469)</u>
<b>Gross profit</b>		<b>5,439</b>	18,550
Administrative expenses		<b>(5,021)</b>	(15,793)
Other gains or losses	5	<b>(10,394)</b>	(8,299)
(Provision)/Reversal of impairment losses on accounts receivable		<b>(34,451)</b>	3,652
Provision of impairment losses on other receivables		<u>(7)</u>	<u>(1,125)</u>
<b>Loss before taxation</b>	6	<b>(44,434)</b>	(3,015)
Income tax credit	7	<u>766</u>	<u>1,517</u>
<b>Loss for the year attributable to the owners of the Company</b>		<u><b>(43,668)</b></u>	<u>(1,498)</u>
		<b>HK cents</b>	<i>HK cents</i> (Restated)
Loss per share			
– Basic and diluted	9	<u><b>(55.90)</b></u>	<u>(1.96)</u>

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

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(43,668)</u>	<u>(1,498)</u>
<b>Other comprehensive expense</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(37)	(673)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>(526)</u>	<u>(4,687)</u>
<b>Other comprehensive expense for the year, net of income tax</b>	<u>(563)</u>	<u>(5,360)</u>
<b>Total comprehensive expense for the year attributable to the owners of the Company</b>	<u><u>(44,231)</u></u>	<u><u>(6,858)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		–	3,207
Equity instruments at FVTOCI		<u>2,267</u>	<u>2,793</u>
		<u>2,267</u>	<u>6,000</u>
<b>Current assets</b>			
Financial assets held for trading		<b>13,914</b>	21,309
Accounts receivable	10	<b>11,294</b>	43,276
Prepayments and other receivables		<b>3,837</b>	1,139
Cash and cash equivalents		<u>727</u>	<u>6,282</u>
		<u>29,772</u>	<u>72,006</u>
<b>Total assets</b>		<u><b>32,039</b></u>	<u>78,006</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>31,249</b>	31,249
Reserves		<u>(14,499)</u>	<u>29,732</u>
<b>Total equity</b>		<u><b>16,750</b></u>	<u>60,981</u>

	<i>Notes</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	<i>11</i>	<b>5,670</b>	5,670
Other payables and accruals		<b>9,619</b>	10,555
		<u><b>15,289</b></u>	<u>16,225</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	800
<b>Total liabilities</b>		<u><b>15,289</b></u>	<u>17,025</u>
<b>Total equity and liabilities</b>		<u><b>32,039</b></u>	<u>78,006</u>
<b>Net current assets</b>		<u><b>14,483</b></u>	<u>55,781</u>
<b>Total asset less current liabilities</b>		<u><b>16,750</b></u>	<u>61,781</u>
<b>Net assets</b>		<u><b>16,750</b></u>	<u>60,981</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

China National Culture Group Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Unit A, 29/F, United Centre, 95 Queensway, Admiralty, Central District, Hong Kong.

The principal activities of the Company and its subsidiaries (the “Group”) are provision of design services and advertising through mobile devices, e-commerce from sale of products over the internet, trading and production of films and provision of other film related services.

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

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

#### 2.1 New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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

Except for disclosed below, the applications of other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements except as described below.

#### ***Impacts on the application of Amendments to HKAS 1 and HKFRS Practice Statements 2 Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group’s financial position and performance but has affected the disclosure of the Group’s accounting policies set out to the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

## 2.2 Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following 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 <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause <sup>2</sup>

*Notes:*

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024, earlier application is permitted

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025, earlier application is permitted

The directors of the Company anticipate that the application of all the amendments to HKFRSs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure in foreseeable future.

### 3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For the purposes of resources allocation and performance assessment, information is reported to the CODM, based on the following operating and reportable segments:

- (a) the advertising segment – provision of design services and advertising through mobile devices;
- (b) the movie segment – trading and production of films and provision of other film related services; and
- (c) the e-commerce segment – sale of products over the internet.

#### Segment revenues and results

The following is an analysis of the Group’s revenue and results by operating segment:

	Revenue		Results	
	2024 HK\$’000	2023 HK\$’000	2024 HK\$’000	2023 HK\$’000
Advertising	5,800	41,129	(42,753)	(3,123)
E-commerce	22,083	1,890	1,352	6,716
	<u>27,883</u>	<u>43,019</u>	<u>(41,401)</u>	<u>3,593</u>
Other unallocated expenses			<u>(3,033)</u>	<u>(6,608)</u>
<b>Loss before taxation</b>			<b>(44,434)</b>	<b>(3,015)</b>
Income tax credit			<u>766</u>	<u>1,517</u>
<b>Loss for the year</b>			<b><u>(43,668)</u></b>	<b><u>(1,498)</u></b>

There were no inter-segment sales during the year (2023: Nil). Segment results represent the profit earned without allocation of central administration costs including directors’ salaries, other revenue, impairment loss in respect of financial assets, net of reversal, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

#### Geographical information

The Group’s revenue from external customers by location of operations and information about its non-current assets, other than equity instruments at FVTOCI, by location of assets are detailed below:

	Revenue from external customers		Non-current assets	
	2024 HK\$’000	2023 HK\$’000	2024 HK\$’000	2023 HK\$’000
Hong Kong	27,883	–	–	–
The PRC	<u>–</u>	<u>43,019</u>	<u>–</u>	<u>3,207</u>
	<u>27,883</u>	<u>43,019</u>	<u>–</u>	<u>3,207</u>

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

	Assets		Liabilities	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advertising	13,657	47,715	13,461	14,911
E-commerce	1,575	40	–	–
	<u>15,232</u>	<u>47,755</u>	<u>13,461</u>	<u>14,911</u>
Unallocated	16,807	30,251	1,828	2,114
	<u>32,039</u>	<u>78,006</u>	<u>15,289</u>	<u>17,025</u>
Consolidated total	<u>32,039</u>	<u>78,006</u>	<u>15,289</u>	<u>17,025</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than equity instruments at FVTOCI, financial assets held for trading and unallocated head office and corporate assets.
- all liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities.

#### Other segment information

The following other segment information included in reports provided regularly to CODM.

#### For the year ended 31 March 2024

	Advertising <i>HK\$'000</i>	Movie <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Impairment loss on intangible assets	3,065	–	–	–	3,065
Provision of impairment loss on accounts receivable	34,451	–	–	–	34,451
Provision of impairment loss on other receivable	–	–	7	–	7
	<u>37,516</u>	<u>–</u>	<u>7</u>	<u>–</u>	<u>37,523</u>

#### For the year ended 31 March 2023

	Advertising <i>HK\$'000</i>	Movie <i>HK\$'000</i>	E-commerce <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Impairment loss on intangible assets	6,070	–	–	–	6,070
Provision/(reversal) of impairment loss on of accounts receivable, net of reversal	2,939	–	(6,591)	–	(3,652)
Provision of impairment loss on other receivable	1,125	–	–	–	1,125
	<u>10,134</u>	<u>–</u>	<u>(6,591)</u>	<u>–</u>	<u>3,543</u>



## Information about major customers

Revenue from customers for the years ended 31 March 2024 (2023: there is no single customer contributing over 10% of total revenue of the Group) contributing over 10% of the total revenue of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ( <i>Note 1</i> )	14,796	–
Customer B ( <i>Note 1</i> )	7,287	–
	<u>          </u>	<u>          </u>

*Note 1:* Revenue relating to e-commerce sales.

## 4. REVENUE

### Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue:		
Advertising	5,800	41,129
E-commerce	22,083	1,890
	<u>          </u>	<u>          </u>
Revenue from contracts with customers	<u>27,883</u>	<u>43,019</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
Point in time	27,883	1,890
Over time	–	41,129
	<u>          </u>	<u>          </u>
	<u>27,883</u>	<u>43,019</u>

### Performance obligations for contracts with customers

#### a) *Advertising*

Revenue from advertising of design services is recognised at a point in time when the product design is delivered to customers, being at the point that the customer obtains the control of the design services and the Group has present right to payment and collection of the consideration is probable.

Revenue from advisory service and provision of services to its customers within the restaurant industry, who could use the electronic platform to communicate with their customers are recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

**b) E-commerce**

Revenue from e-commerce is recognised at a point in time when the goods is delivered to customers, being at the point that the customer obtains the control of the goods and the Group has present right to payment and collection of the consideration is probable. No credit period is granted to customers from e-commerce.

**Transaction price allocated to remaining performance obligation for contract with customers**

As at 31 March 2024, there is no aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts (2023: Nil).

**5. OTHER GAINS OR LOSSES**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other gains or losses:		
Fair value changes on financial assets held for trading	(7,224)	(2,124)
Exchange loss	–	(105)
Provision of impairment losses on intangible assets	(3,065)	(6,070)
Loss on disposal of a subsidiary	(105)	–
	<u>(10,394)</u>	<u>(8,299)</u>

**6. LOSS BEFORE TAXATION**

The Group's loss before taxation is arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditors' remuneration	640	640
Staff costs (excluding directors' remuneration)		
– Wages and salaries	1,383	2,297
– Pension scheme contributions	284	40
– Equity-settled share-based payments expenses	–	2,829
	<u>1,667</u>	<u>5,166</u>
Expenses related to short-term lease:		
– office premises	<u>189</u>	<u>2</u>

**7. INCOME TAX CREDIT**

Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, 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 are not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime of Hong Kong Profits Tax as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China 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.

For the year ended 31 March 2024 and 2023, no provision for Hong Kong Profits Tax has been made as the Group's has either available tax loss to offset assessable profit or no estimated assessable profits arising in Hong Kong.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>	–	–
<b>Deferred tax</b>	<u>(766)</u>	<u>(1,517)</u>
	<u><u>(766)</u></u>	<u><u>(1,517)</u></u>

## 8. DIVIDENDS

No dividend was declared or paid by the Company to its shareholders during the year (2023: Nil), nor has any dividend been declared since the end of the reporting period (2023: Nil).

## 9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year and attributable to the owners of the Company	<u>(43,668)</u>	<u>(1,498)</u>
	<b>2024 '000</b>	2023 '000 (Restated)
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u><u>78,122</u></u>	<u><u>76,394</u></u>

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2024 and 2023.

The weighted average number of ordinary shares used to calculate the basic and diluted loss per share for both years have been adjusted to reflect the share consolidation during the year ended 31 March 2024. Accordingly, the basic and diluted loss per share for the year ended 31 March 2023 are restated.

## 10. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable at the end of the reporting period which based on the date of recognition of revenue, is as follows:

As at 1 April 2022, trade receivables from contracts with customers amounted to HK\$42,026,000.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	–	2,881
31-60 days	1,801	2,839
61-90 days	400	2,839
91-365 days	3,600	21,119
Over 365 days	60,511	37,687
	<hr/>	<hr/>
	66,312	67,365
Less: Allowances for credit losses	(55,018)	(24,089)
	<hr/>	<hr/>
	<b>11,294</b>	<b>43,276</b>
	<hr/> <hr/>	<hr/> <hr/>

## 11. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable at the end of the reporting period, is presented based on the invoice dates as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0-30 days	–	760
31-60 days	–	490
61-365 days	–	4,420
Over 365 days	5,670	–
	<hr/>	<hr/>
	5,670	5,670
	<hr/> <hr/>	<hr/> <hr/>

The credit period granted by suppliers up to 30 days.

## 12. EVENTS AFTER REPORTING PERIOD

As at 31 March 2024, the Group has no material events after reporting period which are required to be disclosed.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the year ended 31 March 2024, the Group recorded a revenue of approximately HK\$27,883,000 (2023: HK\$43,019,000), representing a decrease of 35% as compared with last year. The decrease in turnover in the current year mainly due to the decrease in turnover generated from advertising segment. The Group recorded a gross profit of approximately HK\$5,439,000 for the year ended 31 March 2024 as compared with a gross profit of approximately HK\$18,550,000 for the year ended 31 March 2023. The gross profit margin decreased to 19.5% for the year ended 31 March 2024 from 43.1% for the year ended 31 March 2023. The decrease was mainly because the portion of revenue generated from advertising business segment, which has a higher profit margin, decreased.

Loss attributable to the owners of the Company amounted to approximately HK\$43,668,000 for the year ended 31 March 2024 as compared with a loss attributable to the owners of the Company amounted to approximately HK\$1,498,000 for the year ended 31 March 2023. The net loss reported by the Group increased mainly due to the net effect of decrease in gross profit and administrative expenses and the increase in other gains or losses and provision of impairment losses on accounts receivable. Without considering the extraordinary items (other gains or losses and provision of impairment losses recognised), the result of the Group for the year ended 31 March 2024 is profit of approximately HK\$1,184,000 as comparing with profit of approximately HK\$4,274,000 for the year ended 31 March 2023.

### Financial Review

As at the end of the year, non-current assets decreased to approximately HK\$2,267,000 (2023: HK\$6,000,000) due to impairment loss recognised on intangible assets during the year. Current assets decreased due to the decrease in financial assets held for trading and cash and cash equivalents. Total current liabilities were decreased due to the decrease in other payables and accruals.

## SIGNIFICANT INVESTMENTS

### Financial assets held for trading as at 31 March 2024:

Name of investee	As at	Realised and	As at	Percentage to	Number	Percentage of	Number	Percentage of
	1 April 2023	unrealised fair value loss	31 March 2024	the Group's audited total assets as at 31 March 2024	of shares held by the Group as at 1 April 2023	by the Group shareholding held as at 1 April 2023	of shares held by the Group as at 31 March 2024	by the Group shareholding held as at 31 March 2024
	HK\$'000	HK\$'000	HK\$'000	%		%		%
<b>Significant investments</b>								
Capital VC Limited ("Capital VC") (stock code: 2324.HK) (note a)	2,503	(1,128)	1,375	4.3%	14,471,000	3.44%	14,471,000	3.44%
Asia Grocery Distribution Limited ("Asia Grocery") (stock code: 8413.HK) (note b)	3,578	(2,056)	1,522	4.8%	10,080,000	0.87%	10,080,000	0.87%
Sub-total	6,081	(3,184)	2,897	9.1%				
Other listed securities	15,228	(4,211)	11,017	34.4%				
Total	21,309	(7,395)	13,914	43.5%				

*Note:* (a) Capital VC is engaged in investing in listed and unlisted companies mainly in Hong Kong and the People's Republic of China. Based on Capital VC's interim report for the six months ended 31 March 2024, turnover and profit of Capital VC were approximately HK\$48.5 million and HK\$18.4 million respectively.

(b) Asia Grocery is engaged in trading and distribution of food and beverage grocery products in Hong Kong. Based on Asia Grocery's interim report for the six months ended 30 September 2023, turnover and loss of Asia Grocery were approximately HK\$145.6 million and HK\$0.4 million respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Except the significant investments disclosed above, at 31 March 2024, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group.

### Equity instruments of FVTOCI as at 31 March 2024

Name of investee	Realised and		As at 31 March 2024	Percentage to the Group's audited total assets as at 31 March 2024	Number of shares held by the Group as at 1 April 2023	Percentage of shareholding held by the Group as at 1 April 2023	Number of shares held by the Group as at 31 March 2024	Percentage of shareholding held by the Group as at 31 March 2024
	As at 1 April 2023	unrealised fair value gain/(loss)						
	HK\$'000	HK\$'000	HK\$'000	%		%		%
Luxxu Group Limited ("LUXXU") (stock code: 1327) (note)	1,611	35	1,646	5.1%	17,142,800	3.18%	17,142,800	3.18%
Other listed securities	1,182	(561)	621	1.9%				
Total	<u>2,793</u>	<u>(526)</u>	<u>2,267</u>	<u>7.0%</u>				

*Note:* LUXXU is principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery accessories, OEM watches and third-party watches. Based on LUXXU annual report for the year ended 31 December 2023, revenue and loss of LUXXU were approximately RMB31.7 million and RMB39.5 million respectively.

As at 31 March 2024, the Company held a significant investment, with a value of over 5% of the Company's total assets as at 31 March 2024, in Luxxu Group Limited (the "Investment"), which is listed on the Main Board of the Stock Exchange. The Group's total investment in the Investment was approximately HK\$24,120,000. As at 31 March 2024, the Group owned 17,142,800 shares in the Investment, representing 3.18% equity interests in the Investment with a carrying amount of the Group's interest in the Investment of approximately HK\$1,646,000, representing approximately 5.1% of the total assets of the Company as at 31 March 2024. Up to 31 March 2024, no dividends was received from the Investment. The fair value of the Investment is based on quoted market prices.

The Group's investment strategy is to deliver a diversified and flexible investment portfolio that will maximize sustained long-term returns and strive to achieve high growth, while the traditional business of the Group will continue its stable growth.

No impairment loss was recognised in relation to the equity instruments of FVTOCI by reference to the market price of the equity instruments of FVTOCI as at 31 March 2024.

Except the equity instruments of FVTOCI disclosed above, at 31 March 2024, there was no equity instruments of FVTOCI held by the Group the value of which was more than 5% of the total assets of the Group.

### ***Capital structure***

#### ***Authorised share capital***

As at 31 March 2024, the authorised share capital of the Company (“Authorised Share Capital”) was HK\$1,000,000,000 divided into 2,500,000,000 shares (“Shares”) of HK\$0.4 each and 350,000,000 non-voting convertible preference shares of HK\$1.4 each.

#### ***Issued share capital***

As at 31 March 2024, the number of Shares in issue was 78,122,152 Shares of HK\$0.4 each. Except for the changes mentioned below, the issued share capital of the Company had no other changes during the year ended 31 March 2024.

During the year ended 31 March 2024, the Company completed a share consolidation on the basis that every ten (10) issued and unissued existing shares of par value HK\$0.04 each in the share capital of the Company be consolidated into one (1) consolidated share of par value HK\$0.40 each in the share capital of the Company; and (ii) every ten (10) issued and unissued preference shares of par value HK\$0.14 each in the share capital of the Company will be consolidated into one (1) consolidated preference share of par value HK\$1.40 each in the share capital of the Company. For details, please refer to the Company’s circular dated 18 August 2023.

### ***Liquidity and financing***

The Group had total cash and bank balances of approximately HK\$727,000 as at 31 March 2024 (2023: HK\$6,282,000). The Group recorded total current assets of approximately HK\$29,772,000 as at 31 March 2024 (2023: HK\$72,006,000) and total current liabilities of approximately HK\$15,289,000 as at 31 March 2024 (2023: HK\$16,225,000).

There were no bank borrowings as at 31 March 2024 (2023: Nil). The Group’s gearing ratio, remained as zero (2023: zero).

### ***Treasury policies***

Cash and bank deposits of the Group are mainly in Hong Kong dollars. The Group conducts its core business transaction mainly in Hong Kong dollars or Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### ***Pledge of assets***

As at 31 March 2024, no asset of the Group was being pledged as there is no external financing (2023: Nil).

### ***Capital commitment***

As at 31 March 2024, the Group had no capital expenditure contracted for but not provided for in the financial statements (2023: HK\$Nil).

### ***Contingent liabilities***

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Acquisition of Capital Assets**

Save for those disclosed in this report, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 March 2024. Apart from those disclosed in this announcement, there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this announcement.

### **No Material Changes**

Saved as disclosed in this announcement, there are no material changes affecting the Company's performance that needs to be disclosed under paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules for the year ended 31 March 2024.

### **Share Option Schemes**

The Company operated a share option scheme which became effective on 29 August 2014 (the "Share Option Scheme") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group.

For the year ended 31 March 2023, the Company granted 7,310,000 (after share consolidation) share option under the Share Option Scheme.



The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and to provide incentives to Participants to work towards the success of the Company.

The Directors may at their absolute discretion grant Options to (a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board. If Options are granted to Participants, regards will be had as to, inter alia, the relationship of the grantee to the Group, the length of time of relationship, the contribution made or to be made to the Group, etc.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is equivalent, upon their exercise, to 10% of total number of shares of the Company in issue at 12 August 2022. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes, must not in aggregate exceed 30% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of offer and with an aggregate value (based on the closing price of the Company's shares at the date of the offer) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

At 31 March 2024, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 15,553,600 (2023: 15,553,600) (after share consolidation), representing 19.91% (2023: 19.91%) of the shares of the Company in issue at that date.

The following table summaries the movements in the Company's share options during the years ended 31 March 2024 and 31 March 2023.

	Grant date	At 1 April 2022	Granted during the year	Exercise during the year	At 31 March 2023	Granted during the year	Exercise during the year	Adjustment during the year	At 31 March 2024	Exercise period	Weighted average exercise price per share (after share consolidation) HK\$
<b>Executive Directors</b>											
Sun Wei	21 August 2019	4,907,000	-	-	4,907,000	-	-	(4,416,300)	490,700	21 August 2019 – 20 August 2025	4.00
	11 August 2021	5,888,000	-	-	5,888,000	-	-	(5,299,200)	588,800	11 August 2021 – 10 August 2024	1.61
	12 August 2022	-	7,310,000	-	7,310,000	-	-	(6,579,000)	731,000	12 August 2022 – 11 August 2024	1.59
Man Qiaozhen	21 August 2019	4,907,000	-	-	4,907,000	-	-	(4,416,300)	490,700	21 August 2019 – 20 August 2025	4.00
	11 August 2021	5,888,000	-	-	5,888,000	-	-	(5,299,200)	588,800	11 August 2021 – 10 August 2024	1.61
	12 August 2022	-	7,310,000	-	7,310,000	-	-	(6,579,000)	731,000	12 August 2022 – 11 August 2024	1.59
<b>Independent Non-executive Directors</b>											
Wang Miaojun	18 August 2020	4,907,000	-	-	4,907,000	-	-	(4,416,300)	490,700	18 August 2020 – 17 August 2025	0.76
	12 August 2022	-	7,310,000	-	7,310,000	-	-	(6,579,000)	731,000	12 August 2022 – 11 August 2024	1.59
Wang Yujie	18 August 2020	4,907,000	-	-	4,907,000	-	-	(4,416,300)	490,700	18 August 2020 – 17 August 2025	0.76
	12 August 2022	-	7,310,000	-	7,310,000	-	-	(6,579,000)	731,000	12 August 2022 – 11 August 2024	1.59
<b>Other eligible employees</b>											
	21 August 2019	29,442,000	-	-	29,442,000	-	-	(26,497,800)	2,944,200	21 August 2019 – 20 August 2025	4.00
	18 August 2020	14,721,000	-	(14,721,000)	-	-	-	-	-	18 August 2020 – 17 August 2025	0.76
	11 August 2021	47,104,000	-	(35,328,000)	11,776,000	-	-	(10,598,400)	1,177,600	11 August 2021 – 10 August 2024	1.61
	12 August 2022	-	43,860,000	-	43,860,000	-	-	(39,474,000)	4,386,000	12 August 2022 – 11 August 2024	1.59
<b>Consultants</b>											
	21 August 2019	9,814,000	-	-	9,814,000	-	-	(8,832,600)	981,400	21 August 2019 – 20 August 2025	4.00
		<u>132,485,000</u>	<u>73,100,000</u>	<u>(50,049,000)</u>	<u>155,536,000</u>	<u>-</u>	<u>-</u>	<u>(139,982,400)</u>	<u>15,553,600</u>		

**Notes:**

- (1) The share options granted on 21 August 2019, 18 August 2020, 11 August 2021 and 12 August 2022 were fully vested immediately.
- (2) 50,049,000 share options were exercised during the year ended 31 March 2023.
- (3) The weighted average remaining contractual life of the share options outstanding is 0.87 years (2023: 1.88 years).
- (4) For the share options granted on 12 August 2022, the share options have vesting period of 6 months, i.e. 12 August 2022 to 11 February 2023, with no performance targets.

During the year ended 31 March 2023, 50,049,000 and 73,100,000 share options were exercised and vested. The weighted average closing price of the shares immediately before the dates on which the options were exercised and vested are HK\$0.154 and HK\$0.062 respectively.

As of 1 April 2023 and 31 March 2024, the total number of share options available for grant under the scheme mandate and available for issue under the Share Option Scheme were 17,252 and 1,725 respectively. No service provider sub-limit was set under the Share Option Scheme. As at 31 March 2024, the total number of shares available for issue under the scheme were 15,553,600, which represent 19.9% of the issued shares of the Company.

During the year ended 31 March 2023, 7,310,000 (after share consolidation) options were granted on 12 August 2022. The estimated fair values of the options granted on the date are HK\$467,250, HK\$467,250, HK\$467,250, HK\$467,250 and HK\$2,829,000 for Sun Wei, Man Qiaozhen, Wang Miaojun, Wang Yujie and other eligible employees respectively.

The fair value of the share options granted on 21 August 2019, 18 August 2020, 11 August 2021 and 12 August 2022 are measured based on the Binomial option pricing model with the following assumptions:

	<b>12 August 2022</b>	<b>11 August 2021</b>	<b>18 August 2020</b>	<b>21 August 2019</b>
Price per share at date of grant	HK\$0.159	HK\$0.155	HK\$0.075	HK\$0.3
Exercise price per share (before share consolidation)	HK\$0.159	HK\$0.161	HK\$0.076	HK\$0.4
Exercise price per share (after share consolidation)	HK\$1.59	HK\$1.61	HK\$0.76	HK\$4.0
Annual risk-free interest rate	2.768%	0.273%	0.220%	1.830%
Historical volatility	78.813%	90.427%	77.867%	79.273%
Life of options	2.00 years	3.00 years	5.00 years	6.00 years
Vesting period	6 months	–	–	–

Historical volatility measures the volatility of the underlying asset over a certain historical period of time (the “Past Volatility”). It is assumed that the Past Volatility can be extrapolated directly to the future volatility.

In respect of the share options exercised during the year ended 31 March 2023, the weighted average share price at the dates of exercise was HK\$0.136.

The Group recognised the total expense of HK\$4,698,000 for the year ended 31 March 2023 in relation to share options granted by the Company.

### **Employee Information**

As at 31 March 2024, the Group had 18 (2023: 24) employees whom are employed in Hong Kong and the PRC. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

### **Prospects**

Entering the year of 2024, the Group opts for looking ahead positively with hopes. The Group has been actively seeking new business opportunities from time to time in order to (1) broaden the source of income; (2) diversify its business; and (3) enhance the long-term growth potential of the Group and the shareholder’s value.

Looking forward, the Group will strive to enhance its profitability, judge the hour and size up the situation and make good use of government policies and national development plans in order to maximize its investment return and position to appropriate business opportunities in pursuing healthy and stable growth.

To achieve this vision, our future plans including but not limited to:

- Continued development of advertising and e-commerce related businesses;
- Expansion of advertising and e-commerce related business through acquisition and/or co-operation;
- Strategic investments in both regional and overseas film, web series and TV series contents productions; and
- Diversifying the Group’s business portfolio in other business sector, including but not limited to media and culture related business.

The Group will keep the shareholders abreast of the latest development of the Group.

## **OTHER INFORMATION**

### **Dividend**

The Board does not recommend the payment of any dividend for the year ended 31 March 2024.

### **Purchase, Sale or Redemption of Listed Securities**

During the year ended 31 March 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

### **Compliance with Provisions of Corporate Governance Code**

The Group has adopted and met all the Code Provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 of the Listing Rules throughout the year ended 31 March 2024.

Code provision A.4.1 of the CG Code stipulates that the non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors is appointed for a specific term. However, the non-executive Directors are subject to retirement by rotation under the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices in this respect are no less exacting than those of the CG Code.

### **Model Code for Securities Transactions by Directors**

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 March 2024.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2024, the interests and short positions of the Directors, chief executive and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of issued ordinary shares/ underlying shares of the Company			Total	Percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests		
Ms. Sun Wei					
– Unlisted share options	1,810,500	–	–	1,810,500	2.32%
Ms. Man Qiaozhen					
– Unlisted share options	1,810,500	–	–	1,810,500	2.32%
Ms. Wang Miaojun					
– Unlisted share options	1,221,700	–	–	1,221,700	1.56%
Ms. Wang Yujie					
– Unlisted share options	1,221,700	–	–	1,221,700	1.56%

Save as disclosed above, as at 31 March 2024, none of the Directors or chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or interest and short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests and short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as stipulated in the Listing Rules.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

During the year ended 31 March 2024, the Company or any of its subsidiaries did not make any arrangements to enable any Directors or their respective spouse or minor children to obtain benefits by means of the acquisition of shares of the Company or any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES**

As at 31 March 2024, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

### **Directors' Interests in Competing Business**

None of the Directors had engaged in any business or had any interest in business which competes or may constitute competition directly or indirectly (within the meaning of the Listing Rules) with the business of the Group throughout the year ended 31 March 2024.

### **Audit Committee**

During the year ended 31 March 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Kwong Sang, Ms. Wang Miaojun and Ms. Wang Yujie. Mr. Liu Kwong Sang, who possess appropriate professional qualifications, accounting and financial management expertise, is the chairman of the Audit Committee. The primary duties of the Audit Committee are: to independently review and supervise the financial reporting process, internal control and risk management systems on an ongoing basis, to ensure good communications among Directors and the Company's auditor, to recommend the appointment of external auditor on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the consolidated financial statements prior to their approval by the Board, to provide advice on audit report, accounting policies and comments to all Directors.

## **Major Events after the Reporting Period**

As at 31 March 2024, the Group has no material events after reporting period which are required to be disclosed.

## **Disclosure of Information on the Stock Exchange's Website**

All the financial and other related information of the Company as required by the Listing Rules will be published on the Stock Exchange's website and the Company's website in due course. Printed copies of 2024 annual report of the Company will be despatched to shareholders of the Company and available on the aforesaid websites in due course.

## **SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2024 as set out in the announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements. The work performed by Elite Partners CPA Limited 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 Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on the preliminary announcement.

## **APPRECIATION**

The Directors would like to take this opportunity to thank our shareholders, the management and our staff members for their dedication and support.

On behalf of the Board  
**China National Culture Group Limited**  
**SUN Wei**  
*Executive Director*

Hong Kong, 27 June 2024

*As at the date of this announcement, the Board comprises Ms. SUN Wei and Ms. MAN Qiaozhen as Executive Directors, and Mr. LIU Kwong Sang, Ms. WANG Miaojun and Ms. WANG Yujie as Independent Non-Executive Directors.*