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CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board (the “Board”) of directors (the “Directors”) of China Best Group Holding 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 year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
Revenue	4	214,970	504,665
Operating costs	7	(178,625)	(401,092)
Other income	6	12,274	10,133
Administrative and other expenses		(67,992)	(50,717)
Staff costs	7	(53,959)	(72,652)
Finance costs	7	(30,631)	(36,452)
Fair value loss on step acquisition of subsidiaries		–	(1,059)
Unrealised (loss) gain on fair value change on investment properties		(4,903)	2,051

* For identification purposes only

		2024	2023
	<i>NOTES</i>	HK\$'000	HK\$'000
Realised gain on fair value change on financial assets at fair value through profit or loss		–	6,837
Net loss on disposal of subsidiaries		(313)	–
Gain on disposal of associates		239	–
Gain on deregistration of a subsidiary		–	2,769
Impairment loss on finance lease receivable		(4,337)	–
Impairment loss on trade and other receivables		(5,230)	(198,933)
Impairment loss on loans and interest receivables	13	(7,492)	(59,616)
Impairment loss on goodwill		(2,403)	(12,197)
Impairment loss on contract assets		–	(9,331)
Share of loss of associates		(9)	(482)
		<hr/>	<hr/>
Loss before tax		(128,411)	(316,076)
Income tax expense	8	(3,372)	(16,054)
		<hr/>	<hr/>
Loss for the year	7	<u>(131,783)</u>	<u>(332,130)</u>

Other comprehensive income (expenses)

Items that may be reclassified to profit or loss:

Exchange differences arising on translation of foreign operations		(19,745)	(44,779)
Translation reserve released upon deemed disposal of a joint venture		–	51
Translation reserve released upon deregistration of a subsidiary		–	38
Translation reserve released upon disposal of associates		877	–
Translation reserve released upon disposal of subsidiaries		434	–

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		<u>(3,520)</u>	<u>140</u>
		<u>(21,954)</u>	<u>(44,550)</u>
Total comprehensive expenses for the year		<u>(153,737)</u>	<u>(376,680)</u>
(Loss) Profit for the year attributable to:			
– owners of the Company		(131,062)	(333,793)
– non-controlling interests		<u>(721)</u>	<u>1,663</u>
		<u>(131,783)</u>	<u>(332,130)</u>
Total comprehensive expenses for the year attributable to:			
– owners of the Company		(150,733)	(374,665)
– non-controlling interests		<u>(3,004)</u>	<u>(2,015)</u>
		<u>(153,737)</u>	<u>(376,680)</u>
Restated			
Loss per share			
– Basic and diluted (<i>HK cents</i>)	10	<u>(6.90)</u>	<u>(19.80)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		271,102	295,437
Right-of-use assets		10,901	3,716
Investment properties		110,142	121,433
Goodwill		249,374	255,626
Intangible asset		811	811
Interests in associates		–	22,251
Financial assets at fair value through other comprehensive income		5,260	8,780
Loans receivables	13	–	44,300
Regulatory deposits		205	205
		<u>647,795</u>	<u>752,559</u>
Current assets			
Inventory		3,682	6,416
Finance lease receivables	11	–	4,546
Loans and interest receivables	13	311,896	297,773
Other loan and interest receivables		10,226	24,564
Trade and other receivables	12	387,508	450,696
Contract assets		307,394	303,604
Amounts due from an associate		186	–
Pledged bank deposit		16,229	–
Bank balances and cash			
– trust and segregated accounts		3,786	3,867
Bank balances and cash			
– general accounts		34,235	50,134
		<u>1,075,142</u>	<u>1,141,600</u>

	<i>NOTES</i>	2024 HK\$'000	2023 HK\$'000
Current liabilities			
Trade and other payables	<i>14</i>	572,696	620,765
Contract liabilities		16,029	15,419
Lease liabilities		5,095	3,682
Trust loans		216,389	228,472
Short term loans		17,250	6,529
Bank loans		99,539	93,674
Tax liabilities		31,691	34,880
		<u>958,689</u>	<u>1,003,421</u>
Net current assets		<u>116,453</u>	<u>138,179</u>
Total assets less current liabilities		<u>764,248</u>	<u>890,738</u>
Non-current liabilities			
Long-term loan		–	343
Lease liabilities		6,176	–
		<u>6,176</u>	<u>343</u>
NET ASSETS		<u>758,072</u>	<u>890,395</u>
Capital and Reserves			
Share capital		209,150	152,529
Share premium and reserves		509,914	688,798
		<u>719,064</u>	<u>841,327</u>
Equity attributable to owners of the Company		719,064	841,327
Non-controlling interests		39,008	49,068
		<u>758,072</u>	<u>890,395</u>
TOTAL EQUITY		<u>758,072</u>	<u>890,395</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment properties that are measured at fair values at the end of each reporting period.

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

(a) New and amended standards adopted by the Group

In the current year, the Group has adopted the following new and revised HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards (“HKAS”), and Interpretations) issued by HKICPA for the first time for the consolidated financial statements.

HKFRS 17	Insurance Contracts
HKAS 1 (Amendments)	Amendments in relation to disclosure of accounting policies
HKAS 8 (Amendments)	Amendments in relation to definition of accounting estimates
HKAS 12 (Amendments)	Amendments in relation to deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (Amendments)	Amendments in relation to international tax reform – pillar two model rules

The Group concluded that the application of the amendments to HKAS in the current year has had no material impact on the amounts reported and/or disclosures set out in the consolidated financial statements.

(b) New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 April 2023 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 16 (Amendments)	Amendments in relation to lease liability in a sale and leaseback	1 January 2024
HKFRS 7 and HKAS 7 (Amendments)	Amendments in relation to supplier finance arrangements	1 January 2024
HKAS 1 (Amendments)	Amendments in relation to classification of liabilities as current or non-current	1 January 2024
HKAS 1 (Amendments)	Amendments in relation to non-current liabilities with covenants	1 January 2024
HK-Int 5	Amendments in relation to Amendments to HKAS 1	1 January 2024
HKAS 21 (Amendments)	Amendments in relation to lack of exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Amendments in relation to sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards but is not yet in a position to state whether these new standards and amendments to standards would have a material impact on its result of operations and financial position.

3. GOING CONCERN

The Group incurred a loss attributable to owners of the Company of approximately HK\$131,062,000 for the year ended 31 March 2024. Further, the Group had not repaid trust loans of approximately HK\$216,389,000 and accrued interests of approximately HK\$28,644,000 thereon upon maturity on or before 31 March 2024 while it is still negotiating with the lender for extension of loan period. Therefore, it might be difficult for the Group to realise its assets and discharge its liabilities in a short time under the normal course of business. These consolidated financial statements have been prepared on a going concern basis as the Directors have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

- (i) The Group is negotiating with the lender to repay the trust loans based on a mutually agreed repayment schedule.
- (ii) The Directors considered that even in any event that the Group could not reach a mutually agreed repayment schedule with the lender in future, it would not significantly affect the continuity of most of the Group's businesses. It is expected that value of securities pledged to the lender for the trust loans is sufficient to cover substantial portion of the trust loans, and the remaining portion of the trust loans could be settled by cash inflow generated from the Group's future operation.
- (iii) The Company has received a supporting letter from one of its substantial shareholders in relation to prospective financing of no less than HK\$50,000,000 to support the Group's business development in 12 months from the letter date.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2024	2023
	HK\$'000	HK\$'000
Trading of goods	–	111,478
Provision of international air and sea freight forwarding services	1,621	1,816
Consultancy income from finance leases	–	537
Interest income from money lending	7,455	7,902
Brokerage commission and consultancy income from securities and future brokerage related services	45	293
Brokerage commission and consultancy income from property brokerage service	–	814
Heating and cooling supply by geothermal energy	16,425	18,718
Construction contracting services fee income	102,734	230,100
Interior design service income	254	6,482
Project management service income	10,792	31,371
Heating supply and industrial steam income	51,928	60,406
Rental income	6,333	6,624
Data analytical service income	17,383	28,124
	214,970	504,665
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers (<i>Note</i>)	201,182	490,139
Revenue from other sources:		
Interest income from money lending	7,455	7,902
Rental income from investment properties	6,333	6,624
	214,970	504,665
Timing of recognition of revenue from contracts with customers:		
At a point in time	1,621	113,295
Over time	199,561	376,844
	201,182	490,139

Note:

Disaggregation of revenue from contracts with customers:

Year ended 31 March 2024

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets											
Hong Kong	-	-	45	-	-	-	-	-	-	-	45
People's Republic of China ("PRC")	-	-	-	-	-	16,425	102,734	17,637	10,792	51,928	199,516
Singapore	-	-	-	1,621	-	-	-	-	-	-	1,621
	<u>-</u>	<u>-</u>	<u>45</u>	<u>1,621</u>	<u>-</u>	<u>16,425</u>	<u>102,734</u>	<u>17,637</u>	<u>10,792</u>	<u>51,928</u>	<u>201,182</u>
Major Products/Services											
Trading of electronic products	-	-	-	-	-	-	-	-	-	-	-
Financial services	-	-	45	-	-	-	-	-	-	-	45
International air and sea freight forwarding services	-	-	-	1,621	-	-	-	-	-	-	1,621
Property brokerage and consultancy services	-	-	-	-	-	-	-	-	-	-	-
Heating and cooling supply by geothermal energy	-	-	-	-	-	16,425	-	-	-	-	16,425
Building construction contracting services	-	-	-	-	-	-	102,734	-	-	-	102,734
Interior design services	-	-	-	-	-	-	-	254	-	-	254
Data analytical services	-	-	-	-	-	-	-	17,383	-	-	17,383
Project management services	-	-	-	-	-	-	-	-	10,792	-	10,792
Heating supply and industrial steam	-	-	-	-	-	-	-	-	-	51,928	51,928
	<u>-</u>	<u>-</u>	<u>45</u>	<u>1,621</u>	<u>-</u>	<u>16,425</u>	<u>102,734</u>	<u>17,637</u>	<u>10,792</u>	<u>51,928</u>	<u>201,182</u>
Timing of recognition of revenue from contracts with customers											
At a point in time	-	-	-	1,621	-	-	-	-	-	-	1,621
Over time	-	-	45	-	-	16,425	102,734	17,637	10,792	51,928	199,561
	<u>-</u>	<u>-</u>	<u>45</u>	<u>1,621</u>	<u>-</u>	<u>16,425</u>	<u>102,734</u>	<u>17,637</u>	<u>10,792</u>	<u>51,928</u>	<u>201,182</u>

Year ended 31 March 2023

	Trading of goods <i>HK\$'000</i>	Finance leasing <i>HK\$'000</i>	Securities and futures brokerage <i>HK\$'000</i>	International air and sea freight forwarding <i>HK\$'000</i>	Property brokerage <i>HK\$'000</i>	Heating and cooling supply of geothermal energy <i>HK\$'000</i>	Building construction contracting <i>HK\$'000</i>	Customised technical support <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Centralised heating <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographic Markets											
Hong Kong	-	-	293	-	-	-	-	-	-	-	293
PRC	111,478	537	-	-	814	18,718	230,100	34,606	31,371	60,406	488,030
Singapore	-	-	-	1,816	-	-	-	-	-	-	1,816
	<u>111,478</u>	<u>537</u>	<u>293</u>	<u>1,816</u>	<u>814</u>	<u>18,718</u>	<u>230,100</u>	<u>34,606</u>	<u>31,371</u>	<u>60,406</u>	<u>490,139</u>
Major Products/Services											
Trading of electronic products	111,478	-	-	-	-	-	-	-	-	-	111,478
Financial services	-	537	293	-	-	-	-	-	-	-	830
International air and sea freight forwarding services	-	-	-	1,816	-	-	-	-	-	-	1,816
Property brokerage and consultancy services	-	-	-	-	814	-	-	-	-	-	814
Heating and cooling supply by geothermal energy	-	-	-	-	-	18,718	-	-	-	-	18,718
Building construction contracting services	-	-	-	-	-	-	230,100	-	-	-	230,100
Interior design services	-	-	-	-	-	-	-	6,482	-	-	6,482
Data analytical services	-	-	-	-	-	-	-	28,124	-	-	28,124
Project management services	-	-	-	-	-	-	-	-	31,371	-	31,371
Heating supply and industrial steam	-	-	-	-	-	-	-	-	-	60,406	60,406
	<u>111,478</u>	<u>537</u>	<u>293</u>	<u>1,816</u>	<u>814</u>	<u>18,718</u>	<u>230,100</u>	<u>34,606</u>	<u>31,371</u>	<u>60,406</u>	<u>490,139</u>
Timing of recognition of revenue from contracts with customers											
At a point in time	111,478	-	1	1,816	-	-	-	-	-	-	113,295
Over time	-	537	292	-	814	18,718	230,100	34,606	31,371	60,406	376,844
	<u>111,478</u>	<u>537</u>	<u>293</u>	<u>1,816</u>	<u>814</u>	<u>18,718</u>	<u>230,100</u>	<u>34,606</u>	<u>31,371</u>	<u>60,406</u>	<u>490,139</u>

Trading of goods

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

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

Sales to customers are normally made with credit terms of 90 days.

Finance leasing

Consultancy income from finance leasing is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

Securities and futures brokerage

Commission income on dealing in securities and futures contract is recognised on a trade date basis when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The commission income is due on the settlement date of their respective trade dates, normally two or three business days after the respective trade date.

Consultancy income from securities and future brokerage related services is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

International air and sea freight forwarding

Income from provision of freight forwarding services is recognised when the services are provided. The Group normally allow credit period of 90 days.

Property brokerage

Commission income on dealing in property agency contract is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the commission income to the Group upon the sales of property is completed.

Consultancy income from property brokerage related services is recognised in the accounting period in which the services are rendered. The customers pay the consultancy service fee to the Group according to the payment schedules as stipulated in the contracts.

Heating and cooling supply by geothermal energy

Income from heating and cooling supply by geothermal energy is recognised when the services are rendered. The customers pay the fee according to the heating and cooling supply actually consumed.

Building construction contracting

The Group provides construction contracting services to the customers. When the progress towards complete satisfaction of the performance obligations of a construction contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a construction contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

Customised technical support

The Group provides customised technical support services which include building architecture and interior design services and data analytical services to the customer. Building architecture and interior design services income and data analytical services income are recognised when the services are rendered, the amount for which can be reliably estimated and they are probable that the income will be received. The customers pay the services income to the Group according to the payment schedules as stipulated in the contracts.

Project management

Revenue from the Group's project management business derived from entrusted construction agreements and management services. Project management service income is recognised when the services are rendered, the amount for which can be reliably estimated and it is probable that the income will be received. The customers pay the service income to the Group according to the payment schedules as stipulated in the contracts.

Centralised heating

Heating supply and industrial steam income is recognised when the services are rendered. The customers pay the fee according to the heating and industrial steam actually consumed.

5. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the type of goods sold or services delivered or provided. The Directors have chosen to organise the Group around difference in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- (a) Trading of goods segment engages in trading of products including but not limited to electronic appliance in the PRC;
- (b) Finance leasing segment engages in finance leasing of plant and machinery as well as providing consultancy services with respect of finance leasing in the PRC;
- (c) Money lending segment engages in money lending in Hong Kong;
- (d) Securities and futures brokerage segment engages in securities and futures dealing services as well as providing consultancy services with respect of securities and futures brokerage in Hong Kong;
- (e) International air and sea freight forwarding segment engages in the provision of international air and sea freight forwarding and logistic services to customers in Singapore;
- (f) Property investment segment engages in investments of properties for rental income and capital appreciation in the PRC;
- (g) Customised technical support segment engages in provision of building architecture and interior design services and data analytical services in the PRC;
- (h) Property brokerage segment engages in provision of property agency and consultancy service in the PRC;
- (i) Project management segment engages in entrusted construction and projects management services in the PRC;
- (j) Geothermal energy segment engages in provision of heating and cooling supply by geothermal energy to buildings in the PRC;
- (k) Building construction contracting segment engages in provision of building construction contracting service on project basis in the PRC; and
- (l) Centralised heating segment engages in the business of using coal-fired boilers to provide centralised heating, including industrial steam, through centralised pipe networks in the PRC.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

Year ended 31 March 2024

	Trading of goods	Finance leasing	Money lending	Securities and futures brokerage	International air and sea freight forwarding	Property investment	Customised technical support	Property brokerage	Project management	Geothermal energy	Building construction contracting	Centralised heating	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	-	-	7,455	45	1,621	6,333	17,637	-	10,792	16,425	102,734	51,928	214,970
Reportable segment profit/(loss)	(15,389)	(1,148)	(2,456)	(6,665)	(551)	241	6,521	(3,789)	(29,337)	(5,829)	(15,362)	(19,725)	(93,489)
Share of loss of associates													(9)
Gain on disposal of a subsidiary													205
Gain on disposal of associates													239
Unallocated corporate income													4,364
Unallocated corporate expenses													(39,721)
Loss before tax													(128,411)

Year ended 31 March 2023

	Trading of goods	Finance leasing	Money lending	Securities and futures brokerage	International air and sea freight forwarding	Property investment	Customised technical support	Property brokerage	Project management	Geothermal energy	Building construction contracting	Centralised heating	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	111,478	537	7,902	293	1,816	6,624	34,606	814	31,371	18,718	230,100	60,406	504,665
Reportable segment profit/(loss)	(192,228)	(100)	(55,380)	(16,761)	(310)	7,342	13,307	(6,399)	(26,987)	(2,985)	14,827	(22,285)	(287,959)
Share of loss of associates													(482)
Gain on deregistration of a subsidiary													2,769
Fair value loss on step acquisition of subsidiaries													(1,059)
Unallocated corporate income													11,664
Unallocated corporate expenses													(41,009)
Loss before tax													(316,076)

Segment results represent the (loss from) profit earned by each segment without allocation of central administration costs, Directors' emoluments, depreciation of certain property, plant and equipment and right-of-use assets, share of loss of associates, gain on disposal of a subsidiary, gain on disposal of associates, net foreign exchange loss, loss on disposal of property, plant and equipment, interest expense on certain lease liabilities and trust loans, interest income from other loan receivables, bank interest income, dividend income and sundry income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

6. OTHER INCOME

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from		
– bank	377	66
– other loans receivables	1,098	1,406
– promissory note receivable	–	3,055
Government grant (<i>Note</i>)	3,512	4,610
Reversal of impairment loss on finance lease receivable	4,398	696
Gain on lease modification	–	49
Dividend income	1,972	–
Sundry income	917	251
	<u>12,274</u>	<u>10,133</u>

Note: During the year, the government grants received by the Group included:

- (i) a government grant from Singapore of approximately HK\$2,000 (2023: HK\$4,000) in relation to the job credit scheme in Singapore on the condition that the Group has made CPF contributions in Singapore. The government grant has been recognised in the same years in which the expenses were recognised; and
- (ii) a government grant from the PRC of approximately HK\$3,510,000 (2023: HK\$3,982,000) mainly in relation to the subsidies on heating supply services provided by geothermal energy segment and centralised heating segment without condition.

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Operating costs		
Cost of trading goods sold	–	109,829
Cost of providing international air and sea freight forwarding services	1,031	1,184
Cost of providing securities and futures brokerage related services	1	1
Cost of providing property brokerage and consultancy services	1,595	1,012
Cost of heating and cooling supply by geothermal energy	13,134	13,338
Cost of providing construction contracting services	93,808	191,813
Cost of providing heating supply and industrial steam	64,120	73,961
Cost of providing project management service	3,376	4,843
Cost of providing data analytical services	1,560	5,111
	<u>178,625</u>	<u>401,092</u>
Staff costs		
Directors' emoluments	6,845	6,860
Other staff costs	36,198	51,239
Retirement benefits scheme contributions (excluding those for Directors)	7,997	10,103
Share-based payment – employees	2,919	4,450
	<u>53,959</u>	<u>72,652</u>
Finance costs		
Interest expense on lease liabilities	421	1,452
Interest expense on bank loans	4,062	5,265
Interest expenses on short-term loans	–	311
Interest expense on trust loans	26,148	28,594
Interest expense on consideration payable	–	830
	<u>30,631</u>	<u>36,452</u>

	2024	2023
	HK\$'000	HK\$'000
Other items		
Auditor's remuneration	1,300	1,300
Bad debts written off	5,907	–
Depreciation of property, plant and equipment	11,663	13,511
Depreciation of right-of-use assets	6,393	14,020
Net foreign exchange loss	127	47
Loss on disposal of property, plant and equipment	910	230
Repair and rectification costs (<i>Note</i>)	13,692	–
Share-based payment – consultants	117	2,117
Cost of inventories recognised as expenses	–	109,829
	–	109,829

Note: During the year, a wholly-owned subsidiary of the Company, Shaanxi Jiangwei Construction Engineering Co., Ltd.* (陝西江威建築工程有限公司) (“Shaanxi Jiangwei”) was ordered by the local court to pay repair and rectification costs of approximately RMB12,568,000 (equivalent to approximately HK\$13,692,000) in relation to a construction project in Xiangshan, Ningbo.

8. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	<u>3,372</u>	<u>7,593</u>
Over provision in prior years:		
PRC Enterprise Income Tax	<u>–</u>	<u>(223)</u>
Deferred tax:		
Current year	<u>–</u>	<u>8,684</u>
	<u><u>3,372</u></u>	<u><u>16,054</u></u>

Hong Kong Profits Tax has not been provided for the years ended 31 March 2024 and 2023 as the loss for the taxation purpose is estimated during both periods.

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, except for Beijing Shuwu Big Data Research Company Limited* (北京數巫大數據研究有限公司)(“Beijing Shuwu”), is 25%.

Beijing Shuwu, which is principally engaged in provision of financial information, solution and data analytical services in the PRC and qualified as high-tech enterprise that needs key support, is entitled to enjoy a lower tax rate of 15% pursuant to Article 28 of the EIT Law.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

10. LOSS PER SHARE

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

	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	<u>(131,062)</u>	<u>(333,793)</u>
	2024	2023
	'000	'000
		Restated
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,899,858</u>	<u>1,686,060</u>

On 26 July 2023, the Company proposed to implement the right issue (the “Rights Issue”) on the basis of two (2) rights shares (the “Rights Share(s)”) for every five (5) existing shares held on 24 August 2023 at the subscription price of HK\$0.16 per Right Share. The Right Issue was completed on 21 September 2023. As a result of the Rights Issue, the weighted average number of ordinary shares adopted in the calculated of the basic and diluted loss per share for the year ended 31 March 2023 have been adjusted retrospectively.

The computation of diluted loss per share for the year ended 31 March 2024 does not assume the exercise of the Company’s outstanding share options because the exercise price of those shares is higher than the average market price of the Company’s shares.

There was no dilutive potential ordinary shares during the year ended 31 March 2023, and therefore, diluted loss per share is equal to basic loss per share.

11. FINANCE LEASE RECEIVABLES

All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance lease receivables	41,849	47,897
Less: allowance for impairment of finance lease receivables	(41,849)	(43,351)
Finance lease receivables, net	<u>–</u>	<u>4,546</u>
Analysed for reporting purposes as current assets	<u>–</u>	<u>4,546</u>

	Minimum lease payments		Present value of minimum lease payments	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance lease receivables comprise:				
Within one year and present value of				
minimum lease payment receivables	<u>–</u>	<u>4,546</u>	<u>–</u>	<u>4,546</u>

As at 31 March 2024, there were a total 4 (2023: 4) outstanding finance leases, with outstanding principal amounts from approximately HK\$4,306,000 (2023: approximately HK\$4,546,000) to approximately HK\$19,598,000 (2023: approximately HK\$20,055,000), amounting to a total outstanding principal amount of approximately HK\$41,849,000 (2023: approximately HK\$47,897,000). To the best knowledge, information and belief of the Directors, all these corporate borrowers and their respective ultimate beneficial owners are independent of the Company and its connected persons (as ascribed under the Listing Rules).

Effective interest rates of the above finance leases is 6% (2023: 6%) per annum. As at 31 March 2024 and 2023, all the finance lease are secured by the leased assets, such as motor vehicle, plant and machinery leased and/or share pledges, and/or are guaranteed by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate client.

Before accepting any finance lease arrangement, the Group assesses the financial strength of the lessee and considers the credit limit granted to the lessee. In addition, the Group may request for the guarantor with strong financial status where necessary.

As at 31 March 2024, finance lease receivables before allowance for impairment of approximately RMB38,680,000, equivalent to approximately HK\$41,849,000 (2023: approximately RMB41,928,000, equivalent to approximately HK\$47,897,000) were past due. For such overdue finance lease receivables, impairment losses of approximately RMB37,948,000 (equivalent to approximately HK\$43,351,000) were made in past years based on grounds that the Group had either taken legal actions against these customers or assessed the customers' latest operating and financial position by site visit and considered the legal opinion from independent legal advisers. Due to customer's default in payment and severe liquidity problem, the Group took legal action against a customer and made a full impairment loss on the finance lease receivables due from this customer amounting to RMB3,981,000 (equivalent to approximately HK\$4,546,000) during the year. As a result, the entire overdue amount of finance lease receivables approximately RMB38,680,000 (equivalent to approximately HK\$41,849,000) was fully impaired as at 31 March 2024 (2023: approximately RMB37,948,000, equivalent to approximately HK\$43,351,000).

Management closely monitors the credit quality of finance lease receivables. As at 31 March 2024, the age of the finance lease receivables was over three years (2023: over three years) based on the effective dates of the relevant lease contracts.

12. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables arising from trading business	169,836	179,320
Less: allowance for impairment	(169,836)	(179,320)
	–	–
Trade receivables arising from finance leasing business	4,815	5,083
Less: allowance for impairment	(487)	(514)
	4,328	4,569
Trade receivable arising from project management business	42,249	67,508
Less: allowance for impairment	(5,193)	(15,084)
	37,056	52,424
Trade receivable arising from customised technical support business	21,386	32,778
Less: allowance for impairment	–	(400)
	21,386	32,378
Trade receivable arising from property brokerage business	2,894	14,655
Less: allowance for impairment	–	(4,629)
	2,894	10,026
Trade receivables arising from international air and sea freight forwarding business	–	32
Trade receivables arising from the securities and futures brokerage business	227	228
Trade receivable arising from geothermal energy business	1,292	1,473
Trade receivable arising from property investment business	1,446	–
Trade receivable arising from building construction contracting business	15,129	18,404
Trade receivable arising from centralised heating business	945	321
Prepayments	88,635	103,025
Value-added tax recoverable	3,834	5,244
Deposits and other receivables	73,506	78,101
Receivables from disposal of a subsidiary	23,226	24,523
Construction deposits	113,604	119,948
	387,508	450,696

The Group allows an average credit period normally ranging from 30 days to 180 days (2023: 30 days to 180 days) to its customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date or the payment date as stated in the respective contracts at the end of the reporting period, which approximates the respective revenue recognition date.

	Finance	Geothermal	Building	Centralised	Project	Customised	Property	Property	
Trading	leasing	energy	construction	heating	management	technical	brokerage	investment	
business	business	business	business	business	business	business	business	business	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
2024:									
Within 30 days	-	-	-	-	116	622	-	-	571
31-60 days	-	-	-	-	110	622	-	-	571
61-90 days	-	-	-	-	239	622	-	-	304
Over 90 days	-	4,328	1,292	15,129	480	35,190	21,386	2,894	-
	<u>-</u>	<u>4,328</u>	<u>1,292</u>	<u>15,129</u>	<u>945</u>	<u>37,056</u>	<u>21,386</u>	<u>2,894</u>	<u>1,446</u>
			International						
			air and		Building				
	Finance	sea freight	Geothermal	construction	Centralised	Project	Customised	Property	
Trading	leasing	forwarding	energy	contracting	heating	management	technical	brokerage	
business	business	business	business	business	business	business	business	business	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
2023:									
Within 30 days	-	-	32	-	-	167	2,833	14,268	173
31-60 days	-	-	-	-	-	14	2,250	537	-
61-90 days	-	-	-	-	-	140	2,250	537	-
Over 90 days	-	4,569	-	1,473	18,404	-	45,091	17,036	9,853
	<u>-</u>	<u>4,569</u>	<u>32</u>	<u>1,473</u>	<u>18,404</u>	<u>321</u>	<u>52,424</u>	<u>32,378</u>	<u>10,026</u>

The settlement term of trade receivables arising from the securities brokerage business are two trade days after the trade execution date. The trade receivables from futures brokers are repayable on demand which represent amounts deposited for trade execution purpose.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK\$82,393,000 (2023: HK\$100,701,000) which were past due at the end of the reporting period and for which the Group has not provided for doubtful debt. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables that were past due but not impaired based on the invoice date or the payment date as stated in the respective contracts at the end of reporting date, which approximately the respective revenue recognition date, is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	687	340
31–60 days	681	2,019
61–90 days	543	2,145
Over 90 days	80,482	96,197
	82,393	100,701

Trade receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on the past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable.

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

The allowances of impairment recognised during the year ended 31 March 2024 are mainly as follows:

- (1) In January 2023, two customers of the Group's trading business, namely, Shenzhen Wu Feng Ying Technology Co., Ltd.* (深圳市五豐盈科技有限公司) ("Wu Feng Ying") and Shenzhen Feng Lei Industrial Co., Ltd.* (深圳市風雷實業有限公司) ("Feng Lei"), were found deregistered. All sales to Wu Feng Ying and Feng Lei were guaranteed by Shenzhen Shi Jia Hao Commercial Operation Co., Ltd.* (深圳市世佳豪商業運營有限公司) ("Shi Jia Hao", together with Wu Feng Ying, Feng Lei and their respective ultimate beneficial owners referred as the "Defaulted Persons"). In February 2023, Shi Jia Hao was also found deregistered. Further details are set out in the Company's announcement dated 23 March 2023. The Group had engaged the PRC legal adviser and initiated court proceedings against the ultimate beneficial owners of Wu Feng Ying, Feng Lei and Shi Jia Hao (the "Defendants") in front of the courts located at Shenzhen. For the civil proceedings in relation to Feng Lei, the Group received a civil ruling (民事裁定書) from Luohu District People's Court in Shenzhen (深圳市羅湖區人民法院) in October 2023 adjudicating in favor of the Group. For the civil proceedings in relation to Wu Feng Ying, the Group has proceeded the lawsuit to Shenzhen Intermediate People's Court (深圳市中級人民法院) in May 2024 but the relevant case has not yet been heard. Having consulted with the PRC legal adviser, the possibility of collecting overdue amounts owed by the Defaulted Persons is subject to the result of the courts' judgement and the traceability and possibility in enforcement of the assets or properties of the Defendants. Despite the result of the courts' judgement, the Group does not have concrete information about traceable and enforceable assets or properties of the Defendants for the time being. Considering high uncertainty in the enforcement, impairment loss on the entire amount due from the Defaulted Persons of approximately RMB156,973,000 (equivalent to approximately HK\$169,836,000) had been recognised in the Group's consolidated financial statements for the year ended 31 March 2023 and remained unchanged for the year ended 31 March 2024.

- (2) One of the Group's customers under real estate related businesses, namely, Ningbo Tiegong Real Estate Co., Ltd.* (寧波鐵工置業有限公司) ("Ningbo Tiegong") was filed a winding-up petition by its creditors on the ground of insolvency and the court appointed a manager for its liquidation accordingly. As at 31 March 2024, the total amount before allowance for impairment due by Ningbo Tiegong was approximately RMB106,171,000 (equivalent to approximately HK\$114,871,000), representing (i) receivables under various real estate related businesses in amount of approximately RMB75,037,000 (equivalent to approximately HK\$81,185,000) in nature of either ordinary debts or construction debts; and (ii) contract assets in amount of approximately RMB31,134,000 (equivalent to approximately HK\$33,686,000) in nature of construction debts. The Group recognised the impairment loss of approximately RMB17,607,000 (equivalent to approximately HK\$19,050,000) on receivables in nature of ordinary debts under various real estate related businesses and the impairment loss of approximately RMB8,189,000 (equivalent to approximately HK\$8,860,000) on contract assets for the year ended 31 March 2023 based on the liquidation status of Ningbo Tiegong, the result of lawsuits against Ningbo Tiegong and the manager of liquidation, and the estimated value of assets of Ningbo Tiegong available for liquidation. With the result notified by the manager of liquidation in March 2024, the Group is unable to claim those receivables in nature of ordinary debts amounting to approximately RMB23,029,000 (equivalent to approximately HK\$24,957,000). Considering costs of appeal and distributable assets available to debts classified as ordinary debts, the Directors considered that those receivables in nature of ordinary debts cannot be recovered. As a result, the total of, (i) allowance for impairment losses of approximately RMB17,607,000 (equivalent to approximately HK\$19,050,000) brought forward from last year and (ii) the remaining balance of receivables in nature of ordinary debts amounting to approximately RMB5,422,000 (equivalent to approximately HK\$5,907,000), was written off as bad debts for the year ended 31 March 2024.

13. LOANS AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans receivables:		
Secured	40,000	40,000
Unsecured	358,462	378,404
	398,462	418,404
Interest receivables	46,995	49,738
Less: allowance for impairment of loan and interest receivables	(133,561)	(126,069)
Loans and interest receivables, net	311,896	342,073
Analysed for reporting purposes as:		
– Non-current assets	–	44,300
– Current assets	311,896	297,773
	311,896	342,073

As at 31 March 2024, there were a total of 15 (2023: 15) outstanding loans, out of which 7 (2023: 7) loans were loans to individuals and 8 (2023: 8) loans were loans to corporations, with principal amount per loan ranging from HK\$3,101,000 (2023: HK\$3,101,000) to approximately HK\$44,093,000 (2023: approximately HK\$46,690,000). Loans to the largest customer and top 5 customers constituted approximately 10% and 50% (2023: approximately 11% and 51%) of the total outstanding principal and interest amount of the loans respectively as at 31 March 2024. To the best knowledge, information and belief of the Directors, all these borrowers and their respective ultimate beneficial owners (in case of corporate clients) are independent of the Company and its connected persons (as ascribed under the Listing Rules).

The loans to individuals in aggregate amount of approximately HK\$144,282,000 (2023: approximately HK\$147,833,000) are unsecured and unguaranteed. Considering the corporation is in the nature of limited liability, the loans to corporations in aggregate amount of approximately HK\$254,180,000 (2023: approximately HK\$270,571,000) are either secured or guaranteed. Among the loans to corporations, one loan in the amount of HK\$40,000,000 (2023: HK\$40,000,000) is secured by a segregated portfolio account of an investment fund and the remaining loans in the total amount of approximately HK\$214,180,000 (2023: approximately HK\$230,571,000) are backed by guarantees respectively provided by individual who is the corporation's owner or connected person of the owner, and/or other corporation which is a related party to the corporate borrower.

The loans advanced to the borrowers under the Group's money lending business normally had loan periods from 6 to 54 months (2023: 6 to 54 months). The loans provided to borrowers bore interest rate ranging from 8%–15% per annum (2023: 8%–15% per annum), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly, yearly or on maturity.

The following is an aged analysis of loans and interest receivables (net of allowance for impairment), presented based on the dates which loans are granted to borrowers and interests are accrued.

	2024	2023
	HK\$'000	HK\$'000
Within 90 days	12,791	15,245
91 – 180 days	896	1,034
181 – 365 days	1,673	29,792
Over 365 days	296,536	296,002
	311,896	342,073

As at 31 March 2024, loans and interest receivables before allowance for impairment of approximately HK\$397,810,000 (2023: approximately HK\$378,735,000) were past due. Included in the carrying amount of the above loans and interest receivables as at 31 March 2024, receivables of approximately HK\$133,561,000 (2023: HK\$126,069,000) which impairment was made based on the credit risks assessed. During the year ended 31 March 2024, impairment of approximately HK\$7,492,000 (2023: HK\$59,616,000) has been made for loans and interest receivables of which the related credit risks increased. The Group assessed the credit risks associated with loan and interest receivable of each borrower by assigning the credit rating with reference to the repayment track record, the financial position and market benchmark to compute the impairment ratio (or expected credit loss ratio). Details are as follows:

Borrowers	Principal <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Impairment ratio	Impairment	Impairment	Impairment
				loss as at 1 April 2023 <i>HK\$'000</i>	loss recognised/ (reversed) for the year <i>HK\$'000</i>	loss as at 31 March 2024 <i>HK\$'000</i>
	(a)	(b)	(c)	(d)	(e)=(f)-(d)	(f)=(a+b) x c
Category A	63,628	5,243	100%	68,871	-	68,871
Category B	79,336	4,803	46.0%-60.1%	44,116	1,221	45,337
Category C	255,498	36,949	1.2%-14.8%	12,423	6,930	19,353
Category D	-	-	N/A	659	(659)	-
				<u>126,069</u>	<u>7,492</u>	<u>133,561</u>
Borrowers	Principal <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Impairment ratio	Impairment	Impairment	Impairment
				loss as at 1 April 2022 <i>HK\$'000</i>	loss recognised/ (reversed) for the year <i>HK\$'000</i>	loss as at 31 March 2023 <i>HK\$'000</i>
	(a)	(b)	(c)	(d)	(e)=(f)-(d)	(f)=(a+b) x c
Category A	63,628	5,243	100%	51,450	17,421	68,871
Category B	82,016	5,055	42.3%-57.3%	-	44,116	44,116
Category C	200,287	33,511	1.2%-11.8%	15,003	(2,580)	12,423
Category D	72,473	5,930	0.8%	-	659	659
				<u>66,453</u>	<u>59,616</u>	<u>126,069</u>

In computing the impairment ratio (or expected credit loss ratio), the Group performed the following procedures:

- (a) to identify categories of loans and interest receivables with the same or similar credit risks by considering the following factors:
 - (1) whether the borrower and guarantor (if applicable) is in bankruptcy and/or has ceased the operation in case of corporate client;
 - (2) whether the borrower has settled the principal and/or interest during the year;
 - (3) whether the principal has been defaulted;
 - (4) whether the borrower can provide supporting documents to demonstrate its or his solvency;
 - (5) whether the borrower is a public figure; and
 - (6) whether the borrower can provide other indications of recoverability.

the main characteristic of each category is as follows:

- Category A: Borrower(s) and guarantor (if applicable) have been in bankruptcy and/or ceased the operation in case of corporate client.
- Category B: Borrower(s) defaulted the principal repayment upon maturity and could not provide supporting documents to demonstrate its or his solvency.
- Category C: Borrower(s) defaulted the principal repayment upon maturity but could be able to provide supporting documents to demonstrate its or his solvency or is a public figure.
- Category D: Borrower(s) did not default the principal repayment upon maturity and had settled some principal and/or interest during the year.

- (b) to refer to the historical rates of the respective categories based on the market benchmark;
- (c) to adjust the historical rates by forward-looking factors such as the GDP movements; and
- (d) to compute impairment ratio (or expected credit loss ratio) for impairment loss assessment.

Subsequent to the end of the reporting period, approximately HK\$3,100,000 (2023: HK\$3,364,000) were settled. The remaining past due amount of approximately HK\$261,149,000 (2023: HK\$249,302,000) are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. Accordingly, the Directors considered that no further impairment loss is necessary. Save for the aforesaid secured loans, the Group does not hold collateral over other balances.

14. TRADE AND OTHER PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables arising from securities and futures brokerage business	4,013	4,095
Trade payables arising from international air and sea freight forwarding business	–	63
Trade payables arising from property brokerage business	436	484
Trade payables arising from geothermal energy business	48,827	56,905
Trade payables arising from centralised heating business	62,094	49,068
Trade payables arising from building construction contracting business	239,676	271,267
Earnest money from finance lease receivables	–	1,828
Accrued charges	15,119	17,264
Consideration payables	18,000	37,847
Advance from subcontractor	92,930	102,375
Trust loans interest payable	28,644	30,312
Other payables	62,957	49,257
	572,696	620,765

For trade payables arising from the securities and futures brokerage business, no aging analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of securities brokerage.

For trade payables arising from property brokerage business, no aging analysis is disclosed as the Group is yet to receive invoices at the end of the reporting period. The payables is accrued based on the monthly statements agreed with the respective agents. According to the relevant agency contracts, the invoices will be billed in the following month and the settlement terms is within 3 business days from the invoices date.

For trade payables arising from geothermal energy business, centralised heating business and building construction contracting business, they are mainly accrued and settled based on the progress of performance and the settlement obligation as stipulated in the respective contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables from geothermal energy business, centralised heating business and building construction contracting business presented based on the invoice date and/or the settlement obligation as stipulated in the respective contracts at the end of the reporting period:

		Geothermal energy business <i>HK\$'000</i>	Centralised heating business <i>HK\$'000</i>	Building construction contracting business <i>HK\$'000</i>
2024				
Within 30 days		80	5,230	901
31-60 days		15	9,621	–
61-90 days		17	4,742	20,868
Over 90 days		<u>48,715</u>	<u>42,501</u>	<u>217,907</u>
		<u>48,827</u>	<u>62,094</u>	<u>239,676</u>
	International air and sea freight forwarding business <i>HK\$'000</i>	Geothermal energy business <i>HK\$'000</i>	Centralised heating business <i>HK\$'000</i>	Building construction contracting business <i>HK\$'000</i>
2023				
Within 30 days	62	64	4,185	362
31-60 days	1	92	8,230	–
61-90 days	–	70	18,341	11,308
Over 90 days	<u>–</u>	<u>56,679</u>	<u>18,312</u>	<u>259,597</u>
	<u>63</u>	<u>56,905</u>	<u>49,068</u>	<u>271,267</u>

15. CONTINGENT LIABILITIES/LITIGATIONS

- (1) In January 2020, the Group acquired 100% equity interest in Jiangsu Meili Kongjian Construction Design Development Co., Ltd.* (江蘇美麗空間建築設計產業發展有限公司) (“Jiangsu Meili Kongjian”) from Ningbo Sixing Information Technology Co., Ltd.* (寧波思行信息科技有限公司) (“Ningbo Sixing”) at cash consideration of RMB41,000,000 of which the remaining RMB31,000,000 was recorded as consideration payable (the “Consideration Payable”). In March 2022, the Group disposed of 100% equity interest in Jiangsu Meili Kongjian to Beijing Taolichunfeng Property Development Co., Ltd.* (北京桃李春風房地產開發有限公司) (“Taolichunfeng”) by entering into a disposal agreement (the “Disposal”) and agreed with Ningbo Sixing in a supplemental agreement that the Consideration Payable shall be fully set-off against an underlying interest in properties with a construction area of 4,200 square meters (the “Offsetting Arrangement”). Further details of the Disposal and the Offsetting Arrangement are set out in the Company’s announcement dated 29 March 2022. In April 2022, at the request of Ningbo Sixing, the Group provided a guarantee for Taolichunfeng’s responsibilities and obligations after completion of the Disposal, including implementation of the Offsetting Arrangement. In this regard, the Group has also obtained a counter-guarantee from Taolichunfeng. In December 2022, Ningbo Sixing denied the Offsetting Arrangement and brought the civil proceedings (the “Civil Proceedings 1”) against Taolichunfeng, Jiangsu Meili Kongjian and the Group to jointly liable to repay RMB35,440,000, including the Consideration Payable, in cash. In July 2023, the court issued the judgement which turned down the Civil Proceedings 1. After that, Ningbo Sixing brought another civil proceedings (the “Civil Proceedings 2”) in July 2023 and October 2023 respectively in order to cancel the Offsetting Arrangement and request Jiangsu Meili Kongjian, Taolichunfeng and the Group to jointly liable to pay the damages of RMB1,000,000. As at the date of this announcement, the Group has submitted the statement of defense to the court and the relevant civil trial has not finished. Based on the PRC legal adviser’s opinion, the Group has reasonable grounds in this case. Accordingly, the Directors are of the view that the liability under the Civil Proceedings 2 is not probable.
- (2) A wholly-owned subsidiary of the Company, Huaihua Qinneng Technology Development Co., Ltd.* (懷化勤能科技開發有限公司) (“Huaihua Qinneng”) was under dispute with Beijing Aoke Ruifeng New Energy Co., Ltd.* (北京奧科瑞豐新能源股份有限公司), (“Beijing Aoke”) regarding the value of assets of approximately RMB18,850,000 which were transferred from Beijing Aoke to the Group. Such assets, mainly consisting of plant and machinery, were utilised in the Group’s centralised heating business operated by Yuncheng Baoshihua Regional Energy Technology Co., Ltd.* (運城寶石花區域能源科技有限公司) (“Yuncheng Baoshihua”). Yuncheng Baoshihua is wholly-owned by Huaihua Qinneng. Beijing Aoke won the case in the arbitration proceedings for claiming back, inter alia, the value of the transferred assets and applied for the court’s enforcement. The Intermediate People’s Court of Yuncheng* (運城市中級人民法院) ordered Huaihua Qinneng to enforce the arbitration award and to, inter alia, freeze Huaihua Qinneng’s equity interest in Yuncheng Baoshihua. The Group has accounted for the value of the transferred assets in its consolidated financial statements and currently is negotiating the settlement plan with Beijing Aoke. According to the PRC legal adviser’s opinion, the Directors are of the view that the court order will not have a material impact on the operation of Yuncheng Baoshihua as well as the Group’s financial position.

- (3) Several suppliers of geothermal energy business brought lawsuits to the court against Henan Province Baoshihua Geothermal Energy Development Co., Ltd.* (河南省寶石花地熱能開發有限公司) (“Henan Province Baoshihua”) and Wujixian Baoshihua Geothermal Energy Development Co., Ltd.* (無極縣寶石花地熱能開發有限公司) (“Wujixian Baoshihua”) (both being non-wholly owned subsidiaries of the Company) and Xian Baoshihua Energy Technology Group Co., Ltd.* (西安寶石花能源科技集團有限公司) (“Xian Baoshihua”) (a wholly-owned subsidiaries of the Company) with total contracts sum of approximately RMB26,519,000. As there were contract disputes with such suppliers, Henan Province Baoshihua, Wujixian Baoshihua and Xian Baoshihua did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Henan Province Baoshihua and Wujixian Baoshihua have settled approximately RMB9,901,000 in total and the remaining outstanding contracts sum of approximately RMB16,618,000 have been accrued in trade payables arising from geothermal energy business as at 31 March 2024. Due to the abovementioned lawsuits, the assets of Henan Province Baoshihua and Wujixian Baoshihua totaling approximately RMB245,000 were freezed as at 31 March 2024. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.
- (4) In addition to the court order for repair and rectification costs as stated in Note 7, Shaanxi Jiangwei has also been involved in a number of lawsuits with total contracts sum of approximately RMB28,768,000. As there were contract disputes with suppliers under building construction contracting business, Shaanxi Jiangwei did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Shaanxi Jiangwei has paid the suppliers approximately RMB5,859,000 in total and the remaining outstanding contracts sum of approximately RMB22,909,000 have been accrued in trade payables arising from building construction contracting business as at 31 March 2024. Due to the abovementioned lawsuits, the assets of Shaanxi Jinagwei amounted to approximately RMB462,000 were freezed as at 31 March 2024. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.

MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended 31 March	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
Financial Results Highlight		
Revenue	215.0	504.7
Total operating costs	(178.6)	(401.1)
Total expenses	(152.6)	(159.8)
Net loss before tax and non-controlling interests	(128.4)	(316.1)
Loss for the year attributable to owners of the Company	(131.1)	(333.8)
	As at 31 March	
	2024	2023
	<i>HK\$'M</i>	<i>HK\$'M</i>
Extract of Financial Position		
Total assets	1,722.9	1,894.2
Total liabilities	(964.9)	(1,003.8)
Net current assets	116.5	138.2
Bank balances and cash – general accounts	34.2	50.1
Net assets	758.1	890.4

OVERVIEW

For the year ended 31 March 2024, the Group's revenue was approximately HK\$215.0 million, representing a decrease of 57.4% as compared with approximately HK\$504.7 million last year. The significant decrease in the Group's revenue for the year was mainly attributable to (i) suspension of trading business resulted from client's issues and (ii) sluggishness in real estate related businesses, in particular building construction contracting business, under the prevailing real estate market conditions in the PRC. The net loss for the year ended 31 March 2024 attributable to owners of the Company was approximately HK\$131.1 million as compared with approximately HK\$333.8 million last year, representing a decrease of approximately 60.7%. Such decrease was mainly attributable to, among other things, (i) decrease in impairment loss on the Group's assets by approximately HK\$260.6 million in aggregate, and (ii) decrease in staff costs by approximately HK\$18.7 million.

BUSINESS AND FINANCIAL REVIEW

Building Construction Contracting Business

The Group acquired a company, which is principally engaged in building construction contracting on project basis in the PRC, in May 2020. For the year ended 31 March 2024, the Group provided building construction contracting services for residential and commercial construction projects mainly located in Xi'an, Shaanxi Province, Zhangjiakou, Hebei Province and Tianjin City with total construction areas of approximately 600,000 square meters. The following table sets forth the movement of backlog of the construction projects during the years:

	Year ended 31 March	
	2024	2023
	HK\$'M	HK\$'M
Opening value of backlog	999.7	1,221.9
Value of new projects	–	22.9
Value decreased due to revising of projects amount	(78.9)	–
Value recognised based on the percentage of completion during the year	<u>(110.9)</u>	<u>(245.1)</u>
Closing value of backlog	<u>809.9</u>	<u>999.7</u>

Note: The abovementioned value is inclusive of the PRC value added tax of 9%.

For the year ended 31 March 2024, the revenue of the Group's building construction contracting business amounted to approximately HK\$102.7 million (2023: approximately HK\$230.1 million) and the gross profit of approximately HK\$8.9 million (2023: approximately HK\$38.3 million) was made. The Group recorded a loss of approximately HK\$15.4 million (2023: profit of approximately HK\$14.8 million) in this segment, which was mainly resulted from one-off compensation of approximately HK\$13.7 million for repair and rectification costs in relation to a construction project in Xiangshan, Ningbo.

Project Management Business

The Group has commenced to provide project management services in the PRC since July 2020. According to the project management contracts, the Group's project management team is principally engaged in management of major aspects of a construction project on yearly basis, such as, project engineering, cost control, administration and human resources. During the year, two of its customers renewed their respective project management contracts with the Group with aggregated contract sums of approximately HK\$11.4 million.

For the year ended 31 March 2024, the revenue of the Group's project management business amounted to approximately HK\$10.8 million (2023: approximately HK\$31.4 million) and the gross profit of approximately HK\$7.4 million was recorded (2023: approximately HK\$26.5 million). Segment loss of approximately HK\$29.3 million was incurred in this segment (2023: approximately HK\$27.0 million).

Customised Technical Support Business

After the Group acquired a group of companies in August 2021 which are principally engaged in the provision of financial information, solutions and data analytical services to customers in finance and property related field in the PRC, the Group combined such newly acquired business with its building architecture and interior design business so as to provide customised technical support services to customers in the PRC. During the year, given challenges and uncertainties in the PRC real estate market, it is difficult for the Group to solicit more customers for its building architecture and interior design business whereas the operating team was mainly performing services under existing contracts. In respect of the data analytical services, the Group launched products of system and platform to certain technology companies and engineering companies.

For the year ended 31 March 2024, the revenue of the Group's customised technical support business amounted to approximately HK\$17.6 million (2023: approximately HK\$34.6 million) and the gross profit of approximately HK\$16.1 million was recorded (2023: approximately HK\$29.5 million). Segment profit of approximately HK\$6.5 million was achieved (2023: approximately HK\$13.3 million).

Property Brokerage Business

The Group has been engaged in provision of residential and commercial property brokerage and consultancy services in the PRC since June 2019. Currently, the major places of business activities are in Xi'an, Shaanxi Province of the PRC. During the year, real estate transactions and deals slowed dramatically (i) as buyers and sellers delayed decisions due to greater uncertainty arising from the lower-than-expected post-COVID economic recovery and the string of defaults by major property developers; and (ii) in light of weakening market sentiment, some of target property developers postponed their implementation plans. For the year ended 31 March 2024, no revenue of the Group's property brokerage business was generated (2023: approximately HK\$0.8 million). Corresponding loss of approximately HK\$3.8 million was incurred in this segment (2023: approximately HK\$6.4 million).

Geothermal Energy Business

The Group acquired a group of companies, which are principally engaged in developing and utilising geothermal energy in provision of heating and cooling supply to various buildings located in residential areas in the PRC, in March 2020. Currently, the major places of business activities are in Xi'an, Shaanxi Province and Henan Province of the PRC with 19 drilling platforms, 7 heat exchange construction sites and total pipeline network area of approximately 1.9 million square meters covering 14 districts. The typical heating supply season in the PRC is from November of a year to March of the next year. During non-heating supply period of the year, the Group provides cooling supply by geothermal energy to cope with special needs from certain districts.

For the year ended 31 March 2024, the revenue of the Group's geothermal energy business amounted to approximately HK\$16.4 million (2023: approximately HK\$18.7 million) and the gross profit was approximately HK\$3.3 million (2023: approximately HK\$5.4 million). Corresponding segment loss of approximately HK\$5.8 million was incurred in this segment (2023: approximately HK\$3.0 million).

Centralised Heating Business

The Group started the centralised heating business after becoming the reorganisation investor of a company, which is principally engaged in the business of providing the heat and steam supply services in the licensed area of Yuncheng, Shanxi through centralised pipe networks, in September 2020. The Group was further granted an exclusive license for the provision of centralised heating service in Yuncheng City for 30 years from 1 January 2021. The licensed area of Yuncheng is approximately 63.5 million square meters out of which approximately 2.4 million square meters has been laid down the Group's centralized pipe networks. The typical heating supply season in the PRC is from November of a year to March of the next year. Throughout the year, the Group provides industrial steam service to various manufacturing factories located at the licensed area.

For the year ended 31 March 2024, the revenue of the Group's centralised heating business amounted to approximately HK\$51.9 million (2023: approximately HK\$60.4 million) and the gross loss of approximately HK\$12.2 million (2023: approximately HK\$13.6 million) was incurred. The Group recorded a loss of approximately HK\$19.7 million (2023: approximately HK\$22.3 million) in this segment.

Property Investment Business

The Group acquired a group of companies in January 2019 which mainly hold the investment properties in the PRC for rental income and capital appreciation. For the year ended 31 March 2024, the rental income generated from such investment properties amounted to approximately HK\$6.3 million (2023: approximately HK\$6.6 million). Corresponding profit of approximately HK\$0.2 million (2023: approximately HK\$7.3 million), after deduction of unrealised fair value loss of approximately HK\$4.9 million on the Group's investment properties with reference to the valuation result conducted by an independent professional valuer, was made in this segment. As at 31 March 2024, the fair value of the investment properties was approximately HK\$110.1 million (2023: approximately HK\$121.4 million).

Trading Business

As disclosed in the Company's announcement dated 23 March 2023, the Group's two major trading customers deregistered which caused severe difficulties in carrying on the Group's trading business. During the year, the Group was reviewing the internal control and risk management in respect of the trading business, formulating possible business model and discussing with potential business partners but has not yet reactivated the relevant business. As such, no revenue of the Group's trading business was generated (2023: approximately HK\$111.5 million) for the year ended 31 March 2024. The Group recorded a loss of approximately HK\$15.3 million in this segment (2023: approximately HK\$192.2 million).

Money Lending Business

The Group holds a money lenders licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to prospective customers including enterprises and individuals. The Group earns interest income from the provision of such loan facilities. The money lending customers are mainly referrals from the business partners/existing clients of the Group and business contacts of the Group's senior management, who are high net worth individuals or companies engaged in various industries including investment fund, trader of hi-tech equipment, investor of tourism-related activities, etc. This segment has begun to generate returns to the Group since April 2016. For the year ended 31 March 2024, the revenue of the Group's money lending business amounted to approximately HK\$7.5 million (2023: approximately HK\$7.9 million). Corresponding segment loss of approximately HK\$2.5 million was incurred (2023: approximately HK\$55.4 million).

Securities and Futures Brokerage Business

The Group has been providing brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries since August 2017. For the year ended 31 March 2024, the revenue of the Group's securities and futures brokerage business amounted to approximately HK\$0.05 million (2023: approximately HK\$0.3 million). Due to the gradual saturation of the market for SFC licensed corporations in the financial services industry and the intensifying competition with the other market players, the operating results of the regulated financial services business of the Group was lower than those expected at the time when the licensed corporations were acquired by the Group in August 2017. The Group is negotiating with an independent third party for the potential disposal of securities and futures brokerage business so as to reallocate and concentrate resources to other potential business. With reference to the intended consideration, an impairment loss on goodwill of approximately HK\$2.4 million was recognised in the year ended 31 March 2024. Corresponding segment loss of approximately HK\$6.7 million was incurred (2023: approximately HK\$16.8 million).

Freight Forwarding Business

The Group entered into a share transfer agreement in January 2024 to dispose of its freight forwarding business in Singapore. Upon completion of the aforesaid disposal, the Group is no longer engaged in the freight forwarding business. For the year ended 31 March 2024, the revenue of the Group's freight forwarding business amounted to approximately HK\$1.6 million (2023: approximately HK\$1.8 million) and the gross profit was approximately HK\$0.6 million (2023: approximately HK\$0.6 million). Segment loss of approximately HK\$0.6 million, including the loss on disposal of approximately HK\$0.5 million, was incurred up to the completion of disposal (2023: approximately HK\$0.3 million).

Finance Leasing Business

The Group has no plan to develop new business cooperation in this segment. During the year, the Group mainly endeavoured to follow up with existing clients for debts collection. Accordingly, no revenue of the Group's finance leasing business was generated for the year ended 31 March 2024 (2023: approximately HK\$0.5 million). The segment loss of approximately HK\$1.1 million was incurred (2023: approximately HK\$0.1 million).

OUTLOOK

Looking forward, uncertainties and challenges continue in the markets in which the Group operates. Geopolitical concerns persist in the PRC and Hong Kong, resulting in difficult economic growth. A relatively high interest rate environment is also expected to maintain in the background. The property sector of mainland China is widely considered still subject to various issues even though the government has been rolling out more proactive and effective policies to stimulate the economy and the real estate industry. To counter these headwinds, the Group will consolidate and stabilize existing real estate related services businesses while it is also seeking new structural adjustments and new development opportunities.

As for developing its real estate related services businesses, the Group is seeking opportunities for certain construction projects with a total estimated construction areas of approximately 750,000 square meters and situated in various districts of the PRC, including Nanjing, Xi'an and Tianjin. If the construction contracts of these potential projects could be materialized, the Group would negotiate with property developers to extend the service scope to its other real estate related services.

By virtue of its development of big data and digital-related businesses in past few years, the Group keeps exploring possible cooperation with business partners in fields of big data and artificial intelligence. Currently, it intends to strive for new income streams from construction, transformation, maintenance and operating relevant infrastructure and facilities.

Meanwhile, the Group will remain committed to reviewing and considering its existing resources, including the experience, expertise and social network of the Directors and management of the Company, with the aim of further expanding the current principal businesses and exploring possible inter-segment development and collaboration. The Group will endeavour to strengthen its client base and diversify its products and services mix among different business segments.

LIQUIDITY AND CASH FLOW RESOURCES

As at 31 March 2024, the equity and net current assets of the Group amounted to approximately HK\$758.1 million (2023: approximately HK\$890.4 million) and HK\$116.5 million (2023: approximately HK\$138.2 million) respectively. On the same date, the Group had bank balances and cash of approximately HK\$34.2 million (2023: approximately HK\$50.1 million) and the current ratio was 1.12 (2023: 1.14). As at 31 March 2024, the Group had (i) secured trust loans of approximately HK\$216.4 million (2023: approximately HK\$228.5 million) bearing fixed interest rate at 12% per annum which have not been repaid upon maturity and are subject to negotiation with the lender for extension of loan period, (ii) secured bank loans of approximately HK\$99.5 million (2023: approximately HK\$93.7 million) bearing fixed interest rates ranged from 3.65% to 5.00% per annum and to be repaid from September 2024 to January 2025, (iii) unsecured short-term loan from an independent lender of approximately HK\$3.2 million (2023: approximately HK\$3.4 million) bearing fixed interest rate at 6% per annum and to be repaid on demand, (iv) interest-free and unsecured advance payments from an independent third party and subcontractors of approximately HK\$11.4 million (2023: approximately HK\$0.3 million) and HK\$92.9 million (2023: approximately HK\$102.4 million) respectively to be repaid on demand, and (v) interest-free and secured short-term loan from an independent third party of approximately HK\$2.6 million (2023: approximately HK\$3.1 million) to be repaid on demand.

As at 31 March 2024, the gearing ratio of the Group was approximately 0.25 (2023: approximately 0.23). The gearing ratio is measured on the basis of the total amount of interest bearing and interest free borrowings/advance payments over the amount of total assets. As at 31 March 2024, the total amount of interest bearing and interest free borrowings/advance payments and the amount of total asset of the Group amounted to approximately HK\$426.0 million (2023: approximately HK\$431.4 million) and approximately HK\$1,722.9 million (2023: approximately HK\$1,894.2 million) respectively.

The Group has readily available financial resources for both general working capital purposes and existing business operation.

PLEDGE OF ASSETS

As at 31 March 2024 and 2023, none of the Group's securities was pledged to brokers to secure the margin loan. As at 31 March 2024, bank deposit of RMB15.0 million (equivalent to approximately HK\$16.2 million) and investment properties of RMB101.8 million (equivalent to approximately HK110.1 million) held by the Group were pledged to banks to secure the bank loans borrowed to the Group (2023: certain flats of the investment properties held by the Group were pledged to banks to secure the bank loans borrowed by the Group).

CAPITAL EXPENDITURE

During the year ended 31 March 2024, the Group incurred approximately HK\$7.6 million (2023: approximately HK\$45.1 million) as capital expenditure mainly in respect of plant and equipment situated in the PRC.

CAPITAL COMMITMENTS

As at 31 March 2024 and 2023, the Group had no material capital commitment.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2024, the Group held financial assets at fair value through other comprehensive income of approximately HK\$5.3 million (2023: approximately HK\$8.8 million) which represented unlisted equity securities in Hong Kong. No financial assets at fair value through profit or loss in relation to equity securities was held as at 31 March 2024 (2023: nil). During the year ended 31 March 2024, the Group recorded a fair value loss of approximately HK\$3.5 million on securities investments that are not held for trading in other comprehensive income (2023: fair value gain of approximately HK\$0.1 million).

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board will continue to closely monitor the performance of its investment portfolio (if any) from time to time.

As at 31 March 2024, the Company did not hold any significant investments in an investee company with a value of 5% or more of the Company's total assets.

MATERIAL ACQUISITION AND DISPOSAL

- (i) On 4 September 2023, Guohua Jiaye (Beijing) Enterprise Management Co., Ltd.* (國華佳業(北京)企業管理有限公司) (“Guohua Jiaye”), a wholly owned subsidiary of the Company, entered into a termination agreement with the other shareholder of Tiandi Youdamei (Beijing) Cultural Toursim Company Limited* (天地有大美(北京)文旅有限公司) (“Tiandi Youdamei”), an independent third party, to terminate the equity transfer and capital injection cooperation agreement regarding the equity investment in Tiandi Youdamei (the “Tiandi Youdamei Cooperation Agreement”). Pursuant to the termination agreement, Guohua Jiaye agreed to transfer 25% equity interest held in Tiandi Youdamei to the other shareholder, and the other shareholder agreed to (i) refund RMB0.5 million to Guohua Jiaye and (ii) release Guohua Jiaye from obligations under the Tiandi Youdamei Cooperation Agreement, including payment of investment sum of RMB20 million. The termination became effective on 4 September 2023 and Tiandi Youdamei has ceased to be an associate of the Group since then.
- (ii) On 21 December 2023, China Best Big Data Service Group Limited, a wholly owned subsidiary of the Company, entered into a share transfer agreement with an independent third party to acquire 33% of the issued share capital of Treasure Cart Holdings Limited (“Treasure Cart”) at a consideration of HK\$70 million. The major subsidiary of Treasure Cart is principally engaged in provision of data analytical services and solutions to customers in the PRC. Before the acquisition, Treasure Cart and its subsidiaries (“Treasure Cart Group”) are non-wholly owned subsidiaries of the Company with 67% equity interest held. After the completion of the acquisition, the Group held 100% equity interest in Treasure Cart and Treasure Cart Group has become wholly owned subsidiaries of the Company since then. Further details are set out in the Company’s announcement dated 21 December 2023.

Save as disclosed above, there was no material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the year ended 31 March 2024.

FUND RAISING ACTIVITIES

During the year, the Company implemented a rights issue (the “Rights Issue”) on the basis of two (2) rights share (the “Rights Share(s)”) for every five (5) existing shares held on 24 August 2023 at the subscription price of HK\$0.16 per Rights Share. The closing price per share of the Company was HK\$0.255 on 26 July 2023, i.e. the last trading day. The net price (after deduction of transaction and issue costs attributable to the Rights Issue) per Rights Share is approximately HK\$0.155. The Rights Issue was conducted for strengthening the Group’s capital base and financial position. In particular, its proceeds would be utilised in developing existing businesses, financing mergers and acquisitions, and enhancing general working capital. The Rights Issue was completed on 21 September 2023 with 566,216,052 Rights Shares allotted and issued and the net proceeds were approximately HK\$88.2 million. Details of the Rights Issue were set out in the prospectus of the Company dated 25 August 2023 and the announcement of the Company dated 20 September 2023. As at 31 March 2024, the Group has utilised the net proceeds from the Rights Issue of approximately HK\$83.7 million. Details of the intended and actual use of proceeds were as follows:

Intended use of proceeds

Actual use of proceeds up to 31 March 2024

- | | |
|--|--|
| (a) HK\$15 million would be used for the settlement of unpaid balance of the consideration for the acquisition of 42% of the issued shares of Treasure Cart; | HK\$15 million was utilised as intended; |
| (b) HK\$20 million would be used for the operation of the existing businesses of the Group, in particular implementing (i) supply-chain enhancement measures and (ii) renovation and upgrading plans of facilities and infrastructure for the Group’s centralised heating business and geothermal energy business; | HK\$20 million was utilised as intended; |

Intended use of proceeds**Actual use of proceeds up to 31 March 2024**

- | | |
|---|---|
| (c) HK\$35 million would be used for the future strategic investments in relation to data analytical service business to facilitate the new retailing business, including but not limited to further investment in subsidiaries of the Company and/or acquisition of other new targets in such fields; | HK\$35 million was utilised as intended; |
| (d) HK\$10 million would be used for the capital contribution of certain subsidiaries of the Company, including Beijing Gong Sheng Data Technology Co., Ltd.* (北京共生數據科技有限公司), for the purposes of exploring and developing big data and digital-related businesses, including but not limited to the new retailing business and metaverse-related businesses; and | approximately HK\$5.5 million was utilised as intended and the remaining approximately HK\$4.5 million will be utilised as intended on or before 31 March 2025; and |
| (e) approximately HK\$8 million would be used for general working capital of the Group. | approximately HK\$8 million was utilised as intended. |

An amount of approximately HK\$11.0 million out of the net proceeds from a previous rights issue of the Company completed on 14 July 2021 was originally intended to be applied for the settlement of unpaid investment sum to Tiandi Youdamei, and, given the disposal of equity interest in Tiandi Youdamei, was used as general working capital of the Group by the end of the reporting period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the year ended 31 March 2024, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had a downward adjustment, resulting in an exchange loss of approximately HK\$19.7 million recognised as other comprehensive expense of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 March 2024, the Group had 279 staff (2023: 286 staff). The total staff cost incurred for the year ended 31 March 2024 was approximately HK\$54.0 million (2023: approximately HK\$72.7 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Listing Rules, the staff of the Company's accounting and financial reporting function have adequate training programmes and budget.

Pursuant to a share option scheme adopted on 1 September 2021 (the "2021 Share Option Scheme"), the Board may grant options to, among other, directors (including non-executive directors and independent non-executive directors) and employees of the Company and any of its subsidiaries or associated companies, to subscribe for shares of the Company. During the year ended 31 March 2024, no options were granted under the 2021 Share Option Scheme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PERFORMANCE

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim to create and deliver sustainable value to all its stakeholders. The Group has been looking for opportunities to reduce the consumption of resources in order to minimise the impact on the environment. Details of the Group's ESG efforts will be set out in its 2023/24 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 March 2024 (2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 March 2024 (2023: Nil).

REVIEW OF FINANCIAL INFORMATION

The Board has established the audit committee of the Company (the "Audit Committee") in accordance with the Listing Rules. The Audit Committee currently comprises Ms. Yin Meiqun, Mr. Liu Tonghui and Mr. Ye Jianmu, the three independent non-executive Directors. A summary of duties and work of the Audit Committee will be set out in the "Corporate Governance Report" in the 2023/24 annual report.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters. The Audit Committee has reviewed the financial results of the Group for the year ended 31 March 2024.

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 this announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, saved as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules during the year ended 31 March 2024.

Under the code provision C.1.6 of the CG Code, the independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Three independent non-executive Directors namely, Mr. Liu Tonghui, Ms. Yin Meiqun and Mr. Ye Jianmu, were unable to attend the Company's annual general meeting held on 5 September 2023 due to their other business commitments.

Under the code provision D.2.5 of the CG Code, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee is responsible for a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. The Audit Committee agreed that the Group should review and strengthen (if applicable) the internal control and risk management in respect of the trading business after the deregistration of its customers occurred. Save for the aforesaid, no significant deficiency was identified under current year's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and reviewing the effectiveness of such systems on an annual basis under the code provision D.2.1 of the CG Code.

The Group has adopted and followed a series of internal control procedures to regulate the money lending business and the finance leasing business to ensure a comprehensive risk management, so as to safeguard the interests of the Company and its shareholders, including (i) credit risk assessment by the business team, (ii) formulation of the preliminary business proposal by the business team, (iii) assessment by the risk control and compliance department, (iv) credit approval, and (v) ongoing monitoring of loan recoverability and loan collection.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made on all Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 30 August 2024 to Friday, 6 September 2024 (both days inclusive), during which no transfer of shares will be registered. In order to qualify to be shareholders of the Company to attend and vote at the annual general meeting to be held on Friday, 6 September 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Thursday, 29 August 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the year ended 31 March 2024 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cbgroup.com.hk>) respectively. The 2023/24 annual report and notice of annual general meeting of the Company will be despatched to the shareholders (if applicable) and made available on the above websites in due course.

By Order of the Board
China Best Group Holding Limited
Mr. Qin Jie
Executive Director and Chief Executive Officer

Hong Kong, 27 June 2024

As at the date of this announcement, the Board comprises four executive Directors, namely, Ms. Wang Yingqian (Chairman), Mr. Qin Jie (Chief Executive Officer), Mr. Fan Jie and Mr. Li Haitao, and three independent non-executive Directors, namely, Mr. Liu Tonghui, Ms. Yin Meiqun and Mr. Ye Jianmu.